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WPG HOLDINGS LIMITED

2016 Annual Report

Annual Report website
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■ **WPG Spokesperson:**

Name: Cliff Yuan
Title Name: Chief Financial Officer
Tel: (02)7712-5268
E-mail: cliff.yuan@wpgholdings.com

■ **Deputy Spokesperson:**

Name: Zoe Peng
Title Name: Senior Manager
Tel.: (02)7712-5262
E-mail: zoe.peng@wpgholdings.com

■ **Head Office & Branches:**

Establishment	A d d r e s s	T e l
Head Office	8F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	(02) 8797-8860
Branch	None	
Factory	None	

■ **Common Share Transfer Agent and Registrar**

Name: Capital Securities Corporation
Address: B2, No.97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City
Tel.: (02)2702-3999 Website: <http://www.capital.com.tw>

■ **Last Annual Financial Statements Auditors**

Name: Tseng, Audrey; Lin, Chun-Yao
Accounting Firm: PricewaterhouseCoopers Taiwan
Address: 27F., No.333, Sec. 1, Keelung Rd., Taipei City
Tel.: (02)2729-6666 Website: <http://www.pwc.com.tw>

■ **Listing Exchange for Euro-Convertible Bonds**

None

■ **Corporate Website: <http://www.wpgholdings.com>**

E-mail: ir@wpgholdings.com

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1. Letter to Shareholders

Benefited from the correct product layout, growing productivity as well as the continuity of operation expansion, we continue to be distributor of electronics components in 2016 and outrun our competitors in the ranking, become the most dominating professional distributor of semiconductor components in the world. Our franchised product lines for the reputable brands include leading semiconductor company—Intel, TI, SAMSUNG, NXP, TOSHIBA and others, is more than 250 semi-conductor brands. The current sales offices are mainly in Taiwan, China, Hong Kong and Southern Asia, with an increasing extension to over 120 locations in East Northern Asia, The Association of Southeast Asian Nations (ASEAN), India, and North America. Among the 120 locations, annual revenue of North America has broken 250 million dollars, beginning to make a profit. Regarding the growth of worldwide semiconductor industry in 2017, these three areas including mobile communication, automotive electronics, and industrial electronics are going to be the towers of the strength in the market. WPG Holdings is still good at understanding the market growth opportunities after many years of active allocation and hard work. In the market with growing application environment, we continue to provide value-added supply chain management services, competitive components, products and turnkey solution to help our clients develop and invest in future markets, and to create a win-win situation with our suppliers and clients.

1. The Review of 2016

Our consolidated revenue and Net cash inflow from operating in 2016 both hit the record high and reached NT\$536.91 billion (US\$16.7 billion) and NT\$7.6 billion respectively. Operating income hit the second highest and was around NT\$7.97 billion and net profit after tax reached NT\$5.31 billion. Basic EPS was NT\$3.18. Return on Working Capital (ROWC), the key performance indicator, was 8.44%, and ROE was 10.77%.

Over the past one year, those 3C products like 3G and 4G high-end mobile phones, affordable smartphones, wireless broadband and cloud servers became the main products for shipping in 2016. Non-3C products such as automotive electronics, industrial electronics and power saving performed sustained sales growth. The number of employees was about 5,400, among them were Field Application Engineer (FAE) team members, occupied 15%. They offered up to 404 "online program" items like product marketing, operations and supply chain support in other areas. Global supply chain supported approximately 505 VMI logistics projects, carrying out the One-Stop service, providing customers with higher added value services.

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- **Enhancing Portfolio Management:** The WPG networking platform will formally launch in 2017 Q3. We will build a customer platform with three areas, including networking program, electronic business, and a forum. To attract cooperators and participants cooperating on the platform, activate the group program, and maximize the efficiency and the opportunity of market match, we will build information flow of the platform with application program and platformize the program. When running the platform, we will focus on the high growth industries, such as internet of things, internet of vehicles, robot, and VR. We will also build money flow and logistic flow of the platform through personalized electronic business and platformize the service, solving the minute pain point for customers. With forum operation techniques and knowledge sharing communities, we could build customer loyalty and habits. We will keep promoting the brand to enhance customer perceived value, work hard at the brand image in the market, promote in-depth exchanges, and create the customer long-term value.
- **Operation Risk Management :** In 2016 the modified version of "WPG Holdings Risk Management Policies and Guidelines" had the approval, confirming the risk management organization, authority, and function. We established the risk management group which holds the quarterly meeting to report the risk management. In June of the same year, "The Regulations for WPG Holdings Risk Management" had the approval, specifying the content of WPG holdings risk management to execute the risk management activities effectively. We have established a dedicated risk management department since 2017 and keep deepening the risk management affairs. The key affairs include the establishment of human resources management indicators and mechanism, optimization of legal process, enhancement of legal risk consciousness, integration and strengthen of credit management function, and management of trade compliance.
- **Cultivation of Talent and Employee Relations :** The cultivation of high-end talent will continue the direction of platform strategic discussion and operating strategy of data analytics in 2016. In 2017, we will make an allocation based on the practical action and the strategy, vitalize academic-industry cooperation, and help the executives establish more proactive and innovative mindset and knowledge. The main strategy of the cores training will be the enhancement of decision making ability, including facilitating decision making process with big data analytics and conceiving operating strategy toward the executives. Moreover, we will assist colleagues of each unit in

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Our corporate governance was ranked among the top 20% of public companies for two consecutive years, and selected as the stocks of " TWSE Corporate Governance 100 Index ". In 2016 we have moved up 79 places to 1735 on the Forbes Global 2000, and ranked up to the second place among the Top 600 Service Enterprises on the Common Wealth Magazine Top 2000 Survey. We also received the '2016 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Authorized Distributor' from Electronics Supply and Manufacturing China (ESM China) in a row. Those achievements prove that our provision of value-added services in semiconductor supply chain has been deeply appreciated by our clients, suppliers, and investor.

2. The Outlook for 2017

In 2017 the WPG Holding Group will continue to renew the organization, product-line combinations and management system by increasing per capita output, controlling operating assets and raising after-tax profit as the main strategic objectives to maximize the output and efficiency. Our main strategy of this year is illustrated as the following:

- **Financial Indicator:** We will strive for increasing the net profit after tax and efficiently controlling the operating expenses. We will set the Return on Working Capital (ROWC) as the Group's key financial indicator, actively improve the operating efficiency of product-line and strengthen the management of the accounts receivable and collateral. We also ensure the asset quality and liquidity, strong capital structure and profitability to improve return on equity and dividend payment.
- **Actively Allocate and Expand The Market :** In response to the trend of upstream factory integration, we will actively inspect the related product lines and the change of customer domain in order to expand the market influence. Focusing on the target market, we will strive for information collection, analysis and coordination. Through integrating the Group's strengths, we will develop various solutions for resource utilizing or product line and business cooperation. The efficiency of front-end business could optimize the whole business process through systematization and the risk management setting. We will improve the quality of our customer service, expand market influence and increase the penetration rate in the global market. Focusing on Taiwan's target clients, we will optimize management capacity and keep pursuing the goal of output. We strictly control the process of overseas business development and resource allocation, and aim at providing services for global clients.

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achieving performance goals and raising the output value and build a working atmosphere that brings colleagues and teams toward high enthusiasm, high morale positive development.

- **Integration Information Processes and Platform :** Continuing the mis2.0 three-year work plan (Mobility · Intelligence · Simplicity) proposed in 2016, mis2.0 is proposed with Outside-In customer-oriented view, building the new platform for supply chain through enterprise digitization. For logistics boundary spanning management, we will continue the three-year work plan proposed in 2015 and conceive strategy objectives for the next three years : enhance overall efficiency, achieve quality target and improve customers satisfaction degree. We are looking forward to improve service quality and efficiency, and meet the needs of the overall operations of the company.
- **Corporate Governance and Corporate Social Responsibility(CSR) :** As the degree of information transparency increases, WPG Holdings was ranked the top 20% in the corporate governance assessment. We will maintain the same goal in 2017. We will keep implementing the function of board of directors, audit committee, compensation committee, and the new business strategy committee, and authentically execute annual work plan. In 2017 the Corporate Social Responsibility and Sustainability Report (CSR) of WPG Holdings will concentrate on compiling "2016 WPG Holdings Corporate Social Responsibility and Sustainability Report", building and promoting the strategic objectives for the next three years, and developing and promoting the training of "supply chain management" and academic-industry cooperation.

In the future, the company will have been serving as the global leader. WPG will create a common business ecosystem and enhance overall industry efficiency through the establishment of O2O+ and the long tail market platform. Through intelligentization of Industry 4.0 process, we can execute clicks-and-mortar strategies, analyze customer demands through data analysis, integrate upstream and downstream factories, activate supply chain management, create the innovative business model with supply chain finance, and then provide customers higher value-added services.

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The Company's management team and colleagues express our deep gratitude to all the members of our shareholders for your support and encouragement. For the coming year, we look forward to your guidance and advice. We will always hold our consistent business philosophy and service. The vision of WPG is "industry first, channel benchmark" by comprehensively promoting the core value of "team, integrity, professionalism and effectiveness", and creates win-win outcomes among suppliers, customers and shareholders. We will demonstrate exceptional business results and share them with you.

Here, we sincerely welcome all our great participants and members of shareholders to offer your valuable concern and advice.

Chairman Simon Huang

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May, 2008	Re-elected best and largest Asian electronics distributor and ranked the 3 rd worldwide semiconductor distributor by My-ESM
Jun., 2008	Re-elected best overseas distributor by ESMC, a single to sweep best supply capability, best technical support, best logistics service, and best E-commerce capability
Jun., 2008	BOD resolves to pay out TWD 2.15 dividend per share for cash, and 0.315 for stock dividend per share
Jun., 2008	BOD early reelection, re-staffing independent directors with 5 seats instead of 2, accounting for one third of BOD and making up audit committee exclusively
Jul., 2008	WPG acquires passive component distributor Pernas Electronics Co., Ltd. (security code: 3256) through share swap, Jul. 16 set for reference day
Oct., 2008	WPG Holdings Limited has moved to a new office at "10F, No.97, Tun Hua S. Rd., Sec.2, Taipei 106, Taiwan, R.O.C."
Oct., 2008	WPG Holdings forms investment and finance committee
2008	Newly appointed by SETi, Telechips, Elan, Harvatek, and Volterra as APAC or greater China distributor
Feb., 2009	WPG (TSE:3702) Announced to acquire AIT (Code:6159) 100% share by share swap, and the effective date for closure was set for February 6th, 2009
Feb., 2009	WPG Holdings forms remuneration committee
May, 2009	Included by MSCI as the first-ever Taiwan IC distributor constituent
Jun., 2009	Elected best overseas authorized distributor by ESMC, and awarded best supply capability, best logistics service, and best volume flexibility
Jun., 2009	Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3 rd worldwide distributor
Jun., 2009	BOD resolves to pay out TWD 1.40 for cash dividend per share
Dec., 2009	WPG-launched webinars attract much attention from China customers
Dec., 2009	WPG Electronics (HK) awarded Logistics Awards Hong Kong
2009	Newly appointed by TA-I, TDK, KEMET, Wintek, K.S Terminals Inc., Macro Image Technology, Orister Corp., and SG Micro Corp.(Hong Kong) as APAC or greater China distributor
Mar., 2010	WPI Group the subsidiary of WPG Holdings acquires AIO Components Company Ltd. (AIO) for overseas dealing
May, 2010	SAC Group the subsidiary of WPG Holdings acquires the electronic components business of Silicon Application Pte. Ltd.

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2. Company Profile

2.1. Date of Incorporation: Nov. 9, 2005

2.2. Milestones

Nov., 2005	WPG Holdings Limited 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.
Dec., 2005	Appointed by Atheros as Asia Pacific Distributor
May, 2006	Ranked top 10 among top 500 service companies in Taiwan by Common Wealth Magazine
Jun., 2006	Ranked 4 th for worldwide and 1 st for APAC electronics component distributor by ESM
Jun., 2006	BOD resolves to pay out TWD 0.16 for cash dividend per share
2006	Newly appointed by CREE, ACTIONS, Microchip, and Mstar as APAC or greater China distributor, underpinning High Power LED, and mobile device, imaging, consumer electronics markets in China as well
Jan., 2007	Established WPG Korea Co., Ltd. and dedicated for Korean customers
Apr., 2007	Ranked no.1 APAC electronic component distributor by ESM
May, 2007	Ranked top 10 among top 500 service companies in Taiwan by Common Wealth Magazine
May, 2007	Awarded cross-strait industry top 100 by Business Weekly
May, 2007	Ranked most preferred regional distributor by ESMC; specially awarded best supply capability, best technical support, and best logistics service
Jun., 2007	BOD resolves to pay out TWD 1.2 for cash dividend per share and TWD 0.5 for stock dividend per share
2007	Newly appointed by LITE ON and Renesas as APAC or greater China distributor
Jan., 2008	Awarded MII sponsored, CQAE and CEPA co-certified RECS qualifications in China, supply & distribution recognized for being one of the first to qualify
May, 2008	WPG Holdings awarded no.1 IC distributor by Common Wealth Magazine and Business Weekly

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May, 2010	Elected best overseas authorized distributor by ESMC, and awarded best supply capability, best logistics service, and best volume flexibility
Jun., 2010	Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3 rd worldwide distributor
Jun., 2010	BOD resolves to pay out TWD 2.0 for cash per share, and 1.8 for stock dividend per share
Nov., 2010	WPG acquires YOSUN Industrial Corp.(security code: 2403) through share swap, Nov. 15 set for reference day
Nov., 2010	Celebrate 5 th anniversary; set forth "the First Choice of Industry; the Benchmark of Distribution" for the new group vision
2010	Newly or additively appointed or by Raontech, GigaDevice, INSIDE, Advanced Silicon, Redmere, NXP Semiconductors, OSRAM Opto Semiconductors, Synerchip, Sitronix, Epson, Infineon Technologies, Sanyo Semiconductors, Summit Microelectronics Inc., ST Ericsson, AMIC Technology Corporation, Silergy, AMS, Nutune, Trident, AcSip, HuaJie, Evolution, TT Electronics, Leadcore, Rockchip, Synic, Black Sand, ATLAB, SGMICR0, UBIQ, EPICOM, RAYDIUM, TAI-SAW, ALCOR, FUDATONG, PST, Wellipower, ABT, and ZILLTEK as APAC or greater China distributor
May., 2011	Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3 rd worldwide distributor
Jun., 2011	BOD resolves to pay out TWD 2.1 for cash, and 0.9 for stock dividend
Jul., 2011	Frontek Technology Corporation, subsidiary of WPG Holdings' subgroup AIT Group, acquires Hong Kong-based FlyCastle Technologies, Inc. for its AzureWave line card
Sep., 2011	Hong Kong subsidiary of SAC Group, a WPG Holdings' subgroup, acquires Wintek Technology Investment (China) Ltd. in cash for its electronics component business
2011	Newly or additively appointed by Quality, Energylid Corp., Phoenix, TTM, Marvell, SMSC, Mindspeed, TranSwitch, Vitesse, ICP, mCube, ARM, AzureWave, Citruscom, Domintech, ESMT, FuDaTong, InfoTM, JustPower, Kingston, Neotec, Novatek, Powervation, Quintic, and Winbond as APAC or greater China distributor
Mar, 2012	WPG acquires AECO Technology Co., Ltd.(security code: 6119) through share swap, Mar. 1 set for reference day

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Apr., 2012	Longview Technology Inc., subsidiary of WPG Holdings' subgroup WPI Group, acquires Long-Think group's electronics components business in greater China area in cash
May, 2012	Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3 rd worldwide distributor
Jun., 2012	BOD resolves to pay out TWD 2.6 for cash dividend per share
2012	Newly or additively appointed by Bridgelux, ADDA, Prolific, GigaDevice, Action, Hanergy, Sigma Designs, RFM, Eri, Metrodyne, ERP, TUL, PTC, Philips Lumiled, Siano, CHAMPION, CPT, IR, mCube, and Sinopower as APAC or greater China distributor
May., 2013	Elected 2013 top 25 global electronics component distributors by EDN, ranked the 3 rd worldwide distributor
Jun., 2013	BOD resolves to pay out TWD 2.4 for cash dividend per share
Aug., 2013	Made debut and ranked 27 th for Excellence in CSR from Common Wealth Magazine
2013	Newly or additively appointed by Goodix, Touchstone, LITEON-SILI, T&T, ELAN, Silicon Line, Aptos, CellWise, Next Biometrics, Cyntec, Kingston, Merry, and Wolfson as APAC or greater China distributor
Jan., 2014	BOD resolves the share swap transactions: World Peace Industrial Co., Ltd. in exchange for Aeco Technology Co., Yosun Industrial Corp. in exchange for RichPower Electronic Devices Co., Ltd., and Silicon Application Corp. in exchange for Pernas Electronics Co., Ltd.; Jan. 1 set for reference days
May, 2014	BOD resolution to the first issue of domestic unsecured convertible bonds
Jul., 2014	WPG Holdings top-graded A++ in Information Disclosure and Transparency Ranking
Dec., 2014	Awarded the best choice of authorized semiconductor distributor of yr2014 EEPW editors' choice
Dec., 2014	WPG i-Design Contest finals come to an end in Beijing
2014	Newly appointed by O2 Micro, ISSC, Huntersun, Solteam, Fibocom, SEQUANS, VANCHIP, and OTUS as distributor
Mar, 2015	Distributor of Semiconductor Components - WPG Holdings Limited (TWSE:3702) Commences a Cash Tender Offer for Genuine C&C INC. (OTC:5384)

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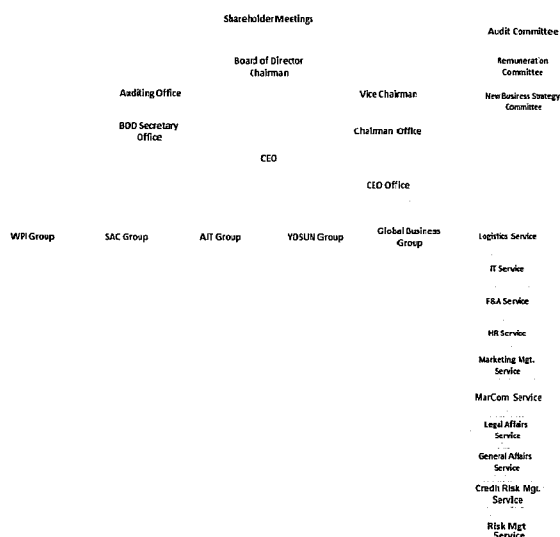
Apr., 2015	Received an "A++" ranking in "Transparency and Information Disclosure" from Taiwan's Securities and Futures Institute.
Apr., 2015	Ranked among the top 20% of TWSE listed and TPEx listed companies in the 1 st ranking of Corporate Governance Evaluation result
May ,2015	Ranked 1814 places on the Forbes Global 2000.
May ,2015	Received the 2015 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor' from Electronics Supply and Manufacturing China (ESM China).
2015	Added agent and distribution rights increasingly from SANA · ISSC · Thine · TBPC · Akustica Inc. · BRIGHTTEK, Panda, VANCHIP · High-Flying · Ambiq Beken etc.
Jan., 2016	Won Cal-Comp Electronics and Communications 2015 Outstanding International Supplier.
Feb., 2016	WPG Holdings Limited has moved to a new office at "8F, No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)"
Apr., 2016	The board of WPG Holdings resolved to sign MOU of buying the real estate for offices on the Jingmao road in Nangang District
Apr., 2016	Ranked among the top 20% of TWSE listed and TPEx listed companies in the 2 nd ranking of Corporate Governance Evaluation result.
Apr., 2016	Ranked 1735 places on the Forbes Global 2000.
May., 2016	Ranked second place among the Service Enterprises in the Common Wealth Magazine Top 2000 Survey
Jul., 2016	Selected as the stocks of " TWSE Corporate Governance 100 Index "
Oct., 2016	Received the 2016 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor' from Electronics Supply and Manufacturing China (ESM China).
2016	Added agent and distribution rights increasingly from VATICS · CT Micro · Skywalker · Seoul Semiconductor · BroadLink · UNEO · TELINK · AQUANTIA · Sharp etc.
Apr. ,2017	Ranked among the top 20% of TWSE listed and TPEx listed companies in the 3 rd ranking of Corporate Governance Evaluation result.

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3. Corporate Governance Report

3.1. Organization

3.1.1. Organization Chart



3.1.2. Major Corporate Functions

WPG Holdings is established in cooperation with WPI Group, SAC Group, AIT Group, and YOSUN Group, and its business is characterized by cross-group, cross-region, and cross-company operations.

WPG Holdings is organized in alignment with the need for ever-changing marketplace. In order to fulfill the shared vision of "the First Choice of Industry; the Benchmark of Distribution" WPG Holdings positions its functions on: establish management mechanism and supervision for its affiliated subgroups and subsidiaries; highlight backend management effectiveness and frontend coordination through sharing/integral resource platform in order for enhanced frontend effectiveness; specialize in capital market, investor relations, and sourcing of funds.

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i. Auditing Office:

Responsible for conducting the design of internal regulations and institutional and evaluating the efficiency for WPG holdings. Also make recommendations for improvement base on evaluation result.

ii. Corporate Logistics Service Unit:

Responsible for the managing of WPG Holdings logistics operations and expanding external operational services

iii. Corporate Information Service Unit:

Responsible for matters related to finance and accounting for WPG Holdings, as well as maintaining relationship with investors. Also bear the responsibility of management control, policy guidance and supervision of each group's corresponding functions. The CFO also serves as the Company Spokesperson.

iv. Corporate Finance & Accounting Unit:

Responsible for holding company's matters regarding financial, accounting, and investor relations, as well as the control, policy direction and supervision for the function in each group; CFO also serves as the corporate spokesperson

v. Corporate HR Service Unit:

Responsible for matters related to human resources for WPG Holdings. Also bear the responsibility of management control, policy guidance and supervision of each group's corresponding functions.

vi. Corporate Marketing Management Service Unit:

Responsible for the coordination of front-end operation, systems, and standard consistency. Also make recommendations, develop principles for common practice, and track results, in order to improve productivity, through collaboration with each group's contact window.

vii. Corporate MarCom Service Unit:

Responsible for brand image, as well as planning, implementing and supervising the WPG Holdings e-marketing platform. Also bear the responsibility of management control, policy guidance, and supervision of each group's corresponding functions

viii. Corporate Legal Affairs Service Unit:

Responsible for the WPG Holdings legal affairs. Also bear the responsibility of management control, policy guidance, and supervision of each group's corresponding functions

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Title	Nation ality/ domici le	Name	Date Electe d	Date Term Electe d	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/S upervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship
					Shares	%	Shares	%	Shares	%	Shares	%			
Director	R.O.C.	Mia Chang	Jun. 18, 2014	3 years	27,358,674	1.65	27,358,674	1.57	637,270	0.04	-	-	Electronics Engineering, National Tsing University of Technology; General Manager, Far Eastern, Chips & Technology; General Manager, WPG Holdings affiliated venture	Chairman & Director, WPG Holdings affiliated venture; Director (corporate representative), Genuine CMC Inc.; Governor, Taipei Electronic Components Suppliers' Association (TECSA)	-
Director	R.O.C.	T.L. Lin	Jun. 18, 2014	3 years	27,681,707	1.69	24,951,207	1.43	18,596,401	1.07	-	-	Electronics Engineering, National Tsing University of Technology; General Manager, WPG Holdings affiliated venture	Chairman, WPG Holdings affiliated venture; Unico Levere Co. Ltd., Director (corporate representative), Securus Corp., Ability 1 Venture Capital Corp., Samsa Technology Co. Ltd., Genuine CMC Inc., Patriarch PICO Inc., Director, Info Metatech Co., Ltd.; Executive Governor, Taipei Electronic Components Suppliers' Association (TECSA)	-
Director	R.O.C.	K.C. Chen	Jun. 18, 2014	3 years	8,715,933	0.53	5,015,933	0.29	1,693	0.00	-	-	Bachelor, Electro physics, National Chiao Tung University; Deputy Manager, Electronics and	Chairman & Director, WPG Holdings affiliated venture; Director, Able Group Holdings Ltd., Pkavia Etech Inc.; Governor, Taipei Electronic	-

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- ix. Corporate General Affairs Service Unit:
Responsible for the WPG Holdings general administrative affairs. Also bear the responsibility of management control, policy guidance and, supervision of each group's corresponding functions.
- x. Corporate Credit Management Service Unit:
Responsible for the WPG credit management services. Also bear the responsibility of management control, policy guidance and, supervision of each group's corresponding functions.
- xi. Risk management Service Unit:
Responsible for setting risk and crisis management system for all WPG Holdings organization. Promote the system and the awareness of risk and crisis management. In the meantime, ensure that all the transactions, customers, and products are well managed in accordance to the global and local trade compliance regulations.

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Title	Nationality/domicile	Name	Date Elected	Term	Date First Elected	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Directors/Supervisors Whose Relation is Spouse or Relative within the Second Degree of Kinship
						Shares	%	Shares	%	Shares	%	Shares	%			
Director	R.O.C.	Frank Wei	Jun. 18, 2014	3 years	Jun. 18, 2014	1,300,584	0.08	1,300,584	0.07	7,397	0.00	-	Optoelectronics Research Laboratories, Industrial Technology Research Institute; Engineer, General Electric Company	Components Suppliers' Association (TECSA); Independent Director, TIEEX Global Holdings	-	-
Director	R.O.C.	Fullerton Technology Co., Ltd. (Representative: Richard Wu)	Jun. 18, 2014	3 years	Jun. 14, 2005 May 11, 2006	58,135,951	3.51	45,135,951 132,138	2.59 0.01	-	-	-	National Tsing Hua University of Technology; Sales Manager, Harley Cooperation	Chairman, Fullerton Technology Co.; Director (corporate representative), Ingimovra Co., Ltd., Leader Entertainment Co., Ltd., Sata Technology Ltd. Co., Sora Technology Limited, Ular Digital Inc., D Cinema Technology Co., Ltd.; Director, NTUST Innovations Co. Ltd.; Independent Director, Uperpy Technology Co. Ltd. Supervisor/Guide	-	-

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3.2. Director, Supervisor, General Manager, Vice President, Assistant Vice President, and Division/Affiliate Head

3.2.1. Director/Supervisors Profile

3.2.1.1. Director/Supervisors Datasheet

Title	Nation ality/ domici le	Name	Date Electe d	Date Term Electe d	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/S upervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship
					Shares	%	Shares	%	Shares	%	Shares	%			
Chairman	R.O.C.	Simon Huang	Jun. 18, 2014	3 years	41,512,598	2.51	46,512,598	2.66	11,438,226	0.66	-	-	Bachelor, Engineering Science, National Cheng-Kung University; Director, Representative of Taiwan Area Co. Ltd.	Chairman & Director, WPG Holdings affiliated venture; Chair, Genuine CMC Inc.; Director, Sincron Industrial Standards Foundation; Executive Governor, Taipei Electronic Components Suppliers' Association (TECSA)	-
Vice Chairman	R.O.C.	K.D. Tseng	Jun. 18, 2014	3 years	10,992,000	0.66	10,494,000	0.60	20,710,000	1.19	-	-	Electronics Engineering, National Taiwan Ocean University; Sales Manager, Arrow Strong Electronics Co. Ltd.	Chairman & Director, WPG Holdings affiliated venture; Director, Qiao Accelerators Limited Ability Venture Management Co., Ltd. (corporate representative), and Ability 1 Venture Capital Corporation (corporate representative); Chair, Taipei Electronic Components Suppliers' Association (TECSA)	-

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Title	Name	Date Elected	Term	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship
				Shares	%	Shares	%	Shares	%	Shares	%			
Director	R.O.C. Henry Shaw	Jun. 18, 2014	3 years	233,618	0.03	406,538	0.02	-	-	-	-	Master, Business Administration, National Cheng Chi University; Vice President, Asiatel; Vice President, Tanspac Capital Pte Ltd.	Senior Partner, Asiatel; Partner, TCMPT Ltd.; Director, SYSTEX Corp.; Chairman CMC Inc.; WPG Holdings affiliate venture, Watic Inc.; Vice President, Tanspac Capital Pte Ltd.	Senior Partner, Asiatel; Partner, TCMPT Ltd.; Director, SYSTEX Corp.; Chairman CMC Inc.; WPG Holdings affiliate venture, Watic Inc.; Vice President, Tanspac Capital Pte Ltd.
Independent Director	R.O.C. Jack L.T. Huang	Jun. 18, 2014	3 years	-	-	-	-	-	-	-	-	S.J.D., Harvard University; LL.M., Northwestern University; LL.S., National Taiwan University	Partner-in-Charge, Jones Day Taipei; Director, Yulon Motor Co., Ltd. (corporate representative); Independent Director, Taiwan Mobile Co., Ltd., SYSTEX Corp., and CTC Corp.	Partner-in-Charge, Jones Day Taipei; Director, Yulon Motor Co., Ltd. (corporate representative); Independent Director, Taiwan Mobile Co., Ltd., SYSTEX Corp., and CTC Corp.
Independent Director	R.O.C. Rong-Ruey Duh	Jun. 18, 2014	3 years	-	-	-	-	-	-	-	-	Ph.D. (accounting major), University of Minnesota; Chairman, Accounting Research and Development Foundation; Chair, Taiwan Accounting Association	Professor, Accounting, National Taiwan University College of Management	Professor, Accounting, National Taiwan University College of Management

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Title	Name	Date Elected	Term	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship
				Shares	%	Shares	%	Shares	%	Shares	%			
Independent Director	R.O.C. Yung-Hong Yu	Jun. 18, 2014	3 years	-	-	-	-	-	-	-	-	Ph.D., Sun Yat-sen University; M.B.A., Colorado State University; Managing director Ernst & Young business advisory service; Governor, Chinese Strategic Management Accounting Institute	President, AID Management Consulting Co. Ltd.; Director & Co. at Management Consulting Ltd.; Advisor, Accounting Research Institute; Remuneration Committee Member, Fullerton Technology Co. Independent director, Fullerton Technology Co., Ltd.	President, AID Management Consulting Co. Ltd.; Director & Co. at Management Consulting Ltd.; Advisor, Accounting Research Institute; Remuneration Committee Member, Fullerton Technology Co. Independent director, Fullerton Technology Co., Ltd.

Corporate Director/Supervisor of WPG

Corporate Director/Supervisor	Apr. 21, 2017	
	Shareholding %	Shareholding %
Fullerton Technology Co.	20.2	20.2

Major Shareholders of the Corporate Director/Supervisor

Corporate Name	Apr. 21, 2017	
	Shareholding %	Shareholding %
Shi Ren Investment Co. Ltd.	99.99%	99.99%

3.2.1.2. Director/Supervisors Datasheet

Name	Qualification	With At Least Five Years Work Experience And Following Professional Qualification Requirement		Independence*										Concurrent Service As An Independent Director of Other Public Companies
		Judgeship, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	
Simon Huang		V												0
K.D. Tseng		V												0
Mike Chang		V												0
T.L. Lin		V												0
K.Y. Chen		V												0
Frank Yeh		V												1
Fullerton Technology Co. (Representative: Richard Wu)			V	V	V	V	V	V	V	V	V	V	V	0
Henry Shaw			V	V	V	V	V	V	V	V	V	V	V	0
Jack J. T. Huang	V	V	V	V	V	V	V	V	V	V	V	V	V	3
Rong-Ruey Duh	V		V	V	V	V	V	V	V	V	V	V	V	0
Yung-Hong Yu			V	V	V	V	V	V	V	V	V	V	V	1

- * Mark V if during the two years before being elected or during the term of office, the director or supervisor did not and does not meet any of the following:
- An employee of the company or any of its affiliates;
 - A director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in accordance with local regulations.
 - A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings;
 - A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs
 - A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company or that holds shares ranking in the top five in holdings
 - A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company
 - A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, provided that this restriction does not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the GTSM;
 - A spouse or relative within the second degree of kinship of any other directors;
 - Any of the circumstances in the subparagraphs of Article 30 of the Company Act;
 - Elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.

3.2.2. General Manager, Vice Presidents, Assistant Vice Presidents, and Division/Affiliate Heads Profile

Title	Nationality	Name	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions At Other Companies	Other Managerial Personnel Whose Relation is Spouse or Relative within the Second Degree of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager	R.O.C.	Frank Yu	Jul. 1, 2013	1,306,584	0.07	7,397	0.00	-	-	Electronics Engineering, Feng Chia University; Chairman, eChannelOpen, Inc. General Manager, Arrow Electronics, Inc.	CEO, WPG Holdings Ltd.; Director, WPG Holdings affiliated venture; Independent Director, BenQ Materials Corp.	-	-	-
Senior Vice President	R.O.C.	Cooper Hsieh	Nov. 9, 2005	0	0.00	-	-	-	-	E.M.B.A., National Chengchi University; Vice President, WPG Holdings affiliated venture	Director, WPG Holdings affiliated venture;	-	-	-
Vice President	R.O.C.	Scott Lin	Jan. 1, 2007	642,943	0.04	-	-	-	-	B.S., Electronic Engineering, National Taiwan University of Science and Technology; General Manager, Infineon Technologies Taiwan	None	-	-	-
Vice President (Accounting, Financial Head)	R.O.C.	Cliff Yuan	Nov. 9, 2005	745,200	0.04	14,220	0.00	-	-	Dual Degree, Law & Accounting, Soochow University; Financial Assistant Vice President, WPG Holdings affiliated venture	Director & Supervisor, WPG Holdings affiliated venture;	-	-	-
Vice President	R.O.C.	Jazz Chuang	Jan. 1, 2012	183,670	0.01	749	0.00	-	-	E.M.B.A., Information Management, National Taiwan University College of Management; Vice President, WPG Holdings affiliated venture	None	-	-	-
Vice President	R.O.C.	David Li	Jul. 1, 2013	73,226	0.00	-	-	-	-	E.M.B.A., Southern California University; Vice President, WPG Holdings affiliated venture	None	-	-	-

3.2.3.2. Remuneration Paid to General Manager and Vice Presidents

Title	Salary(a) From Entities or Consolidated Financial Reporting	Services by and remunited(b)	Benefits, Social Disbursement etc (C)	Employee's compensation (D) *			The Proportion of A+B+C+D to Net Assets		Granted New Restricted Employee From Entities or Consolidated Financial Reporting	Competition Non-Consolidated Affiliate
				From Entities or Consolidated Financial Reporting			From WFG	From Entities or Consolidated Financial Reporting		
				Cash	Share	Share				
General Manager	Frank									
Vice President	Cooper									
Vice President	Lin	404	27,890	41,490	11,080	-	1.08	-	-	None
Vice President	Chang	17,774	404							
Vice President	Lin	17,774	404							
Vice President	Chang	17,774	404							
Vice President	Lin	17,774	404							

* HCD resolved the proposed amount of cash bonuses allotted to employees on Apr. 25, 2017; and will take effect upon the resolution of General Meeting on Jun. 19, 2017.

Remuneration Scales	Name	From WFG	From Entities of Consolidated Financial Reporting
Under TWD 2,000,000			
Under TWD 2,000,000 – 4,999,999	Cooper Hsieh, Scott Lin, David Li		Cooper Hsieh, Scott Lin, David Li
TWD 5,000,000 – 9,999,999	Cliff Yuan, Jazz Chuang		Cliff Yuan, Jazz Chuang
TWD 10,000,000 – 14,999,999			
TWD 15,000,000 – 29,999,999			
TWD 30,000,000 – 49,999,999			
TWD 50,000,000 – 99,999,999	Frank Yeh		Frank Yeh
Above TWD 100,000,000			
Total	6	6	6

3.2.3.3. Bonus-Rewarded Managerial Personnel And Allotments

	Title	Name	Share Bonus	Cash Bonus*	Gross Bonus	The Proportion of Gross Bonus to Net Income (%)
Managerial Personnel	General Manager	Earl-Yeh	-	-	-	-
	Senior Vice President	Cooper Hsieh	-	-	-	-
	Vice President	Scott Lin	-	-	-	-
	Vice President (acct. fin. head)	Jiff Yuan	-	-	-	-
	Vice President	Jazz Chuang	-	11,080	11,080	0.209%
	Vice President	David Li	-	-	-	-

* BOD resolved the proposed amount of cash bonuses allotted to employees on Apr. 25, 2017; the above figures are preliminary, and will take effect after the resolution of General Meeting on Jun. 19, 2017.

3.2.3. Remuneration Paid to Director, Supervisor, General Manager and Vice President in Previous Year

3.2.3.1. Remuneration Paid to Directors

[illegible]

1. BOD resolved on Apr. 25, 2017: and will take effect upon the resolution of General Meeting on Jun. 19, 2017.

2. 500 resolved on Apr. 25, 2017; , and will take effect upon the resolution of General Meeting on Jun. 19, 2017.

Remuneration Scales	Name					
	A+B+C+D		A+B+C+D+E+F+G		From Entities of Consolidated Financial Reporting	
Under TWB 2,000,000	From WPG		From WPG			
TWD 2,000,000 – 4,999,999	Simon Huang, Frank Yeh, Mike Chang, T.L. Lin, K.Y. Chen, K.D. Tseng, Jack J. T. Huang, Yung-Hong Yu, Rong-Ruey Duh, Henry Shaw, (Representative : Richard Wu)		Simon Huang, Frank Yeh, Mike Chang, T.L. Lin, K.Y. Chen, K.D. Tseng, Jack J. T. Huang, Yung-Hong Yu, Rong-Ruey Duh, Henry Shaw, (Representative : Richard Wu)		Mike Chang, Jack J. T. Huang, Yung-Hong Yu, Rong-Ruey Duh, Henry Shaw, Fullerton Technology Co., (Representative : Richard Wu, T.L. Lin, K.D. Tseng, K.Y.Chen)	Jack J. T. Huang, Yung-Hong Yu, Rong-Ruey Duh, Henry Shaw, Fullerton Technology Co., (Representative : Richard Wu)
TWD 5,000,000 – 9,999,999	-	-	-			T.L. Lin
TWD 10,000,000 – 14,999,999	-	-	-			K.Y.Chen
TWD 15,000,000 – 24,999,999	-	-	-	Simon Huang,		Simon Huang, K.D. Tseng, Mike Chang
TWD 25,000,000 – 49,999,999	-	-	-			Frank Yeh
TWD 50,000,000 – 99,999,999	-	-	-			-
Above TWB	-	-	-			-
Total	11		11	11		11

3.2.3.4. Remuneration Policies, Standards/Packages, Formulation Procedures, the Linkage to Operating Performance and Future Risk Exposure for WPG and Entities of Consolidated Financial Reporting in Previous 2 Years

3.2.3.5. Proportion of Gross Remuneration Paid to Directors, Supervisors, General Manager, and Vice Presidents to Net Income in Previous 2 Years

Remuneration Type	From WPG		From Entities of Consolidated Financial Reporting	
	2015	2016	2015	2016
Pay of Director	35,760	35,960	35,760	35,960
Proportion of Pay Aggregate to Net Income (%)	0.66	0.68	0.66	0.68
Pay of Supervisor	—	—	—	—
Proportion of Pay Aggregate to Net Income (%)	—	—	—	—
Pay of General Manager and Vice President	56,195	57,198	57,211	70,698
Proportion of Pay Aggregate to Net Income (%)	1.04	1.08	1.06	1.33
Net Income (loss)	5,420,469	5,312,875	5,420,469	5,312,875

As shown in above table, the 2016 directors' remuneration, as well as remuneration paid to general manager and vice presidents is almost equal to remuneration in 2015.

3.2.3.6. Policies, Standards/Packages, Formulation Procedures, the Linkage to Operating Performance and Future Risk Exposure with Respect to Remuneration Paid to Directors, Supervisors, General Manager, and Vice Presidents

I. The rules governing director and supervisor's remuneration are as follow:

In accordance with the regulations stipulated in the Articles of Incorporation of the company, where the financial results for the fiscal year show a profit, the Company may, by a resolution adopted by the meeting of Board of Directors, have not less than 0.01% and not more than 5% of the profit distributable as employees' compensation and have not more than 3% of the foresaid profit distributable as remuneration to directors and supervisors. Reports of such distribution as employees' compensation and remuneration to directors and supervisors shall be submitted to the shareholders' meeting. However, in case of the accumulated losses, certain profits shall first be reserved to cover them.

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II. The rules governing general manager and vice president's remuneration are as follow:

By WPG's Articles of Incorporation, general manager and other managerial persons' compensation shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company; the compensation of vice president shall be proposed and submitted by general manager for remuneration committee's review.

III. By WPG's Articles of Incorporation, operational profit and losses do not condition the pay of directors conducting the business of the company, which is authorized to and decided by a resolution at a meeting of the board of directors in the light of participation and value of contributions to the company and with reference to industry standards. The establishment of remuneration committee under board of directors assists in the development of compensation policies for directors, senior management, and the company as a whole. At the time of reported year-end surplus profits, the board of directors shall propose a distribution scheme, obtain the resolution at a meeting of shareholders, and then distribute the compensation for directors. By WPG board resolutions, directors and committee conveners receive fixed pay every month; committee members are offered allowance according to attendance of meetings, and no compensation else. By the Articles of Incorporation and functioning of board and remuneration committee, WPG shall from time to time review the remuneration for director and senior management according to one's participation and value of contributions to the company, and minimize the possibility of and linkage to future risk events, in order for balance between sustainable management and risk management. WPG has insured the board and managerial personnel against liability, with insured amounts adding up to USD 15,000 thousand; by means of D&O insurance, WPG mitigates the risk exposure, shifting the potential damages arising from the business conduct of directors, managerial personnel and corporation.

3.3. Overview of Corporate Governance

3.3.1. Operational Status of Board

The 3rd term of office of board of directors is composed of 17 directors. After the reelection on Jun 18, 2014, the 4th term of board is composed of 11 directors who are professional and experienced at semiconductor, financial, business, and management fields. Attorney Jack J.T. Huang of Jones Day, Professor Rong-Ruey Duh of National Taiwan University College of Management, and Yung-Hong Yu, the president of Shenzhen Aid Management Consulting Ltd., among others, are independent directors.

The board has the responsibility to supervise the overall operations and affairs of the company and make decisions for major investment and M&A matters. In 2016, the board had 12 meetings; the status of attendance is as follows:

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Title	Name	Attendance in Person	Attendance by Proxy	Proportion of Attendance in Person (%)	Remarks
Chair	Simon Huang	12	0	100	Successive term
Vice Chair	K.D. Tseng	11	1	91.67	Successive term
Director	Mike Chang	11	1	91.67	Successive term
Director	T.L. Lin	11	1	91.67	Successive term
Director	K.Y. Chen	9	3	75	Successive term
Director	Frank Yeh	12	0	100	Successive term
Director	Fullerton Technology Co. (Representative: Richard Wu)	6	1	85.71	Taking office on Jul. 20, 2016. Should attend for 7 times in the year.
Director	Henry Shaw	11	1	91.67	Successive term
Independent Director	Jack J. T. Huang	10	1	83.33	Successive term
Independent Director	Rong-Ruey Duh	11	1	91.67	Successive term
Independent Director	Yung-Hong Yu	12	0	100	Successive term
Director	Fullerton Technology Co. (Representative: David, Lai)	5	0	100	Retired on Jul. 19, 2016. Should attend for 5 times in the year.

Statement:

1. The date, period, agenda items of the board meeting, independent directors' opinions and the actions taken by the company shall be stated under the following situations:

- The matters provided in Article 14-3 of Securities and Exchange Act.
- Other resolutions included in records or stated in writing regarding independent directors' dissenting or qualified opinion:

Board meeting	Agenda items and Actions taken by the company	The matters provided in Article 14-3 of Securities and Exchange Act	Other resolutions included in records or stated in writing regarding independent directors' dissenting or qualified opinion
Mar. 29, 2016 (2 nd in 2016)	The appointment of accountant in 2016	V	
Apr. 26, 2016 (3 rd in 2016)	The distribution of director's compensation in 2015	V	
Apr. 26, 2016 (3 rd in 2016)	Buy the real estate for offices on the Jingmao road in Nangang District	V	

Independent directors' opinion: None

Actions taken by the company: None

Resolution: The resolution was approved by all Directors without raising any objection when the chairperson puts forward the relevant resolutions for approval.

2. For the status of directors' recusal with respect to relationship of interest, the names, agenda items, reasons to enter recusal, and status of voting shall be stated: None.

3. Targets of enhanced functions of board of directors (i.e. establishment of audit committee, enhancement of information transparency) of the year and in the most recent year and progress assessment: in order for

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sounder supervising functions of board of directors and robust managerial mechanism, starting from 2008, WPG advances the establishment and operation of audit and remuneration committees, and establishes the new business strategy committee on Oct. 29, 2013. Refer to 3.3.4 "Operational Status of Audit Committee", 3.3.3 "Composition, Duties, and Operational Status of Remuneration Committee", and 3.3.4 "Operational Status of New Business Strategy Committee" in page 31.

Operational Status of Audit Committee

The 4th term of office of board of directors is composed of three independent directors. The audit committee is composed of all of the three independent directors in place in order for better corporate governance, sounder audit supervision, and robust managerial function. The purpose of the committee is to assist the board of directors in implementing supervising functions; the matters under review include corporate financial statements, corporate policy and procedures for auditing and accounting, corporate internal control mechanism, major acquisition or disposal of assets, appointment/dismissal/compensation of certifying accountant, and other material corporate affairs or items required by competent authorities.

In 2016, the audit committee had 11 meetings; the status of attendance is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Proportion of Attendance in Person (%)	Remarks
Independent director (convener)	Rong-Ruey Duh	11	0	100	Successive term
Independent director (member)	Jack J. T. Huang	10	0	90.91	Successive term
Independent director (member)	Yung-Hong Yu	11	0	100	Successive term

Statement:

1. The date, period, agenda items, the resolution result of audit committee, and the actions taken by the company shall be stated under the following situations:

- The matters provided in Article 14-5 of Securities and Exchange Act.
- Other resolutions that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors:

Audit committee	Agenda items and Actions taken by the company	The matters provided in Article 14-5 of Securities and Exchange Act	Other resolutions that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors:
Mar. 29, 2016 (2 nd in 2016)	The appointment of accountant and CPA Professional Fees in 2016	V	

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Audit committee	Agenda items and Actions taken by the company	The matters provided in Article 14-5 of Securities and Exchange Act	ii. Other resolutions that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors:
Mar. 29, 2016 (2 nd in 2016)	The 2015 financial statement(separate and consolidated) and business report	V	
Apr. 26, 2016 (3 rd in 2016)	Buy the real estate for offices on the Jingmao road in Nangang District	V	
Aug. 4, 2016 (6 th in 2016)	Consolidated financial statements for H1 2016	V	
Resolution of audit committee: The resolution was approved by the auditors without raising any objection when the chairperson puts forward the relevant resolutions for approval.			
Actions taken by the company: The resolution was approved by all Directors without raising any objection.			

2. For the status of independent directors' recusal with respect to relationship of interest, the names, agenda items, reasons to enter recusal, and status of voting shall be stated: none.

3. Status of independent directors' communication with internal auditors and independent auditors: the audit committee is composed of all of the three independent directors, meeting at least one time per quarter, joined in auditor, accounting and financial head's routine presentation; the certifying accountants also regularly communicate with the audit committee.

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3.3.3. Composition, Duties, and Operational Status of Remuneration Committee

3.3.3.1. Committee Member Profile

Position	Qualification Name\	With At Least Five Years Work Experience And Following Professional Qualification Requirement	Independence								Concurrent Service As An Remunerati on Committee Member of Other Public Companies
			1	2	3	4	5	6	7	8	
Independent Director	Yung-Hong Yu	Instructorship or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university	V	V	V	V	V	V	V	V	1
Independent Director	Jack J. T. Huang	Judgeship, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination on and been awarded a certificate in a profession necessary for the business of the company	V	V	V	V	V	V	V	V	3
Independent Director	Rong-Ruey Duh		V	V	V	V	V	V	V	V	0

*Mark V if during the two years before being elected or during the term of office, the member didn't and doesn't meet any of the following:

- An employee of the company or any of its affiliates;
- A director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in accordance with local regulations;
- A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings;
- A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs;
- A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company or that holds shares ranking in the top five in holdings;

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- VI. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company;
- VII. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company;

VIII. Any of the circumstances in the subparagraphs of Article 30 of the Company Act

3.3.3.2. The Operational Status of the Remuneration Committee

The purpose of the committee is to assist the board of directors in the deliberation and formulation of director and managerial personnel remuneration, assessment of companywide remuneration policies, and the transaction of remuneration evaluation affairs.

The committee is composed of three members. Yung-Hong Yu, the independent director, convenes the committee no less than two times a year.

The committee chairman Yung-Hong Yu convenes four meetings in 2016; the status of attendance is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Proportion of Attendance in Person (%)	Remarks
Independent Director (convener)	Yung-Hong Yu	4	0	100	Successive term
Independent Director (member)	Jack J. T. Huang	4	0	100	Successive term
Independent Director (member)	Rong-Ruey Duh	4	0	100	Successive term

Statement:

1. If the board of directors will decline to adopt a recommendation of the remuneration committee, the date, period, agenda items, the resolution outcome of the committee and the actions taken by the company (i.e. If the remuneration passed by the board exceeds the recommendation of the committee, the circumstances and cause for the difference shall be specified) shall be stated: none.

2. If with respect to any resolution of the committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the date, period, agenda items, opinions of all members and actions taken on shall be stated: none.

3.3.4. The Operational Status of the New Business Strategy Committee

The purpose of the committee is to assist the company with the development of second tier core business, in order for elevated strategy-making and beneficial outcomes.

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The committee is set up on Oct. 29, 2013, composed of five members, including four directors and one independent director. Director K.D. Tseng resigned as convener on Jan. 19 2016, and director Simon Huang, approved by Board of Directors on Jan. 26, 2016, convenes the committee no less than four times a year. The chairman K.D. Tseng convenes seven meetings in 2016; the status of attendance is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Proportion of Attendance in Person (%)	Remarks
Director (convener)	Simon Huang	7	0	100	Successive term
Director (member)	K.D. Tseng	7	0	100	Successive term
Director (member)	T.L. Lin	7	0	100	Successive term
Director (member)	K.Y. Chen	6	1	85.71	Successive term
Independent Director (member)	Yung-Hong Yu	7	0	100	Successive term

Statement: none.

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Item	State of Implementation ¹		Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
3.2. The company sets up other optional functional committees, in addition to the compulsory remuneration and auditing committee.	V		None.
3.3. The company formulates rules and procedures for board performance assessments, and each year conducts regularly scheduled performance assessments.	V		None.
3.4. The company evaluates periodically the independence of the attesting CPA.	V		None.

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Item	State of Implementation ¹		Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
4. Listed company should set the position for corporate governance. (Including but not limited to providing operational data of directors and supervisors, holding board of directors and shareholder meetings accordance with the law, handling company registry and amendment of register, making handbook for Annual Meeting of Shareholders, etc.)	V		None.
5. The company establishes a channel to communicate with the stakeholders, designates a stakeholder's section on its website, and appropriately responds to corporate social responsibility issues of stakeholders' concern.	V		None.

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3.3.5. The State of the Company's Implementation Of Corporate Governance, Departure of Such Implementation from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the Reason for Any Such Departure

Item	State of Implementation ¹		Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
1. The company formulates and discloses own corporate governance principles with reference to "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".	V		None.
2. Ownership Structure and the Rights and Interests of Shareholders			
2.1. The company formulates and implements internal procedures for handling of matters referred to shareholder proposals, inquiries, and disputes.	V		None.
2.2. The company retains a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders.	V		None.
2.3. The company establishes and carries out the risk management and firewall control between itself and its affiliated enterprises.	V		None.
2.4. The company formulates internal rules prohibiting company insiders from trading	V		None.

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Item	State of Implementation ¹		Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
securities using information not disclosed to the market.			Insiders from trading securities using information not disclosed to the market.
3. The composition and duties of the board of directors			
3.1. The board of directors formulates and implements a policy on diversity of board composition.	V		None.

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Item	State of Implementation ¹			Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
professional institutions. (If yes, please state the opinions of the board, result of self-assessment or outside evaluation, major deficiency, recommendations, and state of improvement)			Unimproved item: We didn't make the policy of saving energy and declining carbon, declining greenhouse gases, declining water usage or managing other waste. Although we don't have these policy, our company is not manufacturing. We will actively improve delivery process and package material to achieve the effect of energy saving. In addition, we will adopt transparent management to record the usage of paper in offices, preventing the waste of resources.	None.

- Whether yes or no, provision of summary is required.
- The report of corporate governance self-assessment is the reporting and statement regarding current item implementation and execution state made by the company itself according to the items of corporate governance self-evaluation.

Title	Name	Date Elected	Start Date	End Date	Curriculum	Organizer	Subject	Hours
Chair	Simon Huang	Jun. 25, 2008	Mar 6, 2016	Mar 6, 2016		Taiwan Institute of Directors	Reverse Competitiveness: The Adaption Strategy to International Pattern after Cop	
			May 10, 2016	May 10, 2016		Taiwan Institute of Directors	Important decision of the Board: Smooth Succession	3
			Jul 5, 2016	Jul 5, 2016		Taiwan Institute of Directors	Important decision of the Board series: The Succession Plan of Enterprise	
Vice Chair	K.D. Tseng	Jun. 22, 2011	Aug 09, 2016	Aug 09, 2016		Taiwan Institute of Directors	Digital Economy: Industrial Transformation and Innovation	3
			May 10, 2016	May 10, 2016		Taiwan Institute of Directors	Important decision of the Board: Smooth Succession	3
Director	T.L. Lin	Jun. 25, 2008	Aug 09, 2016	Aug 09, 2016		Taiwan Institute of Directors	Digital Economy: Industrial Transformation and Innovation	3

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Title	Name	Date Elected	Start Date	End Date	Curriculum	Organizer	Subject	Hours
Director	Mike Chang	Jun. 25, 2008	May 10, 2016	May 10, 2016		Taiwan Institute of Directors	Important decision of the Board: Smooth Succession	3
			Mar 2, 2016	Mar 2, 2016		Taiwan Institute of Directors	The Discussion of Corporate Governance and M&A in Acquisition Process	
			Aug 09, 2016	Aug 09, 2016		Taiwan Institute of Directors	Digital Economy: Industrial Transformation and Innovation	3
Director	K.Y. Chen	Jun. 25, 2008	May 10, 2016	May 10, 2016		Taiwan Institute of Directors	Important decision of the Board: Smooth Succession	3
			Aug 09, 2016	Aug 09, 2016		Taiwan Institute of Directors	Digital Economy: Industrial Transformation and Innovation	3
Director	Frank Yeh	Jun. 18, 2014	Jul 28, 2016	Jul 28, 2016		Taiwan Corporate Governance Association	The case of Public Tender Offer and Defense: Inevitable War of Law	3
			Aug 09, 2016	Aug 09, 2016		Taiwan Institute of Directors	Digital Economy: Industrial Transformation and Innovation	3
Corporate Representative Director	Richard Wu	Jul. 20, 2016	May 10, 2016	May 10, 2016		Taiwan Institute of Directors	Important decision of the Board: Smooth Succession	3
			Nov 2, 2016	Nov 2, 2016		Taiwan Securities and Futures Institute	The Discussion of Human Resource and M&A in Acquisition Process	3
Director	Henry Shaw	Jun. 25, 2008	Aug 09, 2016	Aug 09, 2016		Taiwan Institute of Directors	Digital Economy: Industrial Transformation and Innovation	3
			May 10, 2016	May 10, 2016		Taiwan Institute of Directors	Important decision of the Board: Smooth Succession	3
			May 10, 2016	May 10, 2016		Taiwan Institute of Directors	Important decision of the Board: Smooth Succession	3
Independent Director	Rong-Ruey Duh	Jun. 25, 2008	Sep 6, 2016	Sep 6, 2016		Taiwan Institute of Directors	How the Board and its Functional Committees Generate Revenue	3
Independent Director	Jack J. T. Huang	Jun. 25, 2008	Aug 09, 2016	Aug 09, 2016		Taiwan Institute of Directors	Digital Economy: Industrial Transformation and Innovation	3
Independent Director	Yung-Hong Yu	Jun. 25, 2008	May 6, 2016	May 6, 2016		Taiwan Corporate Governance Association	The Tendency of Corporate Governance: Six Focused Issues of Board in 2016	3
			Aug 09, 2016	Aug 09, 2016		Taiwan Institute of Directors	Digital Economy: Industrial Transformation and Innovation	3
			May 10, 2016	May 10, 2016		Taiwan Institute of Directors	Important decision of the Board: Smooth Succession	3

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Item	State of Implementation ¹			Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
6. The company engages a professional shareholder services agent to handle shareholders meeting matters.	V		6. WPG engages Capital Securities Corporation to handle shareholders meeting matters.	None.
7. Information Disclosure				
7.1 The company sets up a website disclosing the information regarding the company's finances, operations and corporate governance.	V		7.1 The company has a public website (www.wpgholdings.com) in place, regularly disclosing and updating the information regarding the company's finances, operations and corporate governance for investors' reference.	None.
7.2 The company adopts additional means of information disclosure (i.e. set-up of English website, appointment of personnel responsible for gathering and disclosing the information, establishment of spokesperson system, publication of audio or video record of investor conference on corporate website etc.)	V		7.2 The WPG website in place is English-furnished and the information thereof is gathered and disclosed by responsible persons; briefings of investor conference are also available for investors' reference.	None.
8. The company avails additional major information in favor of understanding its operation of corporate governance. (including but not limited to: interests of the employees, care for employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, policy	V		8.1 Interests of the employees, care for employees: refer to page 95-104 for detail of "Labor Relation" section of the annual report; 8.2 WPG is a holding company, engaging neither manufacturing nor selling, hence not polluting the environment; transactions with suppliers are primarily everyday general business operations.	None.

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Item	State of Implementation ¹			Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
of risk management, executive state of risk metrics, executive state of customers policy, provision of D&O liability insurance etc.)			8.3 In order for sound corporate governance systems, WPG already formulates its corporate governance principles on Jul. 27, 2010 with reference to TWSE and GTSM's "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies". 8.4 WPG's directors have faithfully conducted corporate affairs and perform the duty of care of a good administrator in exercising their powers. 8.5 WPG provides D&O liability insurance for its directors and managerial persons. 8.6 WPG already formulates the pan-WPG "Policy and Procedures for Risk Management" on Apr. 24, 2012; and has amended the executive state of risk management policy and risk metrics on Jan. 26, 2016; refer to page 357-360 for detail of "Risk Management" section of the annual report. 8.7 The continuing education of directors is governed by Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies; refer to pages 39-40 for detail.	
9 The company's corporate governance is evaluated and reported through self-assessment or engaging outside	V		9. In 2016, WPG signs up for the Corporate Governance Evaluation System held by Securities and Futures Institute under the authorization of TWSE.	None.

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3.3.5. The Status of Implementation of the Corporate Social Responsibility Policy: Systems, Action Plans, and Results of Environmental Protection, Community Involvement, Social Contribution, Social Contribution, Social Services, Social Good, Interests of Consumer, Human Rights, Safety and Health, and Other Social Responsibility Activities

Item	Status of Implementation ¹		Departure and Reason for Such Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
1. Exercise corporate governance			None
1.1. The company formulates policies or systems for CSR, and reviews the results thereof.	V		1.1. WPG adopts corporate governance evaluation and lay down CSR policies, in principle and commitment to CSR, persisting the workplace promotion and regular review of result.
1.2. The company regularly organizes education and training on social responsibility.	V		1.2. WPG publicizes CSR subject matters such as commitment, care for employee, environmental protection etc. from time to time, e.g. induction program, regular occupational safety and health sessions, lectures on corporate core values etc.
1.3. The company establishes an exclusively (or concurrently) dedicated unit, appoints executive-level positions, to be in charge of CSR initiatives and to report on the same to the board of directors on a periodic basis.	V		1.3. The higher CEOs of WPG and its subgroups have jointly set up CSR Working Group for planning and managing issues related to CSR, coming into play hierarchically in the light of corporate organization and management duties, and regularly reporting to the chair of board of directors.
1.4. The company formulates reasonable remuneration policies, combines employee performance evaluation system with CSR policies, and establishes clear and effective incentive and discipline system.	V		1.4. WPG benchmarks remuneration policy to labor market; its performance appraisal system is not incorporated with CSR policy, yet relevant ethic code of practice is added to and discipline is provided in corporate rewards system.
			Continue the prudent follow-up

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Item	Status of Implementation ¹		Departure and Reason for Such Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
2. Foster a sustainable environment			None
2.1. The company endeavors to utilize all resources more efficiently and use renewable materials which have a low impact on the environment.	V		2.1. WPG and its affiliates dedicate themselves to promotion and enhancement of sustainable environment, through propaganda and execution, lifting the efficiency of resource reuse in respect of energy saving and waste reduction, lowering the impact on environment.
2.2. The company establishes proper environment management systems based on the characteristics of their industries.	V		2.2. With regard to environmental health and safety initiatives, WPG and its affiliates plan to popularize relevant acts, decrees, and spirits companywide in order to elevate relevant staff skills and lessen the risk events.
2.3. The company monitors the impact of climate change on their operations, enforces corporate greenhouse gas inventory, and establishes strategies for energy conservation and carbon and greenhouse gas reduction.	V		2.3. Climate change to date has grown into investors and businesses' major concern. WPG and its affiliates appreciate the consequential price hike of commodities and supplies even affecting the supply and operations, along with uncontrollable natural disasters and the direct damage to business activities; as a result, the companies review energy-saving and carbon reduction at issue, actively improving internal process of transportation and packing, saving energy and reducing carbon for real result.
			None

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Item	Status of Implementation ¹		Departure and Reason for Such Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
3. Preserve public welfare			None
3.1. The company adopts relevant management policies and processes in compliance with International Bill of Human Rights.	V		3.1. WPG and its affiliates comply with local labor laws and regulations, respecting internal recognized basic labor rights, laying down rules of governance, ensuring the basic interests and right of the workforce.
3.2. The company establishes grievance mechanism and channel and responds to any employee's grievance in an appropriate manner.	V		3.2. WPG provides channels of communication for employees, setting up "staff's box" and "e-mail account" for them to submit opinions, and sending the feedbacks to responsible units.
3.3. The company provides safe and healthful work environments for their employees, and organizes training on safety and health for employees on a regular basis.	V		3.3. WPG and its subgroups have dedicated units for education and training of workplace safety, organizing events, courses of lecture, and regular health exams, in order for coherence and physical/mental health of workforce.
3.4. The company establishes a mechanism to facilitate regular communication with employees, and informs employees of operation changes that might have material impacts by reasonable means.	V		3.4. WPG and its subgroups convene monthly and quarterly gatherings to announce major corporate operations and changes in governance procedures.
3.5. The company establishes effective training programs to foster career skills.	V		3.5. WPG and its subgroups organize education training package (i.e. seniority/EMBA) in the light of position/level, aligning human resources, career development, and business objectives for a win-win-win outcome.
			None

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Item	Status of Implementation ¹		Departure and Reason for Such Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
3.6. The company establishes relevant policies on protection of rights and interests of consumers and procedure for accepting consumer complaints with respect to R&D, procurement, production, operations, and services.	V		3.6. WPG's business model is B2B for businesses and supply chain management, no outreach for end consumers; the form is integral governance by means of industrial holding company, engaging capital markets, along with the provision of corporate governance on corporate website for investors' reference, contact person and email address also available for complaints and inquiry reply.
3.7. The company follows relevant laws, regulations and international guidelines when marketing or labeling their products and services.	V		3.7. WPG's services of B2B business sale and supply chain are in compliance with internal and external regulations, setting up trade compliance unit in charge of export control, ensuring circulation of goods obeying U.S. laws and decrees, and the counterparties are legal and legitimate.
3.8. The company assesses whether there is any record of a supplier's impact on the environment and society prior to engaging in commercial dealings.	V		3.8. WPG's not fully taken the supplier's records of environmental and social impacts into consideration yet.
3.9. The company enters into a contract, whose terms stipulate that such contract may be terminated or rescinded any time if the supplier has violated the company's CSR	V		Continue the prudent follow-up WPG's not got under way yet.
			Continue the prudent follow-up

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Item	Status of Implementation ¹		Descriptive Summary ²	Departure and Reason for Such Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No		
policy and has caused significant negative impact on the environment and society, with any of their major suppliers.				
4. Enhance disclosure of information				
4.1. The company discloses relevant and reliable information relating to their CSR initiatives on its website and Market Observation Post System.	V		4.1.WPG provides Corporate Governance as well as Stakeholder Engagement on its website, and discloses relevant information from time to time through the two sections.	None
5. The company establishing own CSR policies according to Corporate Social Responsibilities Best-Practice Principles shall state any discrepancy of practice from such policies:				
WPG has CSR policies in place. So far, WPG has actively aligned itself and its affiliates with such policies.				
6. Additional major information availing the understanding of the operation of the company's CSR:				
Following the provisions enacted by financial administrations, WPG is a corporate to make CSR report regularly. Regarding such information download the report at website: http://www.wpgholdings.com/csr_area/index/zh-tw				
7. The company whose CSR report has been adopted by relevant certification bodies shall state:				
None.				

1. Whether yes or no, provision of descriptive summary is required.
2. The descriptive summary may be replaced with the annotations referring to the CSR reports (if any) or the indexed paging thereof.

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3.3.6.1. Additional Major Information Availing the Understanding of the Operation of Corporate CSR

WPG Holdings follow Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, refer GRI Guidelines to make CSR reports for affiliated corporations, make a comparative report to represent its structure based on business development and core competence; thereby fully disclose information with various stakeholders. To review and improve the internal organization by making annual report and is a basis for coming year's plan. Next is to summarize the guidelines but important descriptions of the main four subjects "sustainable governance, personnel development, industry exchange and social participation".

I. Sustainable governance mechanisms

WPG Holdings is a pioneer in Taiwan's industrial holding business, with "industrial holdings" patterns in line with the principles of competition and cooperation and more flexible in resource use in business; "to be divided in front-end will fight and closed in the back-end will win" in trading strategy. In such a business background will WPG Holdings pay greater attention to the organization's corporate governance structure and related management regulations.

a. Perfect in corporate governance structure

WPGH's Board of Directors consists of eleven distinguished members. Their outstanding careers and breadth of experience encompass semiconductor, finance, business, and management. Three of the eleven members are independent directors: Professor Rong-Ruey Duh of National Taiwan University, Mr. Jack J. T. Huang, Chairman of Jones Day's, and Mr. Yung-Hong Yu, Managing director of A1 Management Consulting Ltd. The Board's primary duty is to oversee the overall business and corporate affairs of WPGH and resolve issues like major investments, merger and acquisition etc. Three functional committees under the Board of Directors are Audit Committee, Remuneration Committee and New Business Strategy Committee. The status of implementation of the board of directors and committees in 2016 are:

12 meetings of Board of Director; 92% attendance rate by directors.

11 meetings of Audit Committee; 100% attendance rate by members.

4 meetings of Remuneration Committee; 100% attendance rate by members.

7 meetings of New Business Strategy Committee; 97% attendance rate by members.

b. The establishment of Corporate Social Responsibility Committee

WPG Holdings suggests that "meaningful CSR activities must be based on core competence, internalize within the organizational culture, and continue to improve" and "uses unique resource and expertise to engage in issues related to public interest so as to enhance their contribution in society."

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In addition to comply with the regulations from administrations, preparing CSR report with outside consultants in 2016, WPG Holdings re-examined the relevant management unit and established WPG Holdings CSR Committee and groups. They brought each top management team into the member of Committee, set short and medium term objectives and management agreement of holding regular meetings.

Corporate social responsibility is not only to participate in social welfare, but the overall implementation in business operations. The range is wide and profound, encompasses all departments issues. Only by linking the organizational resources of each unit does it complete gradually.

II. Multi-talented development blueprint

WPG Holdings and its subgroups provide professional supply chains as their business goal. They convince that only with good human capital can they offer the outstanding professional services. For the cultivation of human capital, we have been long devoting into that without hesitation. To nurture talent is like the rice cultivation, only by non-stop irrigation will it have a fruitful harvest future.

a. The implementation of professional skills cultivation

Owing to the fact that the affiliates, subsidiaries under the banner of WPG Holdings Limited have their own unique characteristics on business policies and organizational cultures, different manpower training and development resources can be used for the presentation of the variety of learning features. The overall training structure is built on the basis of general and professional training programs for the cultivation of employee's competitiveness and the creation of organizational performance. Our step by step training programs promoted throughout all sectors construct leading teams to guide our organization in facing the challenges for sustainable development and growth.

The classification of training	Main Participants	Main contents of courses	Courses of goals
General training program	Newly-employed personnel	Including a presentation of our Company, introduction to the Concept of "core values" and relevant introductory courses for basic skills. The general training program includes courses in information management and the implementation of the	To help the newly-employed personnel understand the company and function well as part of a team operation for the development of professional expertise at their workplace

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The classification of training	Main Participants	Main contents of courses	Courses of goals
		cultivation for use of internal corporate platform systems (e.g. ERP/WMS/WEBFLOW)	gradually. Also, to help them get familiar with information tools and make the best use of tools for the enhancement of work outputs and effectiveness.
Professional Training program	Products staff / Business staff	To plan and allocate suitable and appropriate professional skill courses in accordance with different position/competency levels. Also, irregular training sessions will be targeted and conducted according to the product technologies and business models used by the upstream and downstream supply chains.	Creating our competitive professional front end-services, planning and performing our corresponding training courses for other types of competencies along with the professional development trends and the formulation of related laws and regulations for employees' continuous enhancement of professional capabilities.
Management Training program	Supervisors and middle management	Management courses for Supervisors and middle management	To cultivate the capabilities of supervisors and middle management in accordance with the requirements of organizational developments, operational competitions and human layouts.

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b. Exchanges of Framework's Core Competencies

At first, WPG Holdings concentrated continuously the internal expert knowledge of all aspects to resolve emergent major issues by means of virtual reality team projects. We conducted the team's learning and growth through knowledge exchange and sharing of experiences. At present, we focus on the talents with high and intermediate levels to form executive elite class and EMBA class. Giving them the cross territory professional learning courses of talents management, practice of strategies, lead and staffing skills to face the eventful and challenging operating environments. All learning teams get practices of individual experiences matching with theory structures, and the reciprocal searching and introspection achieving dual cycling of learning.

In addition, through holding seminars of platform transforming strategy for the age of internet and for issues concerning derivative platform effect and response to change creates learning effects of emulation and obtaining experiences by other's mistakes. The exploration of issues with different aspects via pattern of organizational learning surges and abstracts the organizational capabilities that belongs to WPG Holdings. The training courses conducted in 2016 are:

Types of classes	Time	Locations	Main contents of courses	Number of participants
Executive elite class	105.12	Taipei	Transformation with economic and digit	About 50 persons
EMBA class	105.04 105.05 105.05	Taipei Shenzhen Shanghai	Operational tactics and creativity	About 150 persons
EMBA class	105.05 105.06 105.07	Taipei Shenzhen Shanghai	Operational tactics and creativity - Retraining	About 150 persons
EMBA class	105.08 105.08 105.08	Taipei Shenzhen Shanghai	Comprehensive coaching-based leadership	About 150 persons
Platform seminar	105.03	Taipei	Discussion of platform transformation strategy I	About 150 persons
Platform seminar	105.06	Taipei	Discussion of platform transformation strategy II	About 30 persons

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downstream supply chains for the continuous enhancement of adherence to customers loyalty. Through the promotion of the below-mentioned marketing activities to further cultivate talents who are more competitive and outstanding.

WPG's monthly e-papers attract 735,000 tags from collaborative tagging, and the deliverability striking 93%, with 55 categories and 19 catalogs of collaborative tagging. The sponsorship amount is up to USD \$140,096. Associates from subgroups actively engage in industrial news sharing, sparing little knowledge and while elevating transnational competitiveness.

- 7,788 news exposures; 3,526 news exposures for programs; in China, the average times of indexing per news article is 41.
- WPG's Weibo has 458,400 fans, growing 139,000 during the year. The fans and posts both outnumber industrial peers.
- WPG's Weixin, the first micro portal in IC industry, leads the peers. There are four deliveries of mass message every month, and there are over 300 thousand reads, 7,900 shares, and 47,652 precision fans. Sharing of core expertise allows the general public to get better picture of industrial update and trends.

b. Research collaborations between academia and industry

In response to the time changing, WPG Holdings began to conduct a series of collaborations between academia and industry for students to be close to the industry aside from academia.

■ Seed Talent Program(STP)

Information services department of WPG Holdings conducted two terms of STP. We expect to create value through the combination of students' infinite creativity and enterprise practice. We threw two topics, "The influence of Internet Plus on WPG" and "The application of Big Data", for students to brainstorm and participate in the enterprise's affairs. The students could put the knowledge learned from courses into practice effectively. The program will bring them the capability of pluralistic thinking and enlarge their views, making them hired with social enterprises rapidly. Visit the following link to learn more about the program : <http://stp-twiod.wixsite.com/stp-twiod>.

■ Industry-Academia Collaboration Program with National Yunlin University of Science and Technology

II. Industrial expertise sharing

a. Industrial expertise sharing

WPG Holdings and its affiliates play multiple roles as B2B Sales, Technical Service, and Logistics Hub. The vision of WPG is to provide high quality supply chain management. No matter in Industry Chain, Academic Units, or Technology Forum, we has worked hard to improve the brand image of WPG Holdings and its affiliates through virtual and physical information channels.

■ WPG i-Design Contest

To promote the brand awareness and technical support capability, WPG Holdings held the 2nd "WPG i-Design Contest", and the theme of the contest is "Create a good housekeeper of future intelligent life." We had 128 teams composed of outstanding high school students in China participate. In the contest, the teams fulfilled themselves to innovate the concept of design and demonstrate it. Eventually, 20 teams advanced to the final, and got sponsored by 25 companies and supported by over 2300 devices provided by 18 brand agents. Before the final competition, we held an online seminar to facilitate communication of technique between experts and the teams.

The contest were reported 251 times by 40 media. During the contest, the online seminar was very popular and the number of messages during seminar was up to 3,400. In addition, the number of the visitors of Weibo Topic # WPG i-Design Contest # was 17,000.

■ Inbound marketing

In response to customers' changing usage habits owing to the generation of mobile network approaches, WPG Holdings are continuously optimizing our online content marketing program and full-coverage mechanism of interactive community marketing by creating and continuous promoting inbound marketing, which leads an interactive cooperation and mobile marketing. At the same time, we are transforming with specific numerical values to realize marketing promotion effectiveness by establishing complex inbound marketing effectiveness index (short form: Inbound AD Value). Our Integrated overall promotion value during fiscal year 2016 exceeds the amount of RMB 88.23M, which has increased 10 percent that of 2015. Community resources such as large double micro, circle of friends, forums and have been effectively used to promote our self-media operational effects creating sensitive services through cross selling between upstream and

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In view of flourishing Internet and Big Data, information services department of WPG Holdings dedicates to technical application of and development of these two areas and invited NTUST professor in Big Data to address a lecture of "Analysis and Application of Big Data." The professor will lead 2 teams of 6 students to proceed a collaborative project for half a year. The enterprise will provide data, and the university will provide the technique and theory. Through associative analysis and machine learning, a Big Data skill, we could practice Industry-Academia Collaboration Program, and gain an achievement together.

■ "Industry-Academia Collaboration Program over supply chains management" with National Chengchi University

WPG Holdings has been collaborating with The College of Commerce at National Chengchi University since 2010, rooting for "Industry-Academia Collaboration Program over supply chains management". To systematically organize the technical know-how within Taiwan supply chains management with the combination of theories and practices is our first target. To create a complete set of teaching material and study cases for supply chains management is our second target, and to provide Taiwan industry supply chains with administrative talents is our third and final target.

Because supply chain management is an interdisciplinary management science and the related courses are scattered in different departments in college of business, it's hard to develop supply chain management. Each department can't set up an academic training which is more complete, professional, and market demand-oriented separately. Therefore, WPG Holdings decided to participate in the academic program offered by NCCU College of Commerce. WPG Holdings has extensive market experience, and NCCU College of Commerce has accumulated extensive teaching experience of business management. Through combination of the advantages of both sides, we'll integrate all the existing curriculum resources, start new curriculums which fulfills the requirement of supply chain management, design a university level "supply chain management program" to fit the educational need of supply chain management, and cultivate talented people of supply chain management for Taiwan industry.

In 2015, WPG Holdings held a series of lectures in the "Supply Chain Management Practice" course. Taking WPG Holdings for learning example, we arranged for executives from different departments in WPG to give a series of lectures of NCCU College of Commerce and brought students to visit WPG's warehouse in Linkou and upstream suppliers. We want to help students completely learn the enterprise's strategies and plans of supply chain management through the view of enterprise and the multidimensionality.

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In 2016, Supply Chain Management program assisted four senior students of NCCU department of management information systems to win the distinguished award in "2016 Chinese Enterprise Resource Planning Society's Creative Application of System Digitized Competition" and the second place in "2016 The Operations Research Society of Taiwan University Research Project Competition." This is the most honored achievement of industry-academia collaboration.

3.3.6.1.1 Social Participation and Green behavior

The affiliates and subsidiaries under the banner of WPG Holdings deliver effectively the love resources in their organizations to society/community groups through information sharing and link resources. They make the best use of all types of organizational resources, bring the abilities that organization or employees needed into play in contributing to social participation. The employees' efforts for environmental protection required by WPG Holdings, its affiliates and subsidiaries have been focusing on planning and management for carbon reduction and recycling and reuse of packaging consumptive material, which are different from those of employees who work for other corporations in which to save energy for their daily used office environment equipment only.

a. Human Nature Logo

With social responsibility vision, core competence and the faith of taken from society, give back to society, WPG Holdings and its affiliates, subsidiaries chipped in to found "WPG Holdings Education Foundation" aiming at enhancing knowledge economy, constructing high quality educational environment, promoting academic and practices research over business management, showing lover care for arts and humanities, and environment education as their objectives. At the same time, we are striving for high quality educational environment through industry-academia collaboration and relevant continuing education group. Looking forward to cultivating young students more and enhancing our international competitiveness.

Work Projects	contents	total number of participants
Feedback for industry	National Chengchi University	Financial sponsor of supply chain management project
Feedback for industry	National Taipei University of Technology	Scholarship for underprivileged students from Department of Electrical and Information Engineering.
Feedback for industry	TECSA	Holding courses of supply chain and business management. Total number of participants and speakers is 741.

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Work Projects	contents	total number of participants
Feedback for industry	National Chiao Tung University	Sponsor the project of Japan RIKEN associated lab. Promote seminars and activities that can bring people new knowledge, cultivating technology innovation talent.
Social participation	Flying Chorus	Sponsor the Chorus for practicing and holding activities of singing blind, spreading love to the world. Flying Chorus held charitable tour in 2016.
Social participation	Changhua-Chang Te Junior High School	Sponsor the hardware and software equipment of school library.
Social participation	Music Foundation For The Blind In Taipei	Co-organized the benefit concert of no distance in eye and music with Music Foundation For The Blind In Taipei.
Social participation	Legend Lin Dance Theatre	Sponsor the annual performance of Legend Lin Dance Theatre in 2016.
Social participation	House of Dreams	Sponsor the project of grades improvement- dream school in 2016.

b. Green behavior

Through the program of integration of multifunction printer from 2015, we simplified the quality and quantity of equipment and eliminated old or unnecessary printers and fax machine to reduce unnecessary energy consumption in the work spaces of Taiwan WPG Holdings. Meanwhile, users will reduce go-errors and waste of resources resulted from dispensable outputs by card login system of multifunction printer and intelligent interface. Administrator can carry out statistical analysis of the usage of each department, moreover, tracking usage amount and making improvement. On the other hand, because of transparent management of usage amount, users will control the usage amount by themselves to reduce waste of resources, achieving the goal of carbon reduction and paper reduction. Through the program of integration of multifunction printer, WPG Holdings and its subsidiaries consumed average 4,457,226 pieces of A4 paper, down by 34% compared to 6,754,534 pieces of A4 paper consumption.

Usage Amount	2014 (before integration)	2015	2016
Taiwan WPG Holdings	6,754,534	4,392,158	4,457,226

In addition to the simplification of equipment, when choosing the consumables such as autotype paper, we should choose the brand which is comply with environmental regulations and choose the appropriate weight of

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paper to avoid the waste of resources. In the meantime, we will promote to recycle single sided paper, reduce the amount of paper usage, confirm the content before print to reduce the waste of misprints and repeat prints, and post environmental slogans to enhance voluntary environmental consciousness and achieve the goal of energy conservation.

3.3.7 The Status of and the Measures Taken for the Implementation of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Item	Status of Implementation ¹		Descriptive Summary	Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No		
1 Adopt ethical corporate management best practice principles				
1.1 The company clearly specifies in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies.	V		1.1 WPG adopted and publicized Code of Ethical Management and Code of Ethical Conduct on its website with reference the templates prepared by competent authority, proclaiming the policy to general public on Jan., 29 2013.	None
1.2 The company adopts programs to prevent unethical conduct and sets out in each program the standard operating procedures, conduct guidelines, disciplinary and	V		1.2 WPG adopts Consent of Services, clearing stating the criteria regarding non-disclosure of confidential information, prohibition of insider trading etc., and provides procedures for discipline in reward and discipline system in the event of	None

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Item	Status of Implementation ¹		Descriptive Summary	Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No		
appeal system, and carry out such programs.			non-ethical acts. HR proposes division heads regularly reviewing the status of staff's compliance with ethical conduct by means of evaluation and incentives system.	
1.3 The company adopts preventive measures against the subparagraphs in Paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles and other business activities within its business scope which are at a higher risk of being involved in an unethical conduct.	V		1.3 WPG proclaims in code of conduct, in the event of violation against work discipline and ethical acts, disciplinary treatment shall apply; constitution of material breach of labor contract in the event of demanding or accepting firm or interested party's rebates by opportunistic use of position and such as to impact on corporate goodwill serves as precautionary measures against staff's unethical conduct. For all staffs, WPG's auditing committee provides special e-mail for receiving complaints and supervising relevant control mechanisms based on Procedures for Auditing Committee Handling Stakeholder's Grievance and Advice.	None
2 Facilitate ethical corporate management				
2.1 The company assesses the records of counterparties' ethical corporate management, and expressly includes in the contractual terms the clauses regarding	V		2.1 WPG accommodates downstream customers' management practice, signing up the code of ethical and integrity conduct, supervising the upright principle in conduct of business, prohibiting the pursuit of	None

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Item	Status of Implementation ¹			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
ethical conduct.			private interests and illegal acts.	
2.2 The company establishes a dedicated unit that is under the board of directors; such unit is in charge of ethical corporate management initiatives and reports to the board of directors on a regular basis.	V		2.2 WPG, since its incorporation in 2005, has taken Teamwork, Integrity, Professionalism, and Effectiveness (a.k.a. "T.I.P.E.") as the core values and staff's code of conduct, along with dedicated unit responsible for promotion, implementation, and supervision. Integrity constitutes the core values, present at everyday self-discipline. WPG teams up CSR work group, whose duties include promotion of relevant ethical management, of direct reporting to the chair; in case of matters of significance, such issues are submitted to the board for discussion.	None
2.3 The company adopts policies for preventing conflicts of interest, offers appropriate means to explain, and carry out such policies.	V		2.3 WPG's adoption of Ethical Management Policy and Ethical Conduct Policy includes the provisions of recusal due to conflict of interest, reporting, and discipline, serving as the foundation of implementation.	None
2.4 The company establishes effective accounting systems and internal control systems so as to carry out ethical conduct, and such systems are audited by	V		2.4 WPG's responsible units conduct regular auditing of business: finance and accounting divisions, along with outside accounting firm, conduct quarterly and annually on-site auditing, ensuring	None

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Item	Status of Implementation ¹			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
Internal auditors or CPAs.			compliance with relevant decrees and standards, and philosophy of ethical management; auditing unit and relevant divisions join forces to conduct scheduled internal control self-assessment, along with routine internal auditing.	
2.5 The company periodically organizes internal and external training of ethical corporate management.	V		2.5 WPG from time to time organizes training sessions in ethical corporate management; in case of real life event, opportunity of education is taken via monthly gathering, so as to popularize the recognition of ethical management.	None
3 Implement whistle-blowing system				
3.1 The company adopts concrete whistle-blowing systems and incentive measures, establishes convenient reporting means, and appoints appropriate dedicated personnel to handle the reported parties.	V		3.1 WPG provides suggestion box for staff, and special e-mail account of auditing committee for the public, for interested parties to air grievance, yet lack of incentives system for whistle-blowing.	None
3.2 The company adopts standard operational procedures and relevant confidentiality mechanisms for the investigation of whistle-blowing reporting.	V		3.2 The auditing committee sets up special e-mail box, along with "Procedures for Handling Stakeholder's Grievance and Advice", as WPG's basis for handling such matters.	None

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Item	Status of Implementation ¹			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
3.3 The company adopts measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.	V		3.3 WPG hears and replies independently according to Procedures for Handling Stakeholder's Grievance and Advice, ensuring non-disclosure of reporter's identity.	None
4 Reinforce information disclosure				None
4.1 The company discloses the content and effectiveness of promotion of its ethical corporate management best practice principles on corporate website and Market Observation Post System.	V		4.1 WPG's website provides Investor Relations section, disclosing organization of corporate governance and relevant corporate policies and rules, for stakeholders' reference. Responsible persons are appointed to maintain the website, gather information, and receive inquiries.	
5. The company adopting own ethical corporate management policies according to Ethical Corporate Management Best Practice Principles shall state any discrepancy of practice from such policies: WPG adopts own ethical corporate management policy, and deliberates to derive relevant operational procedure and conduct guideline accordingly.				
6. Additional major information availing the understanding of the operation of the company's ethical management (e.g. review/amendment of the company's ethical corporate management policy): none.				

1. Whether yes or no, provision of descriptive summary is required.

3.3.8 The company whose corporate governance policy and relevant rules are in place shall disclose such place to find

WPG has adopted corporate governance policy, go to "Major Internal Policies" section of WPG's website (URL:

http://www.wpgholdings.com/investors/corporate_governance/zhtw/major-internal-policies) for detail; also refer to "Overview of Corporate Governance" of the annual report (page33-40) for the status of implementation of such policy.

3.3.9 Additional major information sufficing for better understanding of operation of the company's corporate governance can be disclosed

I. So as to regulate the inside information, WPG adopts "Procedure for the Management and Prevention of Insider Trading" and notifies directors, managerial persons, and staff of such procedure. The procedure is publicized on corporate webpage for the sake of compliance and prevention of violations or insider trading events.

II. WPG's insiders, e.g. directors, managerial persons etc., are handed copies of "Directions Concerning Securities Market Regulatory Matters for TWSE Listed Companies and Their Directors, Supervisors, and Major Shareholders" and "Compliance Brochure for Directors and Supervisors of TWSE/GTSM-Listed and Emerging Market Companies" compiled by TWSE upon assumption of office for the sake of compliance.

III. Market Observation Post System: <http://mops.twse.com.tw/>

IV. WPG Holdings' Website: <http://www.wpgholdings.com>

3.3.10 Executive Summary of Internal Control Systems

3.3.10.1. Statement of Internal Controls (provided with scanned files)

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WPG Holdings Limited
Management's Reports on Internal Control

Date: March 28, 2017

Based on the findings of a self-assessment, WPG Holdings Limited states the following with regard to its internal control system during the year 2016:

1. WPG are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and WPG takes immediate remedial actions in response to any identified deficiencies.
3. WPG evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. WPG has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, WPG believes that, on December 31, 2016, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement will be an integral part of WPG's Annual Report for the year 2016 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on March 28, 2017, with none of the eleven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

WPG Holdings Limited

Chairman Simon Huang

General Manager Frank Yeh

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3.3.10.2. The company engaging a certified public accountant to carry out ad hoc auditing of internal control systems shall disclose the CPA's report: none.

3.3.11 For the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: none.

3.3.12 Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

3.3.12.1 WPG Holdings Inc. holds its 2016 Annual General Meeting on Jun. 22, 2016 in Taipei City, wherein following agenda items are passed:

- i. To accept 2015 Business Report and Financial Statements
Status: resolved, and accepted
- ii. To accept the proposal for distribution of 2015 profits
Status: Profit distribution date: Aug., 7, 2016; Issue date: Aug., 30, 2016 (cash dividend per share NT\$2.4).

3.3.12.2 During the 2016 fiscal year up to the date of printing of the annual report, WPG's board of directors has convened 17 regular meetings; important resolutions are summarized as follows:

- i. To convene 2016 Annual General Meeting
- ii. To approve 2015 business report and financial statements
- iii. To approve the distribution of 2015 profits
- iv. To approve 2015 employees' compensation and directors' compensation
- v. To sign MOU of buying the real estate for offices on the Jingmao road in Nangang District
- vi. To amend the "Rules of Procedure for Board of Directors Meetings" and "WPG Holdings Risk Management Policies and Guidelines"
- vii. To convene 2017 Annual General Meeting
- viii. To donate the WPG Holdings Education Foundation
- ix. To accept 2016 business report and financial statements
- x. To approve distribution of 2016 profits
- xi. To approve 2016 employees' compensation and directors' compensation
- xii. To amend the "The Operational procedures for Acquisition and Disposal of Assets"
- xiii. To adopt the appointment of AIT Group CEO (WPG's Subsidiary)

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xiv. To adopt the appointment of AIT Inc. Directors

3.3.13 Where, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, a director or supervisor whose opinion dissenting a material resolution passed by the board of directors, and such opinion has been recorded or stated in written: none.

3.3.14 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, regarding the company's financial reporting persons (i.e. chairman, general manager, accounting head, financial head, chief internal auditor, and research and development head): none.

3.4 Information on CPA Professional Fees

3.4.1 Fees:

Name of accounting firm	Name of CPA	Audit fees	Non-audit fees						Full fiscal year audited		Remarks
			Accounting system design	Business registrations	Human resource	Other	Sub-total	Yes	No	Period audited	
PricewaterhouseCoopers Taiwan	Zeng, Hui-Jin	Lin, Jun-Yao	3,576	-	40	-	570	610	V	Jan. 1 to Dec. 31 of 2016	Primarily fees of transfer pricing

As above table indicates, the non-audit fees paid fall short of one quarter of the audit fees paid.

3.4.2 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: none.

3.5 Information on replacement of certified public accountant: none

3.6 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: none

3.7 Any transfer of equities and/or pledge of or change in equities by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

Title	Name	FY 2016		YTD, as at Apr. 21	
		Shareholding +/-	Pledge +/-	Shareholding +/-	Pledge +/-
Chair	Simon Huang	-	-	-	-
Vice chair	K.D. Tseng	(148,000)	-	-	-
Director	Mike Chang	-	-	-	-
Director	T.L. Lin	(1,630,000)	-	0	-
Director	K.Y. Chen	(3,700,000)	-	-	-
Director	Fullerton Technology Co.(Representative : Richard Wu)	(5,000,000)	-	(3,000,000)	-
Director	Frank Yeh	-	-	-	(100,000)
Director	Henry Shaw	150,000	-	-	-
Independent Director	Jack J. T. Huang	-	-	-	-
Independent Director	Rong-Ruey Duh	-	-	-	-
Independent Director	Yung- Hong Yu	-	-	-	-
General Manager	Frank Yeh	-	-	-	-(100,000)
Senior Vice President	Cooper Hsieh	-	-	-	-
Vice President	Scott Lin	(22,000)	-	(27,000)	-
Vice President (acct., fin. head)	Cliff Yuan	-	-	-	(100,000)
Vice President	Jazz Chuang	-	-	-	-
Vice President	David Li	-	-	-	-

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3.7.1. Information on transfer of equities: The transfer of equities of the Company's director and manager is for personal financial management.

3.7.2. Information on pledge of equities: There're partial changes in pledge of equities of the Company's director and manager from 2016 to April, 21, 2017.

3.8 Relationship information on reciprocal related parties pronounced by Statements of Financial Accounting Standards No.6 among the company's Top 10 shareholders

Name	Own Shareholdings		Spouse & minor shareholdings		Shareholdings held through nominees		Names relations of reciprocal related parties pronounced by Statements of Financial Accounting Standards No.6 among top 10 shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Fubon Insurance Co. Ltd.	99,305,000	5.69	-	-	-	-	-	-	-
Cathay Life Insurance Co. Ltd.	68,295,000	3.91	-	-	-	-	-	-	-
Simon Huang	46,512,508	2.67	11,438,226	0.66	-	-	-	-	-
Fullerton Technology Co.	45,135,951	2.59	-	-	-	-	-	-	-
Shin Kong Life Insurance Co., Ltd.	31,865,000	1.83	-	-	-	-	-	-	-
Nan Shan Life Insurance Co. Ltd.	30,092,000	1.72	-	-	-	-	-	-	-
Mike Chang	27,358,674	1.57	632,770	0.04	-	-	-	-	-
Kaystar International Limited	26,692,454	1.53	-	-	-	-	-	-	-
New Labor Pension Fund	25,253,000	1.45	-	-	-	-	-	-	-
T.L. Lin	24,951,707	1.43	18,596,401	1.07	-	-	-	-	-

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3.9 The total number of shares and total shareholding ratio held in any single affiliated business by the company, its directors and supervisors, managerial persons, and any business controlled either directly or indirectly by the company

Affiliate*	Affiliated to the company		Affiliated to directors and supervisors, managerial persons, and directly or indirectly controlled business		Total	
	Shares	%	Shares	%	Shares	%
World Peace Industrial Co., Ltd.	981,100	100	-	-	981,100	100
Silicon Application Corp.	406,570	100	-	-	406,570	100
Asian Information Technology Inc.	346,812	100	-	-	346,812	100
WPG Electronics Limited	3,920	100	-	-	3,920	100
WPG Korea Co. Ltd.	1,088	100	-	-	1,088	100
Genuine C&C INC.	35,175	44.21	12,964	16.29	48,139	60.50
WPG International (CI) Limited	124,443	100	-	-	124,443	100
Yosun Industrial Corp.	649,650	100	-	-	649,650	100
Shi You Investment Co. Ltd.	50,000	100	-	-	50,000	100
WPG Core Investment Co., Ltd.	5,000	100	-	-	5,000	100

*Long-term equity investments adopt the equity method.

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4. INFORMATION ON RAISING CAPITAL

4.1 Capital & Shares

4.1.1 Sources of Equity Capital

4.1.1.1. Sources of Equity Capital

April 21, 2017 Unit: Share/NT\$

Month/Year	Issued Price	Authorized Capital Stock		Paid-in Capital		Remark	
		Number of Shares	Amount	Number of Shares	Amount	Sources of Equity Capital	Priority other than Cash serving as payment of shares
Nov/2005	10,000,000	693,202,022	6,932,020,322	-	-	The setting up of Capital Fund Approval under Document Jing Shou Shang Zi No. 09401220210 Issued by MOEA Dept. of Commercial Affairs	-
Dec/2006	10,000,000	668,202,022	6,682,020,322	-	-	Writing off treasury stock Approval under Document Jing Shou Shang Zi No. 09401220210 Issued by MOEA Dept. of Commercial Affairs	-
Feb./2007	10,000,000	670,301,494	6,703,014,944	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Feb. 14, 2007 Issued by MOEA Dept. of Commercial Affairs	-
April/2007	10,000,000	670,950,744	6,709,507,444	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi April 14, 2007 Issued by MOEA Dept. of Commercial Affairs	-
Sept./2007	10,000,000	712,953,666	7,129,536,666	-	-	The earnings extension increases the capital Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Sept. 3, 2007 Issued by MOEA Dept. of Commercial Affairs	-
Oct./2007	10,000,000	716,357,569	7,163,575,699	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Oct. 26, 2007 Issued by MOEA Dept. of Commercial Affairs	-
Jan./2008	10,000,000	716,640,319	7,166,403,199	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Jan. 21, 2008 Issued by MOEA Dept. of Commercial Affairs	-
April/2008	10,000,000	719,922,944	7,199,229,444	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi April 16, 2008 Issued by MOEA Dept. of Commercial Affairs	-
Sept./2008	10,000,000	743,086,784	7,430,867,844	-	-	Conversion of Shares Approval under Document Jing Shou Shang Zi Sept. 16, 2008 Issued by MOEA Dept. of Commercial Affairs	-
Sept./2008	10,000,000	774,306,982	7,743,069,822	-	-	The earnings extension increases the capital Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Sept. 18, 2008 Issued by MOEA Dept. of Commercial Affairs	-
Oct./2008	10,000,000	774,736,482	7,747,364,822	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Oct. 17, 2008 Issued by MOEA Dept. of Commercial Affairs	-
Jan./2009	10,000,000	774,991,602	7,749,916,022	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Jan. 5, 2009 Issued by MOEA Dept. of Commercial Affairs	-
May/2009	10,000,000	891,781,541	8,917,815,411	-	-	Conversion of Shares Approval under Document Jing Shou Shang Zi May 14, 2009 Issued by MOEA Dept. of Commercial Affairs	-
June/2009	10,000,000	892,629,944	8,926,299,444	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi June 17, 2009 Issued by MOEA Dept. of Commercial Affairs	-
Sept./2009	10,000,000	893,398,811	8,933,988,111	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Sept. 1, 2009 Issued by MOEA Dept. of Commercial Affairs	-
Oct./2009	10,000,000	893,777,566	8,937,775,666	-	-	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Oct. 15, 2009 Issued by MOEA Dept. of Commercial Affairs	-

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Month/Year	Issued Price	Authorized Capital Stock		Paid-in Capital		Remark	
		Number of Shares	Amount	Number of Shares	Amount	Sources of Equity Capital	Priority other than Cash serving as payment of shares
Jan./2010	10,000,000	20,000,000	200,000,000	894,412,311	8,944,123,111	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi April 7, 2010 Issued by MOEA Dept. of Commercial Affairs	-
April/2010	10,000,000	20,000,000	200,000,000	894,625,566	8,946,255,666	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi April 21, 2010 Issued by MOEA Dept. of Commercial Affairs	-
Sept./2010	10,000,000	20,000,000	200,000,000	1,056,048,043	10,560,480,433	The earnings extension increases the capital Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Sept. 1, 2010 Issued by MOEA Dept. of Commercial Affairs	-
March/2011	10,000,000	20,000,000	200,000,000	1,453,073,500	14,530,735,000	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi March 7, 2011 Issued by MOEA Dept. of Commercial Affairs	-
Sept./2011	10,000,000	20,000,000	200,000,000	1,583,850,122	15,838,501,222	Capital surplus transferred to Capital Reserve Approval under Document Jing Shou Shang Zi Sept. 5, 2011 Issued by MOEA Dept. of Commercial Affairs	-
April/2012	10,000,000	20,000,000	200,000,000	1,655,709,151	16,557,092,151	Conversion of Shares Approval under Document Jing Shou Shang Zi April 24, 2012 Issued by MOEA Dept. of Commercial Affairs	-
Oct./2016	10,000,000	20,000,000	200,000,000	1,881,781,899	18,817,818,999	Conversion of Shares Approval under Document Jing Shou Shang Zi October 27, 2016 Issued by MOEA Dept. of Commercial Affairs	-
Jan./2017	10,000,000	20,000,000	200,000,000	1,772,891,158	17,728,911,588	Conversion of Shares Approval under Document Jing Shou Shang Zi January 27, 2017 Issued by MOEA Dept. of Commercial Affairs	-
April/2017	10,000,000	20,000,000	200,000,000	1,740,963,062	17,409,630,622	Conversion of Shares Approval under Document Jing Shou Shang Zi April 28, 2017 Issued by MOEA Dept. of Commercial Affairs	-

4.1.1.2. Types of Shares

April 21, 2017 Unit/Share

Types of Shares	Authorized Capital Stock (Remark)			Capital Stock Unissued	Total	Subscription Warrants Warrants are Attached to Preferred stock Or bonds
	Listed (OTC)	Unlisted (OTC)	Total			
Common Shares	1,740,963,062	-	1,740,963,062	259,036,938	2,000,000,000	200,000,000

Remark: The Authorized Share Capital of WPG Holdings is 200M Shares, of which up to 50M shares are reserved as subscription warrants issued along with Preferred Stocks or Bonds.

4.1.2. Shareholder Structure

April 21, 2017

Shareholders	Quantity	Government Organizations	Financial Institutions	Other Legal Persons	Individuals	Foreign Institutions & Aliens	Total
The Number of Shareholders	8	29	245	72,052	703	73,037	
Number of shares held	56,066,285	307,698,130	150,545,182	624,091,887	607,019,181	1,745,420,665	
Shareholding Ratio	3.21	17.63	8.63	35.76	34.78	100.00	

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4.1.3. The latest status of Publicly Held Common Shares

April 21, 2017

Owner Class	Number of the Shareholders	The number of Shareholdings	Shareholding Ratio
1 to 999	28,140	6,185,095	38.53
1,000 to 5,000	31,138	67,934,335	42.63
5,001 to 10,000	6,887	50,351,966	9.43
10,001 to 15,000	2,347	28,667,705	3.21
15,001 to 20,000	1,151	20,768,661	1.58
20,001 to 30,000	1,089	27,000,114	1.49
30,001 to 40,000	489	17,128,344	0.67
40,001 to 50,000	325	14,910,451	0.44
50,001 to 100,000	583	41,448,571	0.8
100,001 to 200,000	287	40,713,103	0.39
200,001 to 400,000	234	66,269,504	0.32
400,001 to 600,000	84	41,045,886	0.12
600,001 to 800,000	57	40,047,929	0.08
800,001 to 1,000,000	26	23,276,824	0.04
More than 1,000,001	200	1,259,672,177	0.27
Total	73,037	1,745,420,665	100

4.1.4. The Name List of Major Shareholders

Details of Shareholders owning more than 5% or the top 10 of company's stock

April 21, 2017/Unit:Share

Name of major shareholders	Shares	Number of Shareholding	Shareholding Ratio(%)
Fubon Life Insurance Co., Ltd.		99,305,000	5.69
Cathay Life Insurance Co., Ltd.		68,295,000	3.91
Mr. Simon Huang		46,512,508	2.66
Fullerton Technology Co., Ltd.		45,135,951	2.59
Shin Kong Life Insurance Co., Ltd.		31,865,000	1.83
Nan Shan Life Insurance Co., Ltd.		30,092,000	1.72
Mr. Mike Chang		27,358,674	1.57
Kaystar International Limited(Supplier, Hong Kong)T		26,692,454	1.53
New Labor Pension Fund		25,253,000	1.45
Mr.T.L. Lin		24,951,707	1.43

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- ii. bonuses of employee ranging between 0.01% and 5%
- iii. The remaining earnings may be declared as dividends. At least 20% of the total dividends shall be in the form of cash dividends

4.1.6.2 Dividend distribution: from the Company's accumulated undistributed retained earnings in 2016, NT\$4,178,311,349 is proposed to be distributed as dividend. Upon the approval of (board of director, BOD) on April 25, 2016, it is resolved to pay out TWD 2.4 for cash.

4.1.7 The impact of stock dividend issuance on business performance.

EPS proposed by the annual meeting of shareholders: not applicable.

4.1.8. The rules of employees benefits, director and supervisor's remuneration are as follow:

4.1.8.1 By the Articles of Incorporation, WPG shall, at the time of reported year-end surplus profits, after losses over the years have been covered and all taxes and dues have been paid, first set aside 10% of such profits as a legal reserve, appropriate another sum as a special reserve as laws and regulations stipulate, propose a distribution scheme, obtain the resolution at a meeting of shareholders, and then distribute the accumulated allocable profits according to the following:

- i. directors and supervisors' remuneration accounting for 3% or less, and
- ii. bonuses of employee ranging between 0.01% and 5%

4.1.8.2. The accounting based on the estimated employee benefits, directors' and supervisors' remuneration, as well as actual allotted amount will deal with any differences compared to the estimated columns.

The estimated amount for 2016 employee benefits, directors' and supervisors' remuneration in accordance with past experience will be dealt under the relevant resolution of shareholder's meeting on June 19, 2017. Any difference of the amount existing between the two item will be adjusted in an account based on changes in accounting estimate.

4.1.8.3. Employee benefits proposed by BOD:

The BOD resolved the proposed amount NT\$ 11,080,280 of distributed bonuses to employees, and the proposed amount NT\$30,000,000 of distributed bonuses for directors' 2016 remuneration on Apr. 25, 2017. All of the above amount will be issued by cash and considered to be expenditure, no impact on EPS.

4.1.8.4. The actual amount of employee benefits, directors' and supervisors' remuneration of 2015 (including the allotted shares, the amount and share price) shall contain the different column, causes and treatment if any difference exists in recognized employees' bonus and director, supervisor remuneration.

Through the resolution of 2016 shareholder's meeting, 2015 employees', directors' and supervisors' remuneration was accrued at \$12,237,000, and at \$30,000,000 respectively, which were the same as the accrued amounts in 2015 financial statement.

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4.1.5. Market Price per share, Book Value per share, Earning per share, Dividend per share for the last two years and the related information

Item		FY	FY2015	FY 2016	FY2017 As of March 31
Market Price Per Share	Highest		41.40	41.10	39.70
	Lowest		27.25	29.90	37.00
	Average		35.95	36.07	38.36
Book Value Per Share	Before the allocation		28.85	28.88	27.76
	After the allocation		26.45	Note 1	Note 1
Earning Per Share	The weighted average number of shares (1000 shares)		1,655,681	1,672,401	1,731,044
	Earning Per Share	Before making a retrospective adjustment	3.27	3.18	1.07
		After making a retrospective adjustment	3.27	Note 1	-
Dividend per share	Cash Dividend		2.40	Note 1	-
	Stock Dividend from retained earnings		-	-	-
	Stock Dividend from Capital Reserve for Allotment of Shares		-	-	-
	Previous unpaid dividends Accumulated		-	-	-
	Return analysis on investment		10.98	11.34	-
Return analysis on investment	Price-Earnings Ratio (Note 2)		10.98	Note 1	-
	Ratio of dividend (Note 3)		14.98	Note 1	-
	Cash Dividend Yield (%) (Note 4)		6.68	Note 1	-

Note 1.:The data is listed based on the next annual shareholders' meeting resolution. However, the distribution of 2016 retained earnings has not been resolved.

Note 2.:Price-Earnings Ratio (PE) is defined as market price per share divided by annual earnings per share.

Note 3.:Cost-Benefit Ratio (CBR) is defined as market price per share divided by annual cash dividend per share.

Note 4.: Cash Dividend Yield (CDY) is defined as cash dividend per share divided by annual market price per share.

4.1.6 Dividend policy and implementation status:

4.1.6.1 By the Articles of Incorporation, WPG shall, at the time of reported year-end surplus profits, after losses over the years have been covered and all taxes and dues have been paid, first set aside 10% of such profits as a legal reserve, appropriate another sum as a special reserve as laws and regulations stipulate, propose a distribution scheme, obtain the resolution at a meeting of shareholders, and then distribute the accumulated allocable profits.

- i. directors and supervisors' remuneration accounting for 3% or less, and

4.1.9 Buying back shares: none.

4.2 Corporate bonds

4.2.1. For the enhanced use of capital and performance of investments, the BOD has resolved to issue the first domestic unsecured convertible bonds on May 13, 2014, endorsed by the Financial Supervisory Commission (FSC) on July 9, 2014 under the letter No. 1030025140 and Taipei Exchange on July 22, 2014 under the letter No. 1030400476.

4.2.2. The Company has funded and issued NT\$60,000,000,000, 0% domestic unsecured convertible bonds, with a par value of \$10 (in dollars) per share on July 25, 2014. The bonds mature 3 years from the issue date.

4.2.3. As of March 28, 2017, none of the bonds amount NT2,982,000 thousand has been requested for conversion to ordinary shares.

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4.3 Preferred stock: none

4.4 Overseas depositary receipt: none

4.5 Employee stock option certificates: none

4.6 Limited employee rights shares: none

4.7 The new shares issued by merged corporations:

- I. The new shares issued by merged corporations in the recent year and as of the publication date of the annual report:
 - i. The assessment of the organizer underwriters issuing new shares by merging or transferring in the 1st quarter of 2016: none.
 - ii. The implementation such as execution or beneficial result under the schedule in the 1st quarter of 2016 shall specify the impact on shareholders' equity and improvement: none.
- II. BOD's approval on the new shares issued by merged corporations in the recent year and as of the publication date of the annual report
 - i. Basic information on merged corporations: none.
 - ii. The implementation of new shares issued by merged corporations and impact on shareholders' equity: none.

4.8 The implementation of raising capital: none.

5. Operational Highlights

5.1. Scope of Business

5.1.1 Business activities:

5.1.1.1 WPG Holdings: Investment industry

5.1.1.2 WPG Group

I. Main business activities

WPG Holdings is the first in the world, the Asia-Pacific region's largest semiconductor and electronic components headquartered in Taipei (TSE: 3702), which owns WPI, SAC, AIT and YOSUN with employees more than 5,400, products suppliers more than 250, and more than 90 operating locations worldwide, Asia-Pacific region about 70.

II. Sales percentage (2016)

Product name	Sales percentage
Core components	30.68%
Analog and mixed single components	16.93%
Discrete and logic components	11.63%
Memory component	16.20%
Passive, electromagnetic and connector components	4.69%
Optical & sensor components	8.33%
Other component	11.54%
Total	100.00%

III. Products (service) of the Group:

i. Franchised semiconductor brand

We are the authorized distributor of more than 250 semiconductor brands, such as ADI, ALI, AOS, CREE, Infineon, Intel, MediaTek, Micron, MPS, Novatek, NXP, OmniVision, ON semi, Realtek, Richtek, Samsung Electronics, SDI (Samsung SDI), SEMCO, ST Micro, SEMTECH, Spreadtrum, TI, Toshiba, Vishay and Winbond.

ii. Franchised semiconductor product category/name

Main product category	Application
Core components	Chipsets, assorted graphics/audio/video controllers, smartphone chips, network/modem chipsets, 4/8/16/32/64 bit CPU/MPU and RISC CPU, and etc.
Analog and mixed single components	Bipolar, CMOS operational amplifiers, comparators, digital/analog converters, power supply controllers, audio and video amplifiers or controllers, and etc.
Discrete and logic components	Diodes, rectifiers, transistors, thyristors, insulated gate bipolar transistors, optical transistors, logic ICs, and etc.
Memory component	DRAM, SRAM, EPROM, EEPROM, Flash, Mask ROM, MCP, and etc.
Passive, electromagnetic and connector components	Resistors, MLCC, inductors, magnetic components, cables, connectors, crystals, oscillators, and etc.
Optical & sensor components	TFT LCD panels, solar wafers, sensors, LED and etc.
Other components	MEMS (Micro Electro Mechanical Systems), DC fan motor module, and etc.

iii. New products (service) planned to develop:

Product application category	New franchise in plan
Computer & Peripheral	Tablet solutions, touch panels, network storage servers and cloud computing solutions
Communication	Wireless communication solutions for wearable devices, TD-LTE (4 th generation wireless communication, SOC), e-wallets,
Consumer electronics	Smart home security systems, smart lighting, smart health management systems and outdoor lighting
Industrial electronics	Security monitoring solutions, motor control solutions, power management solutions and wireless charging solutions
Automotive Electronics	Auto video solutions, car camcorders, RKE solutions, tire pressure monitoring systems (TPMS), internet of vehicles
Others Propose	IoT, drone, robot

5.1.2 Industry Overview

5.1.2.1. WPG Holdings:

WPG Holdings is the first investment holding company which consists of professional semiconductor component distributors in Taiwan. The Holdings unites excellent management teams of each corporate, integrate logistics support platforms and reduce operational costs. Our performance has continued to make improvement and run far ahead of other competitors since the establishment. We will remain outrunning others and become the pioneer and pilot of semiconductor component distributors in Asia-Pacific as a Holding company.

5.1.2.2. WPG Group

5.1.2.2.1 Current status and development of the industry

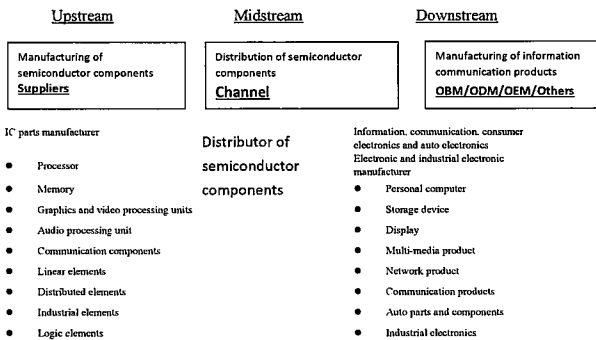
- i. Gartner has projected that the revenues of global semiconductor industry would increase by 2.6% to USD 343.5 billion dollars in 2016 compared with 2015 in Mar., 2017. This is also better than 0.9% recession which we expected. The reason was demand of Memory is more than expected. In addition to the enthusiastic of PC replacement, the increase should also be attributed to shipment demand of smartphone. With the development of Internet of Things (IoT) and the strong demand of Memory, the 2017 worldwide semiconductor revenue will have an opportunity to increase to USD 385.7 billion dollars, and the growth rate up to two digits - 12.3% as shown in Table 1.

Revenue of global semiconductor estimate from 2015 to 2021

Year	2015	2016	2017(F)	2018(F)	2019(F)	2020(F)	2021(F)
Revenue Unit: US\$ billion	334.9	343.5	385.7	396.4	390.8	396.6	415.1
Annual change rate	-2.2%	2.6%	12.3%	2.8%	-1.4%	1.5%	4.7%

Note : data from Gartner Mar,2017

ii. Connection of the upstream, midstream and downstream companies in the industry

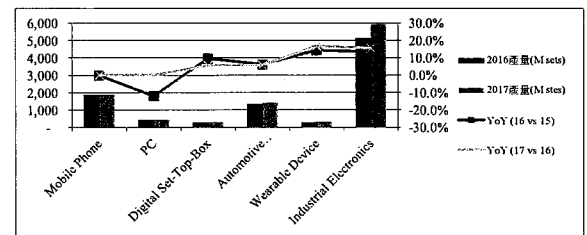


It can be known from the above-mentioned that the midstream complements distributors the service provided by the upstream semiconductor suppliers so that the upstream suppliers can put all resources in R&D and manufacturing. Furthermore, the distributor can build the most economically-efficient distribution channel based on its distribution network across the entire market to save administrative cost for the upstream and facilitate their entrance to the market in order to increase their market share. For downstream clients, the midstream distributors can quickly provide required components and technology to reduce related costs and the management risks. On the other hand, the midstream distributor can integrate the downstream requirements, make purchase to the upstream suppliers and sell the products to their downstream clients with flexible inventory management and diversified authorized products. As a result, the upstream, midstream and downstream clients-work together to effectively improve the operational efficiency of the entire electronic information and communication industries.

iii. The statistics of the semiconductor applications are compiled and described as below:

The three major markets including mobile communication, automotive electronics and industrial electronic are still the mainstream in 2017. The reasons are analyzed below and shown in Fig. 2.

Fig.2 Estimated production of the global major semiconductor applications in 2016-2017



■ Mobile phone

According to Gartner research, the outputs of traditional cell phone have decreased to 387 million in 2016, down by 18.8%. It estimates that the output will decrease 12.4% to 339 million in 2017. Although its sales growth rate was facing slowdown in 2016 after years of rapid growth in smartphone, the output still increased 6.5% to 1.5 billion. It estimates that the output will increase 4.5% to 1.57 billion in 2017.

■ PC, including Desktops, notebooks, Ultra book and Tablet

According to Gartner research shows the overall poor performance that the global PC market shipments in 2016 was 445 million, represented 11.1% decline compared with those in 2015. The desktop PC shipments remained weak, only reached 106 million units, down by 8.5%. basic NB shipments also declined in 2015 by only 110 million units, represented a 11.6% decrease. Shipments of ultra-thin notebooks and tablets are also hard to be inevitable, just 217 million units, decreased 12.4% compared with 2015.

Regarding 2017 global PC market, although the industry leader Intel didn't put forward any concrete development plan to inspire the industry, the Company actively allocate new application areas concerning with PC, such as VR, AR, MR, Autonomous Vehicles, Robot, and Internet of Things (IoT). The desktop PC shipments are still expected to see an opportunity to 435 million units and decline compared to those in 2016 by only 2.2%. Shipments of ultra-thin notebooks and tablet PCs are expected to rise to 221 million units, an increase of 1.7% compared with 2016. basic NB shipments will be estimated 100 million units, decrease 9.6% compared with 2016. Desktop PC shipments will be estimated at 102 million units, a slight decline of 3.6% compared with 2016. The growth of the overall PC market is still facing slowdown.

Automotive Electronics

According to the Gartner research, the outputs of global automotive electronic components reached 1.35 billion units in 2016, grew at an annual growth rate of 7.5%. The growth was driven by Advanced Driver Assistance System (ADAS), increased 19.9% to 28 million units, and by hybrid cars and electric cars, increased 23.9% to 24 million units.

The outputs of global automotive electronic components are expected to reach 1.45 billion units with annual growth rate of 6.4% in 2017 due to energy efficiency and safety requirements. The outputs of ADAS will increase 14.5% to 32 million units and the outputs of hybrid cars and electronic cars will increase 10% to 27 million units.

■ Wearable Device

Under the influence of global trends of sports and health, a variety of wearable device sprang up like mushrooms. In addition to the Smartglasses, Smartwatch, Smartband, and Smartclothes, there's a variety of wearable electronic devices under developing and promoting. According to the Gartner research, the outputs of overall wearable electronic devices increased 15.9% to 296 million units in 2016. With the environment of Cloud Data Application in 2017, it's estimated to increase 17.6% to 348 million units.

■ Industrial Electronics

The outputs of industrial electronics dramatically increased 13.2% to 5.12 billion units, and it's estimated to increase 15.6% to 5.92 billion units. The momentum of growth comes from the products as following:

* Solid-State Lighting

LED, OLED, and other energy-saving lighting products are often used in the family, factory, commercial space, and public system. According to the Gartner research, the outputs of solid-state lighting dramatically increased 67.2% to 886 million units in 2016, and it's estimated to increase 54.7% to 1.37 billion units in 2017.

* Security

Due to the rise of internet and the development of the concept of IOT, the type of security products is no longer limited to traditional surveillance camera. In the future, with the development and application of various artificial intelligence, security products will be widely applied in the family, factory, commercial space, and public system, such as Home care and Telemedicine. According to the Gartner research, the outputs of security products dramatically increased 10.2% to 356 million units in 2016, and it's estimated to increase 17.9% to 420 million units.

* Automation

The labor cost in China has increased at an annual average rate of 15% over past 10 years. It's estimated to increase at an annual average rate of 12% in the next 5 years. The uprising cost put global brand manufacturers which locate the production base in China under extremely high pressure. Although there're alternatives, such as Indonesia and India, but the cluster of local supply chain is not built in one day. Therefore, the automation is a necessary way to survive in the

future. According to the Gartner research, the amount of global automated production equipment increased 5.7% to 6.8 million units in 2016, and it's estimated to increase 11.9% to 7.6 million units rapidly in 2017.

* Energy Management

Due to the weakness of oil price, the return of energy management was not as expected. But according to the Gartner research, the outputs of energy management equipment still increased 9.7% to 472 million units in 2016. The growth rate is estimated to maintain at 10.3%, and the outputs will reach 521 million units in 2017. The investment in energy management equipment is still noteworthy.

* Transportation System

After Lehman Brothers set off a global financial crisis in 2009, many countries attempt to strengthen the economy and improve the investment climate through increasing investment in infrastructures. For instance, US, UK, India and Brazil are renewing and building the domestic railway system (including high-speed rail) and China is promoting The Belt and Road to extend domestic transportation system to Southeast Asia and Eurasia. The input of the resources has promoted rapid development of global railway transportation system and bring a lot of business opportunities in the next ten years. According to the Gartner research, the endpoint shipments of global transportation system increased 17.6% to 310 million units in 2016, and it's estimated to increase 21.1% to 380 million units in 2017.

■ IoT

According to the Gartner research, the number of the installed units base of Internet of Things worldwide up to 2020 will reach to 20.4 billion, complex growth rate of 32.9 percent. The shipments of IoT functional models will reach to 6.5 billion units, Compound Annual Growth Rate of 34.1 percent. The business opportunities brought by IoT have become strengths which will not be ignored by all parties involved. Following chart 3 shows the details:

Chart 3 : Forecasting Chart of IoT Endpoint Shipments by Units from 2015 to 2020

Forecast (Millions)	2015	2016	2017	2018	2019	2020	CAGR (%)
Installed Base	4,930	6,382	8,381	11,197	15,136	20,415	32.9
Unit							
Shipments	1,494	1,948	2,632	3,598	4,905	6,477	34.1

Data Source : Gartner Feb,2017

WPG Holdings is speeding up its pace to cooperate with IoT relevant third party Eco-Systems; at the meantime, we are seeking for the opportunities to be franchise of new suppliers striving for reciprocal layout of business opportunities with suppliers. At present, a total of more than 30 production lines are underway. WPG Holdings is in anticipating that it can create multi-wins among suppliers, clients and itself by providing necessary assistances to its customers in this huge wave of opportunities brought by IoT business.

■ Brief Summary

Instead of many uncertain elements still exist in the market, the future growth directions of semiconductor application market can be clearly seen. Despite the basic computer and phone industry, there are huge business opportunities injected by new application areas, such as IoT business and artificial intelligence. The future growth momentum of semiconductor is worth waiting.

In addition, owing to the diversities of developments of application market, the business opportunities of various semiconductor components tend to be abundant. For example, Micro Electro Mechanical Systems (MEMS), Non Optical Sensor, Microcontroller Unit (MCU), Bluetooth low energy (BLE) and Internet of Things (IoT) models... and so on. WPG Holdings has continuously been laying out and cultivating in the industry. We have fully grasped the market growth opportunities. No matter how the future market development is evolved, we are there.

- iii. Successfully developed technologies and products of these years and as of the publication date of the annual report

The Group continues to provide solutions for different applications and "WPG Solution On-line Network" has been launched in February, 2009 to provide solutions for different applications such as "consumer electronics", mobile phone and communication, "computer and peripherals (including tablets)", "automotive electronics" and "industrial electronics". The solutions are updated irregularly and the latest hotspot solutions are demonstrated on line. The solutions proposed in 2016 are summarized as below:

5.1.3 Technology and R&D overview

5.1.3.1. WPG Holdings: The Company is an investment holding company. Technological R&D is conducted by each group of the Holdings.

5.1.3.2. WPG

- i. R&D expenses of the recent year and as of the publication date of the annual report (including the percentage in total sales revenues)

The Group is a professional distributor of semiconductor components supports product design and provides value-added service. The R&D expenses which have been devoted in these 2 years and as of the publication date of the annual report are shown in the table below.

Unit: NT\$ thousands; %			
Item\ Year	2015	2016	~March 31, 2017
R&D expense	60,810	37,285	4,819
R&D expense (%)	0.012	0.001	0.004

- ii. Expected future R&D expenses in revenues (%):

The Group plans to support product design and provide value-added service to clients in 2017. It is estimated that R&D expenses will occupy 0.001~0.01% of revenues.

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Category	Applications	Solutions
Mobile phone and communication	Smart phones	NFC solutions, LTE smartphones, wireless charging solutions, wearable devices and fingerprint identification
	Wireless communication	High integrated wireless communication modules, Zigbee technological solutions
Computer and peripherals	NB, tablets and etc.	Tablet integration solutions, network storage servers, cloud computing solutions and industrial computers
Consumer electronics	TV, lighting, security surveillance	UAV, smart home solution, home security surveillance systems and health care systems, multi-media integration, LED lighting
Auto electronics	AV and auto sensors	Automotive multimedia solutions, car sensors, vehicle condition monitoring and keyless entry systems
Industrial electronics	Safety monitoring, instruments and power supply	Safety monitoring integration, smart meters, smart grids, DC brushless fans and motor control solutions, and digital power supply

- iv. Technologies and products planned to developed in the future

Category	Applications
Mobile phones and communication	Smart phones, wearable device solutions, wireless module and fingerprint identification etc.
Computer and peripherals	Industrial computers, cloud computing and storage and etc.
Consumer electronics	Smart homes, LED lighting, smart healthcare solutions, UAV and service robot
Automotive electronics	AV, vehicle condition monitoring and Internet of vehicles
Industrial electronics	Industrial meters, wireless security control, machine control and motor control

5.1.4 Long-term and short-term business development plan

5.1.4.1. WPG Holdings

I. Short-term plan

We will try hard to retain excellent talents during M&A in emerging markets. Each group keeps its characteristics and the Holdings will help them with communication, coordination and resources integration. Because of the competitive and cooperative organization, the operational costs of the Group are reduced, overall competitiveness is improved and more complete service can be offered to clients while ROE increases for shareholders.

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II. Long-term plan

We plan to expand the enterprise arrangement of the semiconductor component market in Asia-Pacific, integrate industries related to 3C, automotives, industrial electronics and IOT to have the most complete production line and continue to strengthen the provision of high valued-added service and our position of the e-commerce distributor to reach economics of scale and continue to pioneer in the industry. Accordingly, WPG will not only become the pioneer and leader of the semiconductor components in Asia Pacific but also move toward the goal of "Best Choice in the Industry - Benchmark of Distributors".

5.1.4.2. WPG Group

I. Short-term plan

- i. Expand the production line of all series and enhance performance management

According to the 2016 Top 25 Semiconductor Supplier Report published by Gartner in Jan., 2017, more than half the brands are our clients, including Intel, Samsung, Micron, TI, Toshiba, NXP, MTK, Infineon, ST Micro, ON Semi, AMD, ADI, Microchip, Marvell and Skyworks. While the market share rises increasingly, we continue to develop new production lines and increase the contribution of information, communication, consumer and automotive electronics, industrial electronics and PEMCO in revenues.

Moreover, the global electronic industry continues to push BTO (built-to-order) in order to effectively reduce cost. With the increasing demands for design, logistics and warehousing, distributors can follow the BOT trend to continue increase business opportunities and reach a win-win situation.

- ii. Develop distribution footholds

Controlling of the distribution footholds is the key to control the distribution channel. When the semiconductor component channel is transforming, WPG gradually expands our distribution footholds to Japan, South Korea, India, Vietnam and North America from the existing strongholds in Taiwan, Singapore, Hong Kong and Mainland China in order to meet the needs of clients who want to establish strongholds overseas and build a distribution network of global semiconductor components. Besides, we purchase other companies, establish subsidiaries and build alliance with local component suppliers to optimize the arrangement of product resources and build long-term competitiveness.

- iii. Actively strive for the territory of new production lines

We actively strive for the authorization of new production lines by using the achievements and experience in Taiwan and expand the territory from Taiwan to Hong Kong, Mainland China, South Korea, South-east Asia and North America.

- iv. Expand the franchising and sales of new products and increase the market share

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WPG aggressively explore franchise of new suppliers ,move toward the goal of energy saving and high integration while seeking for new production lines and clients through strategic alliance or M&A in the field of passive components.

- v. Enhance the function of e-commerce to integrate the upstream and downstream online order-placing operation and apply E-Service mode

We plan to be an e-commerce distributor under the B2B framework and establish the CRM and E-Service operation modes on the basis of the Asia-Pacific purchasing, sales and inventory supply chain system and knowledge management (KM) system which was developed and improved based on the ERP system. Thus, we can conduct business in an electronic way. Coupled with the official operation of the semiconductor components logistics center, the transaction process and the provision of related information can be significantly improved, making it easier for clients to introduce them into the enterprise resource planning (ERP) or supply chain management for more effective control.

- vi. Enhance FAE and design-in service

The application engineers of the Group offer the following service:

A. Help clients with project design

- B. Irregularly make technical reports and demonstrate design results to clients

WPG also continue to cooperate with the downstream system design houses based on our professionalism and technical capabilities which have been accumulated in long-term customer service to provide better product solutions, meet the requirements of some suppliers in lack of R&D resources and even obtain patents in order to have close cooperation with clients.

- vii. Enhance customer relationship management (CRM) and supply chain management (SCM) and strengthen horizontal connection through the enterprise resource planning (ERP) to accelerate response

In addition to strengthen the knowledge management of sales and product marketing engineers to make them capable of promoting all production lines and new products and make the sales and technical application personnel closely cooperate, we also improve the added value of products, build a better corporate image and increase the overall sales in view of the consideration of suppliers and professionalism of product knowledge.

- viii. Improve the financial structure and strengthen corporate constitution

We will increase the user of financial leverage to improve the financial structure, diversify the channel to raise funds, and reduce management cost as well as management risks.

II. Long-term plan

- i. Become an international marketing distributor

We will continue expand our semiconductor components network in Asia

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Pacific with our professionalism and insistence and proactively strive to become an international marketing distributor through M&A and strategic alliance with international mega semiconductor components vendors.

Expand the distribution channel

The business of WPG is founded on semiconductor components. The group members have built great interactive relationship with the upstream suppliers and downstream clients after working hard to manage the relationship for 3 decades. There are our logistics support center in Taiwan, Hong Kong, Singapore and Shanghai. We expect to have the opportunity to become the distributor of more electronic application products, grasp every movement in the market and obtain the key franchise in order to become a comprehensive semiconductor components distributor.

- ii. Practically implement knowledge management, develop shared organization culture and value and continue to strengthen our management team in response to the future growth.

We will also build the organization culture of common values in the organization and system with an aim to build the long-lasting competitiveness of the organization and the strong management team.

- iii. Internationalize funds and reduce operation costs

We will raise funds from the international capital market, stabilize the capital source and strengthen strategic alliance to share risks. Cheaper funds can be obtained through the diverse capital market and assorted financial tools to expand business and maximize the shareholder value.

- iv. Invest in business related to electronic channels and vertically expand the depth of our components service

Semiconductor components are still the main core business of WPG in our long-term development. In the future, we will focus on the major business while investing in the business related to electronic channels in order to vertically expand the depth of our customers service for the upstream, midstream and downstream companies.

5.2. Market and sales and distribution overview

5.2.1WPG Holdings: N/A

5.2.2WPG Group

triggered by the continuous urbanization, increasing income of young men who were born after 1990s, relative low popularization of 4C products and strong support of government policies.

The Chinese government has saved no efforts in expanding domestic demands and adjust the industrial structure since it promoted the 5-year plan and continued to implement many policies, such as the car trade-in program, LED lighting, digital TV industry, telecommunication, Internet+, tri-network integration and IOT to facilitate industries to upgrade and transform. If the information industries of China and Taiwan can build a cooperation mode for par products and brand business collectively and strengthen the integration of supply chains, it is believed that we will play a dominating role in the future global information industry.

5.2.2.1. Market analysis

I. Sales (distribution) area of main goods (service)

Unit: NT\$thousands; %

Area	Year	2015		2016	
		Net sales	%	Net sales	%
Taiwan		93,605,707	18.16	79,862,429	14.87
Mainland China		357,464,248	69.34	386,313,252	71.95
Others		64,466,534	12.50	70,743,132	13.18
Total		515,536,489	100.00	536,918,813	100.00

II. Market share

According to the statistics of Gartner in Mar. 2017, total worldwide sales of semiconductor grew 3.9% in 2016, up to \$115 billion. WPG occupies the first place in the ranking among the global semiconductor distributors. The market share of WPG in the global semiconductor market is 14.1%.

III. Future supply and demand and growth.

i. Supply

The increasingly heavy dependence on various electronic products in daily life inspires semiconductor suppliers to continue investment. Traditional IDM companies, such as Intel and TI, fabless IC design houses like Qualcomm and Mediatek or foundries like TSMC and Global Foundries all continue to make investment in more advanced semiconductor equipment, technology and process to meet the requirements of the market.

ii. Demand

Geographically, the Asia-Pacific market continues to expand and grow because the demands from the local emerging markets increase and many European and US companies move their manufacturing operations to the region. China, especially, has the greatest momentum.

The KPMG survey shows the application markets which will become important and grow quickly in the following years. They are mobile technology application, consumer products, computing application, alternative/renewable energy commodities, industrial application, automobiles, healthcare, wireless communication and IOT. The growing demands from these markets will be strong enough to support the prosperity of semiconductor-related industries.

iii. Growth

80% operating incomes come from the shipment of each Group in WPG to mainland China. The growth of the operating incomes in China is mainly

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IV. Competitive niche

i. Professional image

WPG has managed the semiconductor component channel for over 3 decades and our professional image is recognized by the industry. Our *corporate governance* was ranked among the top 20% of public companies for two consecutive years, and selected as the stocks of "TWSE Corporate Governance 100 Index". In 2016 we have moved up 79 places to 1735 on the Forbes Global 2000, and ranked up to the second place among the Top 600 Service Enterprises on the Common Wealth Magazine Top 2000 Survey. We also received the '2016 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Authorized Distributor' from Electronics Supply and Manufacturing China (ESM China) in a row. Those achievements prove that our provision of value-added services in semiconductor supply chain has been deeply appreciated by our clients, suppliers, and investor.

It can be seen from these honors that the technology industry is moving to a new era of software and application service, meaning that the value-added service provided in our supply chain is deeply recognized by clients and suppliers and the great management performance is also recognized by professional investors.

ii. Complete product lines

We have accumulated much distribution experience as a semiconductor components distributor and can accurately judge the trend of the semiconductor components market. The Group becomes a professional semiconductor components distributor and the franchised products include central processing units, chipsets, logic IC, linear IC, memory, discrete and specific- application IC and any other semiconductor components. The Group also increase PEMCO product portfolio to offer one-stop-shopping.

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iii. Expand the application area

WPG has the production lines for 3C (Computer & Peripheral, Communications, Consumer) and plan to increase more for car (auto electronics), energy-efficient lighting, industrial electronics and IOT.

iv. Asia-wide sales and distribution network

Our sales and distribution footholds spread across Taiwan, mainland China, Hong Kong, and South Asia. And we progressively expand our sales and distribution footholds over 120 locations in North-east Asia, Association of Southeast Asian Nations (ASEAN), India and North America. Annual revenue of North America has broken 250 million dollars, beginning to make a profit. As the sales and distribution networks expand, a strong distribution channel is formed to meet the requirements of downstream clients who want to establish factories in foreign countries and make inventory transfer more flexible. Accordingly, we have more bargaining chips to win franchise of new production lines.

v. Strong management team

The WPG management team integrates unit people with shared ambition and work together to realize their dreams. They have great management philosophy and work in sync with each other. Even more, the teams have carefully and continuously manage the semiconductor components channel, continue to think the management strategies and try to create the market value collectively. The significant increase in revenues and profits prove the capability to manage the channel and strong strength of the management team.

vi. Complete information management system

WPG actively develop and apply information technology to improve the distribution and management performance, for instance, the ERP system, EDI system, Internet service and other digital technology service used in the group. Coupled with the advantages of our franchised products and many distribution footholds as well as highly efficient warehousing and logistics management system, we can make transactions in the most rapid and accurate way. We offer professional service to allow clients to place order in any Asia-Pacific distribution foothold, deliver goods in anywhere to save time and transportation cost for clients and also lay a solid foundation for the future e-commerce.

vii. Provision of value-added service

Our value-added service is to offer the following service that is often provided by suppliers, consultants and partners.

A. Special delivery service

(A) Meet clients' special requirements and provide special delivery service
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Toshiba and ST Micro which incessantly develop new products to create new market demands and maintain competitive advantages. Our products include analog and mixed signal components, discrete and logic components, linear components, memory, optical and sensor components, central processing unit/microprocessor, application-specific product, application-specific standard product to offer the one-stop-shopping service.

B. Strengthen group management

Taiwan companies: Focus on popular consumer electronics equipment such as Apple, Amazon as well as traditional 3C manufacturers. It is the key to the growth of Taiwan companies.

China companies: Put attention to the makers of smartphones, tablets, STB, automotive electronics and LED lighting. Other industrial applications, such as security surveillance, meters and smart grids are also important potential market as China expands domestic demands.

C. Specialization-oriented customer marketing department

The customer marketing department is especially responsible for managing a particular industry or area, provide professional service and develop long-term customer relationship, including NB, communication/network, consumer electronics and other information industries. Our management footholds spread across Asia Pacific, such as Taiwan, Hong Kong, Singapore, Mainland China, South Korea, Japan and Southeast Asia.

D. Provide more technology application design service

We have hundreds of engineers currently to help clients complete design quickly in order to grasp early opportunities and ensure higher profits and market shares.

E. Management of high value-added supply chain

We provide service to the high technology industry in Asia Pacific by using the Asia Pacific purchase, sales and inventory supply chain system which was improved based on the Oracle ERP system as well as e-commerce coupled with the existing logistics and warehousing systems.

ii. Disadvantageous factors and responsive strategies

A. Foreign companies merge and purchase local competitors

Responsive strategy:

*Provide localized and more flexible long-term client management, differ our service from ill-considered service, and strengthen and develop better relationship between clients and suppliers.

*Enhance employee training, get familiar with the franchised products, provide one-stop-shopping service and fully develop the value of the professional semiconductor distribution channel.

(B) Provide quick delivery, cross-border transactions and other international service for the foreign clients.

B. Market information service

(A) Analyze information and exchange industrial information.

(B) Issue "WPG E-paper" for every two weeks to provide latest market news, important trends and suggestion.

(C) Build a website to satisfy the needs of SMB and small purchases.

(D) Timely provide the latest product specifications.

C. Technical support

Recruit FAE to support product tests and design.

D. Technology tools

(A) Build a portal to allow international exchange of information.

(B) Build the EDI system which is connected with the upstream and downstream and cooperate with suppliers to link to Rosetta Net in order to timely and accurately transmit business data.

E. Financial support

(A) Allow cross-border transactions and payment, and support clients with industry migration.

(B) Provide credit lines for mutual prosperity.

(C) Work in the BTO mode.

viii. The channel highly recognized by suppliers

WPG has 30 years of hard-working experience in the semiconductor components distribution and builds great reputation in the industry domestically. While some suppliers actively find us to discuss franchise because of our professional image, WPG also selected suitable products to discuss franchise among suppliers. Because highly recognized by suppliers, we can take initiative and have bargaining chips to strive for more advantageous conditions. The professional distribution ability and complete distribution network help us win more and more franchise cases, showing that WPG has strong franchise and sales abilities and successfully create the value of the semiconductor components distributor.

V. Find out advantageous and disadvantageous factors and develop responsive strategies

i. Advantageous factor

A. Complete franchised brands and assorted components

Our suppliers include Intel, TI, NXP, Mediatek, Infineon, SAMSUNG, Micron,
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*Strengthen computerized business management, improve personal output, implement sales performance bonus system and encourage sales personnel to improve morale.

*Provide resource sharing platform to integrated local competitors.

B. Short product life cycle

Responsive strategy:

*Hold marketing department review meeting every week/every month, discuss the components that are used in developing and assembly new product by clients as well as purchase/sales performance, enhance computer data management system, clearly obtain the inventory aging schedule and set out processing and prevention measures.

*Strengthen product market development, establish the direction and opportunity based on the trend of products and the market, and appropriately introduce new franchise and develop new markets and clients to grasp the business opportunity.

*Provide integrated product design based on the requirements of the market and clients to allow clients to timely complete design and grasp the business opportunity.

*Continue investment and expand territory of product lines in order to provide better service and actually grasp the business opportunity of the clients whose business is migrated for lower production costs and prolonged product life cycle.

5.2.2.2. Important applications and manufacturing process of major products

I. Applications of major products

Category	Product name and applications
Core components	Chipsets, assorted graphics/audio/video controllers, chips of smartphones, chipsets for network/modems, CPU/MPU/RISC CPU and etc.
Analog and mixed-signal components	Bipolar, CMOS and advanced CMOS, computing amplifiers, comparators, digital/analog converters, power supply controllers, audio and video amplifiers or controllers, and etc.
discrete and logic components	Diodes, transistors, thyristors, rectifiers, photo transistors and etc.
Memory components	DRAM · SRAM · EPROM · EEPROM · Flash · Mask ROM · MCP and etc.
Passive, electromagnetic and connector components	Resistors, Capacitors, inductors, magnetic components, cables, connectors, crystals, oscillators and etc.
Optical and sensor components	TFT LCD panels, solar wafers, LED and etc.
Other components	MEMS (Micro Electro Mechanical Systems), DC fan motor module, and etc.

II. Manufacturing process of major products: Omitted. (WPG Group is not a manufacturing company.)

5.2.2.3. Major materials supply: Omitted. (WPG Group is not a manufacturing company.)

5.2.2.4. Top 10 purchase and sales clients in these 2 years

I. The suppliers accounting for more than 10% of the gross purchase in either year

Unit: NT\$thousands; %

Item	2015				2016				Q1 of 2017			
	Name	Amount	Amount in gross purchase of the year (%)	Relationship with the publisher	Name	Amount	Amount in gross purchase of the year (%)	Relationship with the publisher	Name	Amount	Amount in gross purchase of the year (%)	Relationship with the publisher
1	INTEL	65,572,985	13.20	No	INTEL	92,102,951	17.93	No	INTEL	22,007,024	17.37	No
2	TI	56,523,348	11.37	No	TI	69,230,263	13.48	No	TI	14,192,998	11.21	No
3	Others	374,911,438	75.43		Others	352,280,396	68.59		Others	90,470,716	71.42	
	Net purchase	497,007,771	100.00		Net purchase	515,613,610	100.00		Net purchase	126,671,738	100.00	

WPG Group maintains well long-term partnership with major suppliers and our purchase sources are stable.

II. The clients accounting for more than 10% of the gross sales in either year

WPG Group has assorted products which have been sold to different clients. Therefore, there is no client account for more than 10% of the gross sales in these 2 years.

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5.2.2.5. Production amount of these 2 years: Omitted (WPG Group is not a manufacturing company.)

5.2.2.6. Sales amount of these 2 years

Unit: NT\$thousands; %

Product	2015		2016	
	Net sales	%	Net sales	%
Core elements	155,862,880	30.23	164,719,037	30.68%
Ana logic and mixed-signal elements	85,756,502	16.63	90,896,355	16.93%
Distributed and logic elements	57,295,589	11.11	62,432,227	11.63%
Memory elements	83,146,404	16.13	87,000,597	16.20%
Passive, electromagnetic and connector components	31,971,119	6.20	25,187,982	4.69%
Optical element	43,004,869	8.34	44,750,072	8.33%
Other elements	58,499,126	11.36	61,932,543	11.54%
Total	515,536,489	100.00	536,918,813	100.00%

Note: Because WPG Group has assorted products in different units, they cannot be calculated by the same unit. Thus, only sales amount is shown by the product category.

5.3. Employees

5.3.1. WPG Holdings

Year		2015	2016	March 31, 2017
Employee number	Sales & marketing	0	0	0
	Administration	119	150	153
	Total	119	150	153
Average age		39.0	39.0	38.4
Average seniority		8.8	8.8	8.5
Education background	PhD.	0%	0%	0%
	Master	29.7%	28.9%	30.1%
	College/university	70.3%	70.5%	69.2%
	Senior high	0%	0.6%	0.7%
	Below	0%	0%	0%

5.3.2. WPG Group

Year		2015	2016	March 31, 2017
Employee number	Product, sales, technology	4,164	3,990	3,946
	Administration	1,354	1,459	1,452
	Total	5,518	5,449	5,398

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Year		2015	2016	March 31, 2017
Average age		35.5	36.3	36.4
Average seniority		6.3	7.1	7.2
Education background	0.0%	0.0%	0.0%	0.0%
	Master	5.7%	5.7%	5.9%
	College/university	82.8%	82.9%	84.6%
	Senior high	5.2%	5.5%	3.7%
	Below	6.3%	5.9%	5.8%

5.3.3. The personnel related to financial transparency who obtain related license required by the competent authorities are described as below:

International internal audit license: 5 people of the audit office and 2 people of the accounting department

5.4. Environmental protection expenses

The Company and Group purchase and develop electronic components; therefore, there is no environmental pollution and no expenses related to environment information disclosure.

5.5. Labor and employer relationship

5.5.1. List the employee benefits, further education, training and retirement mechanisms as well as the implementation status, and the agreement between labors and employers as well as measures of protecting employee benefits

Employees are the most valuable assets of the company. When employees devote wholeheartedly to work and create profits for the company, the company has the responsibility to take care of and care for employees in return. In terms of personnel benefits, there are marriage, birth, death and relief subsidies as well as club activities. WPG Holdings and the groups establish the units which are responsible for planning leisure activities for employees in accordance with employee welfare regulations, such as family days, domestic incentive tours, dining and parties as well as artistic and cultural activities to facilitate the employee relationship, unit employees, and help employees recognize and cohere to the Company in order to mutually benefit and prosper.

5.5.1.1. WPG Holdings and groups offer abundant employee welfare measures in accordance with the culture of each group.

I. Abundant benefits:

Benefits include: Holiday bonus (Moon Festival, Dragon Boat festival and year-end bonus), defined contribution pension plan, domestic incentive tours, auto interest-free loan and maintenance subsidies, parking subsidies, mobile phone bill subsidies, computer subsidies and various club activities such as the bicycle club, study group, golf club and wine club.

II. Complete insurance and protection:

Enroll employees in labor insurance in compliance with the government regulations, enroll employees, their dependents and retirees in National Health Insurance and provide employees and dependents with complete group hospitalization medical insurance, life insurance and accident insurance.

III. Considerate additional leaves:

The right to take leaves of employees is established in line with Labor Standards Act and the employees have birthday leaves additionally.

IV. Wedding and funeral subsidies and emergency relief:

The wedding and funeral subsidies and emergency relief for employees include: Marriage, childbirth, retirement, death of employees or their dependents

5.5.1.2. Further education and training:

We value employee learning, development and training, thus providing internal training, external training and knowledge management.

I. Internal training

The details of internal training in 2016:

Total trainee numbers	Total training hours	Total training expenses
13,730 people	42,564 hours	NT\$ 13,116,000

Internal training includes orientation training, management training, professional training and others.

i. Orientation training:

It covers introduction of the Holdings, our management philosophy, personnel management system, corporate resource website, common system operation as well as labor safety and legal affairs.

ii. Management training:

The Company holds director seminar every half a year (half-year meeting) to communicate and discuss quarterly operation strategies and development key points, and time management and project execution training courses to enhance the management ability of directors.

iii. Professional training:

Each department irregularly conducts professional training according to the working progress and professional requirements.

iv. Other training:

The monthly meeting is held every month to promote important affairs and allow departments to share "Knowledge of the Month" for employees to learn from each other. They share the afterthoughts of reading books to exchange their ideas and unite the team simultaneously.

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II. External training

The employees can apply for external training based on the needs in work and for personal growth or the directors will designate the employee to join external professional training courses. The details of external professional trainings in 2016 are described as below:

Total trainee numbers	Total training hours	Total training expenses
128 people	981 hours	NT\$ 229,000

The list of 2016 external profession training course:
Basic First Aid
Improvement of management capability of senior and middle manager - Time management
2016 Accounting continuing education
2016 Pay level survey presentation seminar
2016 Development of autonomous cars and testing technique seminar
2016 The forum of organization and talent development
2016 Smart card and mobile security conference
The practice of ERP system control and examination
The training seminar of ERP audit practice and application
Excel practice advanced class - Essentials of function application
FinTech financial technology future summit
FreeRTOS & IwIP IoT application development
IFRS Update of standards
IT Audit and information management -Analyze the operational management by Data analysis
Lora wireless communication technique and application practice
2016 Taiwan MASTERS Conference
Mobile audio New Product Technical Training
NXP SIP Training and certification
PDP - Professional Dyna-Metric Programs
SIP Training and certification

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The list of 2016 external profession training course:
VMware vSphere setup and setting management course
Seminar on the analysis of human capital efficiency and industry trend
Guidebook for Taiwanese human resources working in China
China Enterprise Income Tax
Improvement of management capability of senior and middle manager
On-line training for the enterprises in the age of Internet+
Internal Control 2.0: Statistical projections, Big Data, and Internet of Things
Application of new "statement" target of internal control: Assessment of the corporate governance and Corporation Society Responsibility Report
The practice of "computer audit" for internal auditors
Internal audit series - Control the key point to examine fraud by computer
Update of tax laws and regulations in Taiwan
Electroacoustic technology
Intermediate training of Electroacoustic technology
The audit and example of "employee frauds" in the enterprise
Enterprise internal control operating practice - Strengthen risk
Common violation and legal liability in enterprise internal audit
CSR Training Course - Training for 7th initial judge
Enterprise transaction cycle corresponds to ERP internal control and audit system
The analysis of business mergers and acquisitions acts and tax issues
The analysis of prohibition of employee frauds in the enterprise and examples
Advanced Driver Assistance Systems
The analysis of the preparation of combined financial statements
The practice of the preparation of combined financial statements
The audit operations in response to the new version of personal information protection act
How to deal with dismissal of employee

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The list of 2016 external profession training course:
Training session of counterbalance forklift
Retraining of fire prevention supervisor
Integrate ASP.NET to develop high interactivity website by jQuery UI
Two days training session of pallet stackers
Introduction of Cross-Strait Taxation Agreement and personal income tax
Income tax withholding practice
Analysis of the risk of labor employment in recruiting and hiring process
Inspire creativity by mind map and analyze the creativity
Detection skill of fraudulent financial reporting
Use the high penetration presentation for business - In the style of TED
The international and domestic development of Anti-Avoidance Law and the cognition of enterprise
Basic accident prevention course and basic safety training
Basic occupational health
The principles of project management and tool using seminar
Discuss biometric systems technique in the view of mobile payment
Audit ERP data sources and do operation analysis by computer
Smart home business and practice in system design
Interpretation of the latest tax policy
Paperless age - how could the business entity deal with the new age
Operating risk and the express of management
The key technique of power electronics unit to energy
Introduce the electronic invoice to business entity which issues computer uniform invoice
The explanation of the act of implementation directions for the electronic invoice
The description of Implementation directions for electronic invoice and the

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The list of 2016 external profession training course:
system
Failure mode and effects analysis of power supply
The tendency of e-business profit model in the internet age
Learn Hong Kong's tax management and plan
The practice in auditing the cycle of sales receipts and purchase payment
The orientation of introduction of electronic invoice system
Integrated development platform Altium Designer Foundation
Protection of trade secret
Occupational safety and health supervisors courses
Certified administrator of occupational safety and health
On job training for certified administrator and certified administrative personnel
The workshop of solving problem with logical thinking
Interpret the policy of replacement of the business tax with a value-added tax

The managers who participate in the training and coursed related to company governance:

manager	Training	hours
Huang Wei-Xiang (Chairman)	Reverse Competitiveness: The Adaption Strategy to International Pattern after Cop 21 in Paris	3.0
	Important decision of the Board: Smooth Succession	3.0
	Important decision of the Board series II : The Succession Plan of Enterprise	3.0
	Digital Economy: Industrial Transformation and Innovation	3.0
	The case of Public Tender Offer and Defense: Inevitable War of Law	3.0
Ye Fu-Hai (General Manager)	Digital Economy: Industrial Transformation and Innovation	3.0
	Important decision of the Board: Smooth Succession	3.0

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manager	Training	hours
Yuan Xing-Wen (Accounting and financial director)	International and our country's anti-tax avoidance development and responsive measure of corporates	3.0
	Representation of operating risk and management	3.0
	Business income taxes in China	6.0
Chen Shu-Hui (Internal Auditing director)	Case study and discussion of legal responsibility of common deficiency in internal audit	6.0
	Application of internal control's new report object; Evaluation of corporate governance and report of corporate social responsibility	6.0
	Practice of internal control operation system; strengthen the risk management and system integration	6.0
Li Zhao-Lin (Internal HR director)	"Customer only" creates competitive power	7.0
	Create the action of customer only mind	7.0

III. Knowledge management

There is a knowledge management platform in which the learning resources and standard operation processes of every department are properly categorized, managed and shared so that colleagues can learn during working.

5.5.1.3. Retirement system:

I. Monthly contribution to pension:

The Company is subject to the Labor Standard Act and makes monthly contribution to pension in accordance with the law. Labor Pension Preparation Supervisory Committee is responsible for supervision and the fund is deposited in Taiwan Bank. The Committee opens an account in Taiwan Bank for receiving, disbursing, keeping and using the funds.

II. Labor pension personal account:

The Company is subject to the Labor Standard Act make monthly contribution (no less than 6%) to the pension funds in accordance with Labor Pension Act. The funds are deposited in the labor pension personal account created by the employee in Bureau of labor Insurance according to the "Monthly Contribution Wages Classification of Labor Pension" approved by Administrative Yuan.

5.5.1.4. We do not have a union. The rights and benefits of the employees are in compliance with Labor Standard Act.

5.5.1.5. Working place and personal protection measures:

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We promote the core values of "teamwork, integrity, professionalism and efficiency" based on our vision of "Best Choice in the Industry - Benchmark of Distributors" to unite the team. In addition to establish the code of conducts as the guidelines of WPG employees' conducts, we continue to promote and hold annual activities to allow employees to experience the true meaning of our core values in daily life and work. WPG's core values include the followings:

i. The creed of the team:

The optimized interest of WPG is the priority. In case of conflicts, prejudice and personal interest should be laid aside. The units of the same function should be integrated across groups, companies and regions for the interest of the team. All members of the units should be treated fairly without the bias of nationality and geography and mutually benefit.

ii. The creed of integrity:

The Company and employees must uphold the upright and descent management attitude, enthusiastically provide service, make promises solemnly, value and keep promises, act openly, have the courage to admit mistakes and make correction timely.

iii. The creed of professionalism:

We aim to be the first choice of clients/suppliers/shareholders, build a learning environment, require employees and teams to improve professionalism incessantly, focus on business and strictly carry out missions.

iv. The creed of efficiency:

The output, capacity and the balance between them are emphasized. We set up quantifiable goals, pay particular attention to details, clearly carry out and complete indicative missions, build SOP (Standard Operation Procedure) and allow mistakes but not repeatedly.

In order to make employees understand and feel the core values of corporate, WPG Holdings and the groups post posters about the core values on the walls of offices, meeting rooms and high traffic intersections. In addition to explain the core values through announcement on the website and special columns, we upload the quarterly activity information related to core values of every group on K-Space for reference and organize quarterly core-value-oriented activities to enhance the concept and feeling of core values and expect employees to follow.

The diligence appraisal, assessment, bonus-penalties and promotion of the employees of WPG Holdings and the groups are dealt with based on the spirit of the core values.

II. Strictly implement the audit system:

WPG establishes the audit unit under the Board to conduct comprehensive audit on every department, group and region in accordance with our policies and regulations. Thus, we can understand how every unit follow and implement the policies and regulations and prevent and stop possible abuses of employees.

5.5.2. List the loss generated due to dispute between labors and employers of these years and as of the publication date of the annual report, disclose the estimated amount and responsive measures of the disputes at present and in the future and explain the things that cannot be reasonably estimated

5.5.2.1. There is neither dispute nor agreement between labors and employers in these years and as of the publication date of the annual report.

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WPG Holdings and the groups establish safety and health management units to continue the improvement of safety and health measures in order to create a quality working place. We enhance the promotion of safety knowledge and promote healthy activities to effectively strengthen employees' safety and defense ability in order to ensure the working safety and take good care of employees' physical and psychological health.

In order to fulfill the social responsibility of the corporate and protect employees' safety, we set the primary goal to provide safe, health and comfortable working environment and promote health and safety management to help colleagues have correct health concepts and healthy bodies and minds. We adopt the following measures:

- Maintain and clean the central air-conditioning in the office twice a year to keep the air in the office fresh, and irregularly disinfect the environment to keep it clean.
- Regularly inspect the office, such as the water quality inspection.
- Sterilize hands with disinfectors at the door of the meeting room every day, and offer disinfectors at sinks to prevent employees catching flues and ensure their health.
- Require new recruits to participate in the employee training to get familiar with the working environment and promote working safety.
- Irregularly promote health education to reduce the occurrence of accidents.
- Regularly conduct employee health examinations and practically track their health conditions.
- Organize healthy activities and encourage colleagues to develop sports habits, such as mountain climbing, ball games and hiking.
- Prohibit smoking in the office to guarantee a non-smoking working environment.
- Promote energy saving, resource consumption and green activities in the office.
- Purchase General Liability/Business Liability for the office where colleagues work to ensure the safety of the working environment.
- Install and regularly maintain firefighting facilities and equipment in line with firefighting regulations.
- Implement Act of Gender Equality in Employment and Sexual Harassment Prevention Act in the office.

5.5.1.6. Employee ethical accreditation:

The Company highly values the ethics of employees. We have three independent directors and establish the audit committee which is composed of all independent directors to supervise the manager and the high management to be the role model of ethical conducts. Besides, we take the following measures:

I. Promote and carry out the core values of WPG:

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5.5.2.2. Current and future responsive measures of fortifying the relationship between labors and employees

- Build the concept of the WPG family and allow labors and employers to mutually prosper and share.
- Build interactive communication and complaint channels and care for employees more actively.
- Completely obey by the labor laws and explain to directors and employees to make them fully understand their rights and obligations.
- Increase benefits of employees of the operation condition if the corporate allows.

5.5.2.3. Possible loss at present and in the future: No

5.6. Important agreements

Agreement	Interested parties	Period	Coverage	Restrictive conditions
Insurance agreement	AIG Taiwan Insurance Co., Ltd.	Period of coverage: 2017.01.01~2018.01.01 If the conditions of the contract is met, the contract will renew automatically.	Corporate Liability Insurance	The limitation of cumulative liability for all indemnifications in this coverage is US\$15,000,000.

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6 Financial Standing

6.1 Most Recent 5-Year Concise Financial Information

6.1.1 Consol Balance Sheet - IFRS

Units: NT\$ Thousands

Item	Period (Note1)	Most Recent 4-Year Financial Information				As of March 31,
		2013	2014	2015	2016	2017
Current assets		120,776,978	146,245,684	165,487,412	165,270,734	162,905,478
Net property, plant and equipment (Note3)		6,073,211	5,820,475	5,797,929	5,495,789	5,374,238
Intangible assets		5,842,880	5,756,557	5,671,154	5,599,944	5,579,240
Other assets		2,413,355	2,524,500	2,095,370	2,648,479	3,264,350
Total assets		135,106,424	160,347,216	179,051,865	179,014,946	177,123,306
Current liabilities	Before Distribution	91,141,959	100,236,465	111,585,855	122,287,418	121,995,445
	After Distribution	94,950,090	104,375,739	115,559,557	Note 2	Note 2
Non-current liabilities	Before Distribution	4,031,878	14,993,069	19,148,252	6,410,079	6,240,584
	After Distribution	95,173,837	115,229,534	130,734,107	128,697,497	128,236,029
Total liability		98,981,968	119,368,808	134,707,809	Note 2	Note 2
Equity attributable to owners of parent		39,874,875	45,055,731	47,770,420	49,797,881	48,354,828
Share capital		16,557,092	16,557,092	16,557,092	17,241,892	17,419,009
Capital surplus		14,951,793	15,185,802	15,187,178	16,901,053	17,347,630
Retained earnings	Before Distribution	10,303,742	12,329,076	13,473,616	14,746,873	16,592,942
	After Distribution	6,495,611	8,189,802	9,499,914	Note 2	Note 2
Other equity interest		(1,937,752)	983,761	2,553,776	908,063	(3,004,753)
Treasury stock		-	-	(1,242)	-	-
Non-controlling interests		57,712	61,951	547,338	519,568	532,449
Total equity	Before Distribution	39,932,587	45,117,682	48,317,758	50,317,449	48,887,277
	After Distribution	36,124,456	40,978,408	44,344,056	Note 2	Note 2

Note 1 : The 2013-2016 financial data have been duly audited by independent auditors. · Except As of March 31 2017 have been duly reviewed by independent auditors.

Note 2 : The abovementioned appropriations have not yet been approved by the stockholders.

Note 3 : Including investment property.

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6.1.2 Consol Balance Sheet – R.O.C. GAAP

Units: NT\$ Thousands

Item	Period (Note1)	Recent Year Financial Information	
		2012	
Current assets		106,595,584	
Fund and Long term Equity investments		1,610,059	
Fixed assets		5,117,436	
Intangible and Other assets		6,337,743	
Total assets		119,660,822	
Current liabilities	Before Distribution	74,429,665	
	After Distribution	78,403,367	
Long-term liabilities		6,441,227	
Other liabilities		582,509	
Total liabilities	Before Distribution	81,453,401	
	After Distribution	85,427,103	
Share capital		16,557,092	
Capital surplus		14,937,606	
Retained earnings	Before Distribution	9,601,400	
	After Distribution	5,627,698	
Unrealized gain (loss) of financial instruments		41,287	
Translation adjustments and other equity adjustment		(2,981,460)	
Unrecognized pension cost		(2,831)	
Stockholders'	Before Distribution	38,207,421	
	After Distribution	34,233,719	

Note 1 : The consolidated financial data have been duly audited by independent auditors.

6.1.3 Comprehensive Income- IFRS

Units: NT\$ Thousands

Item	Period (Note1)	Most Recent 4-Year Financial Information				As of March 31,
		2013	2014	2015	2016	2017
Operating revenues		406,256,031	452,471,998	515,536,489	536,918,813	118,973,592
Gross profit		18,538,313	20,483,805	21,450,249	22,595,819	5,168,124
Operating income		6,289,408	7,941,739	8,474,115	7,975,893	2,261,317
Non-operating income and expenses		(483,023)	(835,104)	(1,320,672)	(1,287,669)	(654)

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Item	Period (Note1)	Most Recent 4-Year Financial Information				As of March 31,
		2013	2014	2015	2016	2017
Income before income tax		5,806,385	7,106,635	7,153,443	6,688,224	2,260,663
Consolidated net income		4,759,732	5,814,176	5,435,932	5,350,598	1,866,067
Other comprehensive income (loss)		1,057,428	2,947,614	1,472,670	(1,723,004)	(3,919,933)
Total comprehensive income		5,817,160	8,761,790	6,908,602	3,627,594	(2,053,866)
Consolidated net income attributable to: Owners of parent		4,756,306	5,808,839	5,420,469	5,312,875	1,846,069
Consolidated net income attributable to: Non-controlling interests		3,426	5,337	15,463	37,723	19,998
Comprehensive income attributable to: Owners of parent		5,812,296	8,754,978	6,853,829	3,601,246	(2,066,747)
Comprehensive income attributable to: Non-controlling interests		4,864	6,812	54,773	26,348	12,881
Basic earnings per share (Note 2)		2.87	3.51	3.27	3.18	1.07

Note 1 : The 2013-2016 financial data have been duly audited by independent auditors. · Except As of March 31 2017 have been duly reviewed by independent auditors.

Note 2 : Weighted average number of ordinary shares outstanding

6.1.4 Income Statement – R.O.C. GAAP

Units: NT\$ Thousands

Item	Period (Note1)	Recent Year Financial Information
		2012
Operating revenues		360,614,159
Gross profit		18,094,611
Operating income		6,192,850
Non-operating income		411,779
Non-operating expenses		(1,064,045)
Profit (loss) from continuing operations before tax		5,540,584
Net Profit (loss)		4,465,711
Basic earnings per share (Note 2)		2.72

Note 1 : The 2011-2012 financial data have been duly audited by independent auditors.

Note 2 : Weighted average number of ordinary shares outstanding

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6.1.5 Consol Balance Sheet – IFRS

WPG Holdings has adopted IFRS to prepare financial statements since 2013. Accordance to the rule, we won't need to prepare Q1, 2017 non-consolidated financial Statement.

Units: NT\$ Thousands

Item	Period (Note1)	Most Recent 4-Year Financial Information			
		2013	2014	2015	2016
Current assets		288,654	424,141	442,543	351,182
Net property, plant and equipment (Note3)		808,727	777,523	758,662	751,186
Intangible assets		24,612	16,741	11,858	18,969
Other assets		42,956,415	52,342,646	56,635,862	55,171,407
Total assets		44,078,408	53,561,051	57,848,925	56,292,744
Current liabilities	Before Distribution	3,627,414	2,091,415	3,603,513	5,960,198
	After Distribution	7,435,545	6,230,689	7,577,215	Note 2
Non-current liabilities	Before Distribution	572,068	6,413,905	6,474,992	534,665
	After Distribution	4,199,482	8,505,320	10,078,505	6,494,863
Total liability		8,007,613	12,644,594	14,052,207	Note 2
Equity attributable to owners of parent		39,878,926	45,055,731	47,770,420	49,797,881
Share capital		16,557,092	16,557,092	16,557,092	17,241,892
Capital surplus		14,951,793	15,185,802	15,187,178	16,901,053
Retained earnings	Before Distribution	10,307,793	12,329,076	13,473,616	14,746,873
	After Distribution	6,499,662	8,189,802	9,499,914	Note 2
Other equity interest		(1,937,752)	983,761	2,553,776	908,063
Treasury Stock		0	0	(1,242)	0
Non-controlling interests		0	0	0	0
Total equity	Before Distribution	39,878,926	45,055,731	47,770,420	49,797,881
	After Distribution	36,070,795	40,916,457	43,796,718	Note 2

Note 1 : The 2013-2016 financial data have been duly audited by independent auditors.

Note 2 : The abovementioned appropriations have not yet been approved by the stockholders.

Note 3 : Including investment property.

6.1.6 Concise Balance Sheet – R.O.C. GAAP

Units: NT\$ Thousands

Item	Period (Note1)	Recent Year Financial Information
		2012
Current assets		201,239
Fund and Long term Equity investments		40,189,497
Fixed assets		47,647
Intangible and Other assets		851,613
Total assets		41,289,996
Current liabilities	Before Distribution	2,548,892
	After Distribution	6,522,594

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Period(Note1)		Recent Year Financial Information
Item		2012
Long-term liabilities		576,000
Other liabilities		12,010
Total liabilities	Before Distribution	3,136,902
	After Distribution	7,110,604
Share capital		16,557,092
Capital surplus		14,937,606
Retained earnings	Before Distribution	9,601,400
	After Distribution	5,627,698
Unrealized gain (loss) of financial instruments		41,287
Translation adjustments and other equity adjustment		(2,981,460)
Unrecognized pension cost		(2,831)
Stockholders'	Before Distribution	38,153,094
	After Distribution	34,179,392

Note 1 : The financial data have been duly audited by independent auditors.

6.1.7 Comprehensive Income- IFRS

WPG Holdings has adopted IFRS to prepare financial statements since 2013. Accordance to the rule, we won't need to prepare Q1, 2017 non-consolidated financial Statement.

Units: NT\$ Thousands

Item	Period (Notes1)	Most Recent 4-Year Financial Information			
		2013	2014	2015	2016
Operating revenues		5,226,875	6,480,174	6,383,519	6,062,201
Gross profit		4,773,536	6,005,325	5,826,067	5,519,815
Operating income		4,773,536	6,005,325	5,826,067	5,519,815
Non-operating income and expenses		(30,128)	(56,262)	(93,817)	(103,408)
Income before income tax		4,743,408	5,949,063	5,732,250	5,416,407
Consolidated net income attributable to: Owners of parent		4,756,306	5,808,839	5,420,469	5,312,875
Other comprehensive income (loss)		1,055,990	2,946,139	1,433,360	(1,711,629)
Comprehensive income attributable to: Owners of parent		5,812,296	8,754,978	6,853,829	3,601,246
Consolidated net income attributable to: Owners of parent		4,756,306	5,808,839	5,420,469	5,312,875
Comprehensive income attributable to: Owners of parent		5,812,296	8,754,978	6,853,829	3,601,246
Basic earnings per share		2.87	3.51	3.27	3.18

Note : According to the weighted average number of outstanding shares at that year.

6.1.8 Concise Income Statement – R.O.C. GAAP

Units: NT\$ Thousands

Item	Period (Notes1)	Recent Year Financial Information
		2012
Operating revenues		5,065,051
Gross profit		4,644,049
Operating income		4,644,049
Non-operating income		4,736
Non-operating expenses		(32,622)
Profit (loss) from continuing operations before tax		4,616,163
Net Profit (loss)		4,465,711
Basic earnings per share (Note 2)		2.72

Note 1 : The financial data have been duly audited by independent auditors.

6.1.9 Auditors' Opinions from 2012 to 2016

Year	Accounting firm	Name of CPA	Audit Opinion
2012	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion
2013	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion
2014	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion
2015	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion
2016	PricewaterhouseCoopers	Audrey Tseng, Lin Jun Yao	Unqualified Opinion

6.2 Most Recent 5-Year Financial Analysis

6.2.1 Consolidated Financial Analysis – IFRS GAAP

Item	Period(note 1)	Most Recent 4-Year Financial Information				Financial Information up to March 31, 2017
		2013	2014	2015	2016	
Financial Ratio (%)	Total liabilities to total assets	70.44	71.86	73.01	71.89	72.40
	Long-term capital to PP&E	723.91	1,032.75	1,163.62	1,032.20	1025.78
Ability to payoff debt	Current ratio (%)	132.52	145.90	148.31	135.15	133.53
	Quick ratio (%)	92.14	96.49	100.72	93.29	80.96
	Interest protection	8.38	7.80	6.94	6.25	7.44
Ability to	A/R turnover (times)	6.10	5.84	5.86	5.68	5.33

Item	Period(note 1)	Most Recent 4-Year Financial Information				Financial Information up to March 31, 2017
		2013	2014	2015	2016	
operate	A/R turnover days	60	63	62	64	68
	Inventory turnover (times)	11.05	10.29	9.97	10.26	8.07
	Account payable turnover (times)	10.83	10.87	11.44	11.00	9.33
	Days sales outstanding	33	35	37	36	45
	Fixed assets turnover (times)	71.93	76.09	88.74	95.08	87.56
	Total assets turnover (times)	3.19	3.06	3.04	3.00	2.67
Earning ability	Return on assets (%)	4.24	4.52	3.78	3.56	4.80
	Return on equity (%)	12.19	13.66	11.60	10.77	14.89
	PBT to paid-in capital(%)	35.07	42.92	43.20	38.80	51.94
	Net income ratio(%)	1.17	1.28	1.05	0.99	1.55
	Basic EPS(NTD)(note 2)	2.87	3.51	3.27	3.18	1.07
	Diluted EPS(NTD)(note 2)	2.87	3.39	3.04	2.96	1.02
Cash flow (%)	Cash flow ratio	-5.16	-13.42	-8.31	6.22	2.65
	Cash flow adequacy ratio	-18.31	-51.56	-77.85	-47.11	-34.13
	Cash reinvestment ratio	-19.27	-28.12	-19.47	6.24	5.71
Leverage	Operating leverage	1.66	1.50	1.57	1.80	1.37
	Financial leverage	1.14	1.15	1.17	1.19	1.18
KPI	ROWC(%)	9.19	8.98	8.71	8.44	9.65
	NWC/Sales	0.17	0.20	0.19	0.18	0.20

Explanation of significant changes in 2015 compared with the previous year : Note 3 · (The ratio is no need to analysis if the change of ratio is lower than 20%)

Note 1 : The 2013-2016 financial data have been duly audited by independent auditors. · Except As of March 31 2017 have been duly reviewed by independent auditors.

Note 2 : Weighted average number of ordinary shares outstanding

Note 3 : Explanation of significant changes in 2016 compared with the previous year :

1. Cash flow ratio : In 2016 operating cash flow inflow increased ·
2. Cash flow adequacy ratio : In 2016 operating cash flow inflow increased ·
3. Cash reinvestment ratio (%) : In 2016 operating cash flow inflow increased · ·

Note 4 : Formula:

1. Financial Ratio

- (1) Total liabilities to Total assets = Total liabilities / Total assets
- (2) Long-term debts to fixed assets = (Net equity + Long-term debts) / Net fixed assets

2. Ability to Pay off Debt

- (1) Current ratio = Current Assets / Current liability

$$(2) \text{ Quick ratio} = (\text{Current assets} - \text{Inventory} - \text{Prepaid expenses}) / \text{Current liability}$$

$$(3) \text{ Interest protection} = \text{Net income before income tax and interest expense} / \text{Interest expense}$$

3. Ability to Operate

$$(1) \text{ Account receivable (including account receivable and notes receivable from operation) turnover}$$

$$= \text{Net sales} / \text{the Average of account receivable (including account receivable and notes receivable from operation) balance}$$

$$(2) \text{ A/R turnover day} = 365 / \text{account receivable turnover}$$

$$(3) \text{ Inventory turnover} = \text{Cost of Goods Sold} / \text{the average of inventory}$$

$$(4) \text{ Account payable (including account payable and notes payable from operation) turnover} = \text{Cost}$$

$$\text{of goods sold} / \text{the average of account payable (including account payable and notes payable from operation) balance}$$

$$(5) \text{ Inventory turnover day} = 365 / \text{Inventory turnover}$$

$$(6) \text{ Fixed assets turnover} = \text{Net sales} / \text{Net Fixed Assets}$$

$$(7) \text{ Total assets turnover} = \text{Net sales} / \text{Total assets}$$

4. Earning Ability

$$(1) \text{ Return on assets} = [\text{PAT} + \text{Interest expense} \times (1 - \text{interest rate})] / \text{the average of total assets}$$

$$(2) \text{ Return on equity} = \text{PAT} / \text{the average of net equity}$$

$$(3) \text{ Net income ratio} = \text{PAT} / \text{Net sales}$$

$$(4) \text{ EPS} = (\text{PAT} - \text{Dividend from prefer stock}) / \text{weighted average outstanding shares}$$

5. Cash Flow

$$(1) \text{ Cash flow ratio} = \text{Cash flow from operating activities} / \text{Current liability}$$

$$(2) \text{ Cash flow adequacy ratio} = \text{Most recent 5-year Cash flow from operating activities} / \text{Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)}$$

$$(3) \text{ Cash investment ratio} = (\text{Cash flow from operating activities} - \text{cash dividend}) / (\text{Gross fixed assets} + \text{long-term investment} + \text{other assets} + \text{working capital})$$

6. Leverage

$$(1) \text{ Operating leverage} = (\text{Nest revenue} - \text{variable cost of goods sold and operating expense}) / \text{operating income}$$

$$(2) \text{ Financial leverage} = \text{Operating income} / (\text{Operating income} - \text{interest expenses})$$

7.KPI

$$(1) \text{ ROWC} = \text{Operating income} / (\text{A/R} + \text{Inventory} - \text{Accounts payable})$$

$$(2) \text{ NWC/Sales} = (\text{A/R} - \text{Inventory} - \text{Accounts payable}) / \text{Net sales}$$

6.2.2 Consolidated Financial Analysis – ROC GAAP

Period(note 1)		Recent Year Financial Information	
Item		2012	
Financial Ratio (%)	Total liabilities to total assets	68.07	
	Long-term capital to PP&E	872.48	
Ability to pay off debt	Current ratio (%)	143.22	
	Quick ratio (%)	97.13	
	Interest protection	8.21	
Ability to operate	A/R turnover (times)	6.62	
	A/R turnover days	55	
	Inventory turnover (times)	9.86	
	Account payable turnover (times)	11.08	
	Days sales outstanding	37	
	Fixed assets turnover (times)	78.91	
	Total assets turnover (times)	3.15	
	Return on assets (%)	4.46	
	Return on equity (%)	11.75	
Earning ability	% of paid-in capital	Operating income	37.40
		PBT	33.46
	Net income ratio(%)	1.24	
	Basic EPS(NTD)(note 2)	2.72	
	Diluted EPS(NTD) (note 2)	2.71	
Cash flow (%)	Cash flow ratio	0.31	
	Cash flow adequacy ratio	23.47	
	Cash reinvestment ratio	-8.82	
Leverage	Operating leverage	1.59	
	Financial leverage	1.14	
KPI	ROWC(%)	10.38	
	NWC/Sales	0.17	

Note 1 : The financial data have been duly audited by independent auditors..

Note 2 : Weighted average number of ordinary shares outstanding

Note 3 : Formula:

1. Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long-term debts to property, plant and equipment = (Total equity + non-current liabilities) / property, plant and equipment

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(1) Current ratio = Current Assets / Current liability

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover

= Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance

(2) A/R turnover day = 365 / account receivable turnover

(3) Inventory turnover = Cost of Goods Sold / the average of inventory

(4) Account payable (including account payable and notes payable from operation)turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day = 365 / Inventory turnover

(6) property, plant and equipment turnover = Net sales / the average of property, plant and equipment

(7) Total assets turnover = Net sales / Total assets

4. Earning Ability

(1) Return on assets = [PAT + Interest expense × (1 - interest rate)] / the average of total assets

(2) Return on equity = PAT / the average of total equity

(3) Net income ratio = PAT / Net sales

(4) EPS = (Owners' equity of Holding Company - Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow

(1) Cash flow ratio = Cash flow from operating activities / Current liability

(2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)

(3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

(1) Operating leverage = (Net revenue - variable cost of goods sold and operating expense) / operating income

(2) Financial leverage = Operating income / (Operating income - interest expenses)

7.KPI

(1)ROWC=Operating income / (A/R+Inventory+Accounts payable)

(2)NWC/Sales=(A/R+Inventory+Accounts payable)/Net sales

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6.2.3 Stand-alone Financial Analysis– IFRS GAAP

Period(note 1)		Most Recent 4-Year Financial Information			
Item		2013	2014	2015	2016
Financial Ratio (%)	Total liabilities to total assets	9.53	15.88	17.42	11.54
	Long-term capital to PP&E	5,001.81	6,619.69	7,150.14	6,700.41
Ability to payoff debt	Current ratio (%)	7.96	20.28	12.28	5.89
	Quick ratio (%)	7.65	19.78	11.87	5.68
	Interest protection	114.20	156.02	172.43	183.04
Ability to operate	A/R turnover (times) (note 2)	8.94	9.14	9.26	15.69
	A/R turnover days	41	40	39	23
	Inventory turnover (times)	—	—	—	—
	Account payable turnover (times)	—	—	—	—
	Days sales outstanding	—	—	—	—
	Fixed assets turnover (times) (note 2)	6.52	8.18	8.31	8.03
	Total assets turnover (times) (note 2)	0.12	0.13	0.11	0.11
Earning ability	Return on assets (%)	11.24	11.96	9.78	9.35
	Return on equity (%)	12.21	13.68	11.68	10.89
	Pre-tax income as a % of paid-in capital(%)	28.65	36.27	35.19	32.02
	Net income ratio(%) (note 2)	91.00	89.50	84.91	87.64
	Basic EPS(NTD)(note 3)	2.87	3.51	3.27	3.18
	Diluted EPS(NTD)(note 3)	2.87	3.39	3.04	2.96
Cash flow(%)	Cash flow ratio	111.82	211.70	113.62	87.61
	Cash flow adequacy ratio	80.00	72.97	72.99	78.06
	Cash reinvestment ratio (%)	0.20	1.20	-0.08	2.47
Leverage	Operating leverage(note 2)	1.01	1.01	1.01	1.01
	Financial leverage	1.01	1.01	1.01	1.01
Explanation of significant changes in 2016 compared with the previous year : (Note 4) .					

Note 1 : The 2013-2016 financial data have been duly audited by independent auditors . .

Note 2 : include Investment revenues and Service revenue .

Note 3 : Weighted average number of ordinary shares outstanding .

Note 4 : Explanation of significant changes in 2016 compared with the previous year :

1. Total liabilities to Total assets : In 2016 the ratio decreased because convertible bond had been converted to common stock .

2. Current ratio : In 2016 Current ratio decreased because current portion of long-term loans payable had been converted to current liabilities .

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3. Quick ratio : In 2016 Quick ratio decreased because current portion of long-term loans payable had been converted to current liabilities .

4. Account receivable turnover : In 2016 Account receivable turnover increased because account receivable decreased .

5. Cash flow ratio : In 2016 Cash flow ratio decreased because current liabilities increased .

6. Cash reinvestment ratio : In 2016 Cash reinvestment ratio increased because working capital decreased .

Note 5 : Formula: refer to Note 4 in page 112.

6.2.4 Stand-alone Financial Analysis– ROC GAAP

Item		Period(note 1)	Recent Year Financial Information
		Information	
		2012	
Financial Ratio (%)	Total liabilities to total assets		7.60
	Long-term capital to PP&E		81,283.38
Ability to payoff debt	Current ratio (%)		7.90
	Quick ratio (%)		7.61
	Interest protection		149.10
Ability to operate	A/R turnover (times) (note 2)		10.90
	A/R turnover days		33
	Inventory turnover (times)		-
	Account payable turnover (times)		-
	Days sales outstanding		-
	Fixed assets turnover (times) (note 2)		12.43
	Total assets turnover (times) (note 2)		0.13
Earning ability	Return on assets (%)		11.09
	Return on equity (%)		11.87
	% of paid-in capital	Operating income	28.05
		Pre-tax income	27.88
	Net income ratio(%) (note 2)		88.17
	Basic EPS(NTD) (note 3)		2.72
	Diluted EPS(NTD)) (note 3)		2.71
Cash flow(%)	Cash flow ratio		196.59
	Cash flow adequacy ratio		83.92
	Cash reinvestment ratio (%)		1.82
Leverage	Operating leverage(note 2)		1.01
	Financial leverage		1.01

Note 1 : The financial data have been duly audited by independent auditors.

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Note 2 : Operating revenues include Investment revenues and Service revenue .

Note 3 : Weighted average number of ordinary shares outstanding

Note 3 : Formula: refer to Note 3 in page 114.

6.3 Supervisors' or audit committee's report for the most recent year's financial statement

AUDIT COMMITTEE'S REVIEW REPORT

The Board of Directors has prepared the Company's 2016 Business Report , Financial Statements , and proposal for allocation of profits. The aforementioned 2016 Business Report , Financial Statements , and proposal for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee members of WPG HOLDINGS LIMITED. According to Article 14-4 , 14-5 of the Securities and Exchange Act and Article 219 of the Company Act , we hereby submit this report.

WPG HOLDINGS LIMITED AUDIT COMMITTEE

Independent Director DUH, RONG-RUEY

Independent Director HUANG, JIH-TSAN

Independent Director YU, YUNG HONG

APRIL 25 , 2017

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6.4 2015 and 2016 Financial statements augmented with auditor's report prepared by a CPA : Page 120-258.

6.5 2015 and 2016 parent company non-consolidated financial statements certified by CPA : Page 259-351.

6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation : None .

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WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2016 AND 2015

To the Board of Directors and Stockholders of WPG Holdings Limited

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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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.

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Impairment assessment of goodwill

Description

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

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

How our audit addressed the matter

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

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

Valuation of allowance for uncollectible accounts receivable

Description

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

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

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

How our audit addressed the matter

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

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

Recognition of purchase discounts and allowances

Description

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

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

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

How our audit addressed the matter

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

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

Other matter – Parent company only financial reports

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tseng, Audrey

Lin, Chun-Yao

for and on behalf of PricewaterhouseCoopers, Taiwan

March 28, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and review report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

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

(Continued)

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

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

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

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

Items	Notes	2016		2015	
		Amount	%	Amount	%
Operating revenues	6(26) and 7(2)	\$ 536,918,813	100	\$ 515,536,489	100
Operating costs	6(8) and 7(2)	(514,322,994)	(96)	(494,086,240)	(96)
Gross profit		<u>22,595,819</u>	<u>4</u>	<u>21,450,249</u>	<u>4</u>
Operating expenses	6(30)(31) and 7(2)	(8,256,394)	(2)	(8,110,873)	(2)
Selling and marketing		(6,363,532)	(1)	(4,865,261)	(1)
General and administrative		(14,619,926)	(3)	(12,976,134)	(3)
Total operating expenses		<u>7,975,893</u>	<u>1</u>	<u>8,474,115</u>	<u>1</u>
Operating income		<u>14,620,926</u>	<u>3</u>	<u>12,976,134</u>	<u>3</u>
Non-operating income and expenses					
Other income	6(27)	363,975	-	274,780	-
Other gains or losses	6(28)	(161,360)	-	(152,836)	-
Financial costs	6(29)	(1,554,035)	-	(1,467,904)	-
Share of profit of associates and joint ventures accounted for under equity method		63,751	-	25,288	-
Total non-operating income and expenses		<u>(1,287,669)</u>	<u>-</u>	<u>(1,320,672)</u>	<u>-</u>
Income before income tax		<u>6,688,224</u>	<u>1</u>	<u>7,153,443</u>	<u>1</u>
Income tax expense	6(32)	(1,337,626)	-	(1,717,511)	-
Consolidated net income		<u>\$ 5,350,598</u>	<u>1</u>	<u>\$ 5,435,932</u>	<u>1</u>
Other comprehensive income (loss), net					
Components that will not be reclassified to profit or loss					
Remeasurement arising on defined benefit plans	6(21)	(\$ 82,437)	-\$	166,704	-
Share of other comprehensive loss of associates and joint ventures accounted for using equity method - Components that will not be reclassified to profit or loss		(109)	-	-	-
Income tax relating to components that will not be reclassified to profit or loss	6(32)	14,015	-	28,340	-
Total components that will not be reclassified to profit or loss		<u>(68,531)</u>	<u>-</u>	<u>(138,364)</u>	<u>-</u>

(Continued)

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

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

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

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

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

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

(Continued)

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

	Notes	2016	2015
Cash flows from investing activities			
Acquisition of financial assets carried at cost - non-current		(\$ 120,423)	(\$ 138,364)
Acquisition of available-for-sale financial assets - non-current		-	(33,762)
Proceeds from disposal of available-for-sale financial assets - current		14,786	59,248
Proceeds from disposal of available-for-sale financial assets - non-current		-	28,970
Proceeds from capital reduction of financial assets at cost - non-current		-	29,201
Proceeds from capital reduction of available-for-sale financial assets		9,182	-
Proceeds from disposal of financial assets carried at cost - non-current		30,825	21,813
Increase in other financial assets	(108,627)	(667,542)	
Acquisition of investments accounted for under equity method	(610,051)	(3,000)	
Proceeds from disposal of investments accounted for under equity method		-	51,610
Proceeds from disposal of property, plant and equipment		6,270	31,343
Acquisition of property, plant and equipment and intangible assets	6(36)	(150,623)	(180,196)
Disposal of subsidiaries	6(36)	(34,111)	(1,553)
Decrease in refundable deposits		61,946	26,001
Net cash flow from acquisition of subsidiaries	6(35)	-	(51,299)
Proceeds from repayments of investments in debt instrument without active market		5,000	-
Proceeds from capital reduction of investments accounted for under equity method		50,389	-
Decrease in other non-current assets		11,491	36,199
Net cash used in investing activities		(833,946)	(791,331)
Cash flows from financing activities			
Increase in short-term borrowings		611,741,862	863,208,233
Decrease in short-term borrowings	(613,422,676)	(853,826,871)	
Increase in long-term borrowings (including current portion of long-term liabilities)		49,163,886	25,902,997
Decrease in long-term borrowings (including current portion of long-term liabilities)	(49,962,134)	(24,135,401)	
(Decrease) increase in non-controlling interests		16,597	8,418
Increase in short-term notes and bills payable		48,565,320	27,927,443
Decrease in short-term notes and bills payable	(48,070,598)	(28,307,012)	
Decrease in other non-current liabilities		5,432	(11,601)
Shareholders' cash dividends paid	6(24)	(3,973,702)	(4,139,274)
Net cash (used in) provided by financing activities		(5,980,071)	6,626,932
Effect of exchange rate changes on cash and cash equivalents		(1,782,413)	(1,699,272)
Net decrease in cash and cash equivalents		(989,730)	(1,738,217)
Cash and cash equivalents at beginning of year		9,446,642	11,184,859
Cash and cash equivalents at end of year		\$ 8,456,912	\$ 9,446,642

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

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

1. HISTORY AND ORGANIZATION

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

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")
None.

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

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

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

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

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

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

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

Effective date by International Accounting Standards Board

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.

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

E. Amendments to IAS 7, 'Disclosure initiative'

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

F. Amendments to IAS 40, 'Transfers of investment property'

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

G. IFRIC 22, 'Foreign currency transactions and advance consideration'

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- 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.
- 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.
- 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.
- 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.
- 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

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

B. Subsidiaries included in the consolidated financial statements:

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

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

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

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

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

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

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Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2016	December 31, 2015	
Genuine C&C Holding Inc. (Seychelles)	Daiien Kaiyuan Chuangcheng Digital Co., Ltd	Development and trading of computer software and electronic products	-	-	Notes 2 and 16
Genuine C&C Holding Inc. (Seychelles)	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Sales of electronic / electrical products	55.00	55.00	Notes 2 and 15
Genuine Trading (Hong Kong) Company Limited	Hubei Xinsheng Technology Investment Management Co., Ltd.	Sales of electronic products and peripherals	-	83.33	Notes 2 and 18
Note 1: The combined ownership percentage of common shares held by the Company and its subsidiaries is more than 50% or has control power.					
Note 2: The Company acquired ordinary shares of Genuine C&C, Inc. on April 15, 2015 and holds 44.21% of shares. The Company originally held 16.29% of shares of Genuine C&C, Inc. through the Company's wholly-owned subsidiary, World Peace Industrial Co., Ltd. Thus, the Company holds 60.50% of shares in total after the acquisition and Genuine C&C Inc. Group became the Company's consolidated entity starting from April 15, 2015. Please refer to Note 6(35).					
Note 3: The subsidiary increased its capital in March 2015. WPI Investment Holding (BVI) Company Ltd. did not participate in the capital increase proportionately, thus, the shareholding ratio decreased from 99.90% to 60.00%. Furthermore, due to restructuring, the subsidiary was sold to WPG International (CI) Limited by WPI Investment Holding (BVI) Company Ltd. in July 2015.					
Note 4: WPG International (CI) Limited increased capital of WPG Americas Inc. by cash in April 2015. However, World Peace Industrial Co., Ltd. did not participate in the capital increase based on its shareholding ratio. World Peace Industrial Co., Ltd. totally held 4.31% of shares of WPG Americas Inc. through World Peace International Pte Ltd. and WPI International (Hong Kong) Limited as of December 31, 2016 and 2015, respectively. Along with shares of WPG Americas Inc. held by WPG International (CI) Limited, the total shareholding ratio is 100%.					
Note 5: Due to restriction of local regulations, the Company holds 51% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.					
Note 6: Due to restriction of local regulations, the Company holds 62% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.					
Note 7: Due to restriction of local regulations, the Company holds 61% ownership which is under the name of other individuals. The substantial ownership held by the					

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Company was 100%.

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

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

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

E. Significant restrictions: None.

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

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

subsidiaries is as follows:

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

Summarised financial information of the subsidiaries:

(a) Balance sheets

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

(b) Statements of comprehensive income

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

(c) Statements of cash flows

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

(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

- 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.
- 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.
- 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.

- All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains or losses.

B. Translation of foreign operations

- 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:
 - Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - All resulting exchange differences are recognised in other comprehensive income.
- 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:
 - Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
 - Accounts with head office and working capital are translated using the historical exchange rates; and
 - 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,
- 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.
- When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

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- 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:
- Significant financial difficulty of the issuer or debtor;
 - 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;
 - It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - The disappearance of an active market for that financial asset because of financial difficulties;
 - 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;
 - 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
 - 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:
- 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

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- (8) Available-for-sale financial assets
- Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
 - On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
 - 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
- 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.
- Investments in debt instruments without active market
- 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:
 - Not designated on initial recognition as at fair value through profit or loss;
 - Not designated on initial recognition as available-for-sale;
 - Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.
 - On a regular way purchase or sale basis, investments in debt instruments without active market are recognised and derecognised using trade date accounting.
 - 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
- 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

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- recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.
- 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.
- Available-for-sale financial assets
- The amount of the impairment loss is measured as the difference between the asset's acquisition cost less any principal repayment and amortisation and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.
- (11) Derecognition of financial assets
- The Group derecognises a financial asset when one of the following conditions is met:
- The contractual rights to receive cash flows from the financial asset expire.
 - 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.
 - 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
- 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.
 - 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
- 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,

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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

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

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.
- The estimated useful lives of property, plant and equipment are as follows:
- | | |
|-------------------------------------|--------------|
| Buildings and structures | 5 ~ 55 years |
| Transportation equipment | 2 ~ 10 years |
| Office equipment | 2 ~ 10 years |
| Leasehold improvements | 2 ~ 15 years |
| Other property, plant and equipment | 3 ~ 10 years |

(15) Leases

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

(16) Investment property

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

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(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.

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

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

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Financial liabilities and equity instruments

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

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

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

(25) Derivative financial instruments

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

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a) Defined contribution plans

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

b) Defined benefit plans

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

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

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

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

of the board meeting resolution.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(28) Dividends

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

(29) Revenue recognition

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

(30) Business combinations

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

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

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

(31) Operating segments

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

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

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

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

A. Financial assets-impairment of equity investments

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

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

B. Revenue recognition on a net/gross basis

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

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

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

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

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

B. Assessing uncollectible accounts for doubtful receivables

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

- 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.
- 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.

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

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

Current items:

Financial liabilities held for trading

Derivatives	\$ 5,686	\$ 26,719
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- The Group recognised net gain of \$6,527 and \$5,763 on financial assets and liabilities held for trading for the years ended December 31, 2016 and 2015, respectively.

- 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.

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

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

Note: expressed in thousands.

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

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

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

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

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

(4) Notes receivable

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

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

(5) Accounts receivable

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

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

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

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

Group 2: Customers not belonging to Group 1.

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

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

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

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

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

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

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

(6) Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

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

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December 31, 2016						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	\$ 1,383,750	\$ 1,383,750	USD 47,500	\$ 1,383,750	1.54%-2.50%	Note 1
Mega International Commercial Bank	4,395,529	4,395,529	USD 166,900	3,598,146	1.27%-2.46%	Note 2
ANZ Bank	-	-	USD 480,000	-	-	None
CTBC Bank	3,148,440	3,148,440	USD 15,000	1,688,956	1.37%-2.35%	Note 3
E. SUN Commercial Bank	3,095,093	3,095,093	USD 161,500	2,551,250	1.05%-2.15%	Note 4
Taipei Fubon Commercial Bank	1,815,351	1,815,351	\$ 20,000	876,207	1.12%-2.18%	Note 5
Industrial Bank of Taiwan	341,021	341,021	\$ 669,720	-	-	Note 6
Yusanta 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
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

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December 31, 2015						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	\$ 1,334,396	\$ 1,334,396	USD 47,500	\$ 1,334,396	1.32%-1.64%	Note 1
Mega International Commercial Bank	4,194,769	4,194,769	USD 173,900	3,853,236	1.10%-1.77%	Note 2
ANZ Bank	2,103,462	2,103,462	USD 160,000	2,103,462	1.53%-1.86%	None
CTBC Bank	2,696,735	2,696,735	USD 28,000	2,416,745	1.05%-1.74%	Note 3
			\$ 3,586,000			
E. SUN Commercial Bank	2,391,241	2,391,241	USD 195,500	1,737,610	1.15%-1.53%	Note 4
			\$ 20,000			
Taipei Fubon Commercial Bank	1,817,823	1,817,823	\$ 3,139,300	1,767,617	1.14%-1.30%	Note 5
Industrial Bank of Taiwan	91,577	91,577	\$ 244,432	69,613	1.20%	Note 6
Yusanta Commercial Bank	1,025,276	1,025,276	USD 25,000	906,315	1.15%-1.35%	Note 7
			\$ 2,342,000			
The Hong Kong and Shanghai Banking Corporation Limited	2,611,079	2,611,079	USD 168,800	2,595,747	1.02%	Note 8
Ta Chong Bank	388,851	388,851	USD 12,700	30,503	1.45%-1.80%	Note 9
			\$ 1,700,000			
Standard Chartered Bank	874,357	874,357	USD 71,130	233,922	1.26%-1.27%	None
Taishin International Bank	6,019,879	6,019,879	\$ 8,500,000	2,006,826	1.35%-1.79%	Note 10
Bank SinoPac	259,361	259,361	USD 17,500	110,579	1.05%-1.46%	Note 11
			\$ 950,000			
Far Eastern International Bank	192,864	192,864	USD 22,000	115,972	1.25%-1.56%	Note 12
Chang Hwa Bank	500,100	500,100	USD 44,300	251,047	1.35%-1.70%	Note 13
DBS Bank	429,998	429,998	USD 62,000	208,236	1.15%-1.47%	Note 14
Shin Kong Bank	20,011	20,011	USD 4,500	15,148	1.36%-1.61%	Note 15
			\$ 10,000			
Taiwan Cooperative Bank	25,932	25,932	USD 3,000	23,339	1.12%-1.46%	Note 16
Hang Seng Bank	983,212	983,212	USD 28,000	375,286	1.23%-1.43%	Note 17
KGI Bank	46,539	46,539	\$ 65,000	44,212	1.17%	Note 18

- Note 1: The Group has signed commercial papers amounting to USD 47,500 thousand that were pledged to others as collateral.
- Note 2: The Group has signed commercial papers amounting to USD 173,900 thousand and \$650,000 that were pledged to others as collateral.
- Note 3: The Group has signed commercial papers amounting to USD 26 million and \$388,600 that were pledged to others as collateral.
- Note 4: The Group has signed commercial papers amounting to USD 196,500 thousand and \$20,000 that were pledged to others as collateral.

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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.

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

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

(7) Other receivables

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

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(8) Inventories

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

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

The cost of inventories recognised as expense for the year:

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

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

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

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

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

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

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

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(11) Investments accounted for under the equity method

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

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

- B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:
- As of December 31, 2016 and 2015, the carrying amount of the Group's individually immaterial associates amounted to \$1,132,325 and \$555,054, respectively.

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

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

(12) Property, plant and equipment

	Land	Buildings	Transportation equipment	Furniture and fixtures	Leasehold improvements	Others	Construction in progress and equipment to be tested	Total
At January 1, 2016	\$2,291,275	\$2,365,315	\$ 20,894	\$ 535,144	\$ 528,154	\$ 199,322	\$ 458	\$5,940,562
Cost	-	(414,810)	(14,282)	(393,552)	(301,006)	(148,246)	-	(1,271,896)
Accumulated depreciation	(1,582)	(10,764)	-	-	-	-	-	(12,346)
Accumulated impairment	\$2,289,693	\$1,939,741	\$ 6,612	\$ 141,592	\$ 227,148	\$ 51,076	\$ 458	\$4,656,320
Year ended December 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	-	7,065	4,775	28,107	53,304	20,202	2,269	115,722
Disposals	-	(1,956)	(500)	(3,734)	(18,441)	(206)	-	(24,837)
Transfer (Note)	(9,295)	(154,674)	(443)	524	-	-	-	(163,888)
Decrease in consolidated entities	-	-	-	(2,093)	-	-	-	(2,093)
Depreciation charge	-	(75,610)	(2,620)	(59,310)	(55,002)	(24,276)	-	(216,818)
Effect due to changes in exchange rates	(609)	(73,009)	(337)	(2,729)	(7,845)	(1,180)	(39)	(85,748)
Closing net book amount	\$2,279,789	\$1,641,557	\$ 7,487	\$ 102,557	\$ 199,164	\$ 45,616	\$ 2,688	\$4,278,658
At December 31, 2016								
Cost	\$2,281,371	\$2,103,545	\$ 18,809	\$ 526,282	\$ 499,499	\$ 210,204	\$ 2,688	\$5,642,398
Accumulated depreciation	-	(451,224)	(11,321)	(423,925)	(300,335)	(164,588)	-	(1,351,394)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,279,789</u>	<u>\$1,641,557</u>	<u>\$ 7,487</u>	<u>\$ 102,557</u>	<u>\$ 199,164</u>	<u>\$ 45,616</u>	<u>\$ 2,688</u>	<u>\$4,278,658</u>

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

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	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be tested	Total
At January 1, 2015								
Cost	\$2,291,223	\$2,337,038	\$15,076	\$449,008	\$469,588	\$169,399	\$4,727	\$5,736,059
Accumulated depreciation	(1,582)	(395,896)	(10,712)	(309,223)	(221,112)	(114,620)	-	(1,051,863)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,289,641</u>	<u>\$1,930,378</u>	<u>\$4,364</u>	<u>\$139,785</u>	<u>\$248,476</u>	<u>\$54,779</u>	<u>\$4,727</u>	<u>\$4,671,850</u>
Year ended December 31, 2015								
Opening net book amount	\$2,289,641	\$1,930,378	\$4,364	\$139,785	\$248,476	\$54,779	\$4,727	\$4,671,850
Additions	-	50,127	3,357	53,259	22,998	23,938	461	154,140
Disposals	(991)	(1,272)	(151)	(3,202)	(330)	(423)	-	(6,369)
Transfer (Note)	-	-	-	5,323	4,742	-	(4,742)	5,175
Acquired from business combinations	-	-	1,274	12,940	6,387	319	-	20,920
Decrease in consolidated entities	-	-	-	(27)	-	(130)	-	(157)
Effect due to changes in exchange rates	-	(66,132)	(2,288)	(67,146)	(54,324)	(27,264)	-	(217,154)
Closing net book amount	<u>1,043</u>	<u>\$1,939,741</u>	<u>\$6,612</u>	<u>\$141,992</u>	<u>\$227,148</u>	<u>\$51,076</u>	<u>12</u>	<u>\$4,656,320</u>
At December 31, 2015								
Cost	\$2,291,275	\$2,365,315	\$20,894	\$535,144	\$528,154	\$199,322	\$458	\$5,940,562
Accumulated depreciation	(1,582)	(414,810)	(14,282)	(393,522)	(301,006)	(148,246)	-	(1,271,896)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,289,693</u>	<u>\$1,939,741</u>	<u>\$6,612</u>	<u>\$141,992</u>	<u>\$227,148</u>	<u>\$51,076</u>	<u>458</u>	<u>\$4,656,320</u>

Information on property, plant and equipment that were pledged to others as collateral is provided in Note 8.
Note: Inventories amounting to \$5,583 were transferred to property, plant and equipment. Property, plant and equipment amounting to \$408 were transferred to investment property.

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

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

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

- C. There is no impairment loss on investment property.
D. For investment property pledged for guarantee, please refer to Note 8.

(14) Intangible assets

	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)
	<u>\$7,225</u>	<u>\$34,706</u>	<u>\$5,617,518</u>	<u>\$11,705</u>	<u>\$5,671,154</u>
Year ended December 31, 2016					
Opening net book amount	\$7,225	\$34,706	\$5,617,518	\$11,705	\$5,671,154
Additions-acquired separately	-	31,482	-	400	31,882
Effect of consolidated entity's movement	-	-	(1,718)	-	(1,718)
Amortisation charge	(6,934)	(23,386)	-	(6,274)	(36,594)
Impairment loss	-	-	(59,231)	-	(59,231)
Effect due to changes in exchange rates	1,280	(422)	(4,909)	(1,498)	(5,549)
Closing net book amount	<u>\$1,571</u>	<u>\$42,380</u>	<u>\$5,551,660</u>	<u>\$4,333</u>	<u>\$5,599,944</u>
At December 31, 2016					
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)
	<u>\$1,571</u>	<u>\$42,380</u>	<u>\$5,551,660</u>	<u>\$4,333</u>	<u>\$5,599,944</u>

(13) Investment property

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

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

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

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

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

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

The details of amortisation charge are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taiwan Over-The-Counter Securities Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$138,741 were separated from the liability component and were recognised in 'capital surplus-stock warrants' in accordance with IAS 32.

C. As of December 31, 2016, convertible bonds face value of \$2,424,200 had been converted to 68,480 thousand ordinary shares. Among them, the Group obtained 294 thousand shares of certificate of bond conversion for the convertible bonds face value of \$10,400.

D. The amortisation of discount on bonds payable was \$72,461 and \$79,243 for the years ended December 31, 2016 and 2015, respectively.

(20) **Long-term borrowings**

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

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

Note 1: (a) The Company had entered into a long-term agreement for fifteen years with a financial institution. The pledged assets are the land and building of Linkou warehouse. The principal should be repaid in equal monthly installments starting 2015.

(b) In November 2014, the lending financial institution agreed to grant a grace period of one year, therefore the start of the repayment of the principal has been moved to January 2016, which will be in equal monthly installments.

(c) The interest rate is the index interest rate plus 0.21% from the borrowing day to January 2, 2013, plus 0.25% from January 2, 2013, plus 0.25% from January 2, 2014, plus 0.35% from January 2, 2015, plus 0.42% from January 2, 2016 and plus 1.5% from January 2017.

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

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(17) **Short-term borrowings**

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

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

(18) **Short-term notes and bills payable**

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

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

(19) **Bonds payable**

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

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

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

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

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

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

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

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

(a) Contract term: Within three years from the first drawdown (January 10, 2014)

(b) Facility and drawdown: The facility is \$1,800,000 and the first drawdown of the loan must be within six months from the contract signing date and the amount of drawdown must be no less than \$30,000 or USD 1 million, and the amount must be in multiples of \$10,000 (not applied to USD drawbacks). If the amount of drawdown was in New Taiwan Dollars, the repayment period could be between 60 days and 180 days or other periods agreed by the bank; if the amount of drawdown was in US Dollars, the repayment could be between two months and six months or other periods agreed by the bank. If the amount drawn is less than 50% of the facility amount for the nine months after the first drawdown, the financial commitment fee is calculated at 0.15% per annum with the undrawn amount.

(c) Repayment: For each drawdown, the principal and interest must be repaid in full at the end of each drawdown's term. For extension of the loan at maturity date, approval must be obtained from the bank. The repayment currency should be the same as the borrowed currency and it would be the responsibility of the borrower to acquire foreign exchange approvals and, if any, other required approvals for repayment in the foreign currency.

(d) Loan covenant: Richpower Electronic Devices Co., Ltd. and Richpower Electronic Devices Co., Limited are required to maintain certain financial ratios based on the consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$1,500,000.

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

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

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

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- (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.

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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 borrower has actually received 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

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- (d) Loan covenant: The subsidiary - World Peace Industrial Co., Ltd. (WPI) is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$7,500,000. If the covenants are not met, WPI's right to drawdown is immediately terminated, and the lead bank can decide to take the following actions:

- a. Rescind part or all of the undrawn facility;
- b. Demand WPI to immediately repay all drawn principals, interest payable and other related payables as specified in the contract;
- c. Demand all rights of the promissory note as obtained from signing of the contract.

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

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

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

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

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

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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.

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

(21) Pensions

A. Defined benefit plans

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

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

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

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

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

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

	Years ended December 31,	
	2016	2015
Discount rate	1.4%-1.7%	1.70%
Future salary increases	2.00%-4.0%	2.00%-4.00%

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

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

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

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

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

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

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

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

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

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 are \$23,414.

- (g) As of December 31, 2016, the weighted average duration of that retirement plan is 11~18 years.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) Other overseas companies have defined contribution plans. Contributions for pensions and retirement allowance to independent fund administered by the government in accordance with the local pension regulations are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the companies have no further obligations.

- (c) The pension costs of the Group under the defined contribution pension plans for the years ended December 31, 2016 and 2015 were \$344,893 and \$351,662, respectively.

(22) Share capital

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

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

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

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B. Treasury stock

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

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

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

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

(23) Capital surplus

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

- B. Details of capital surplus – stock warrants are provided in Note 6 (19).

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

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

- E. As of March 28, 2017, the appropriation of earnings for the year ended December 31, 2016 has not yet been proposed by the Board of Directors and resolved by the shareholders.
- F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(31).

(25) Other equity items

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

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

(26) Operating revenue

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

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

(24) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be used to set aside as legal reserve, and set aside as special reserve in accordance with Article 41 of Securities and Exchange Act. The remainder, if any, to be appropriated shall be proposed by the Board of Directors. If cash dividends are distributed, they shall account for at least 20% of the total dividends distributed.
- Employees of the Company's subsidiaries are entitled to receive the distribution of earnings. The terms shall be defined by the Board of Directors.
- B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2015 and 2014 had been resolved at the stockholders' meeting on June 22, 2016 and June 24, 2014, respectively. Details are summarized below:

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

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(27) Other income

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

(28) Other gains and losses

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

(29) Finance costs

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

(30) Additional information of expenses by nature

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

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(31) Employee benefit expense

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

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 0.01% ~5% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2016 and 2015, employees' compensation was both accrued at \$20,892; while directors' remuneration was both accrued at \$30,000. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were accrued based on the profit of current year distributable for the year ended December 31, 2016 and the percentage as prescribed by the Company's amended Articles of Incorporation. As of March 28, 2017, the amount has not been resolved by the Board of Directors. Abovementioned employees' compensation will be distributed in the form of cash.

The difference between employees' compensation of \$12,238 and directors' remuneration of \$30,000 as resolved by the Board of Directors and employees' compensation of \$20,892 and directors' remuneration of \$30,000 recognised in the 2015 financial statements by \$8,654 had been adjusted in the profit or loss of the first quarter in 2016. The employees' compensation was distributed in the form of cash.

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

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(32) Income tax

A. Income tax expense

a) Components of income tax expense:

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

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

	Year ended December 31, 2015				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effect from adjustments in entities	December 31
- Deferred tax assets:					
Temporary differences					
Unrealised allowance for inventory obsolescence	\$ 23,131	\$ 2,783	\$ -	\$ -	\$ 25,914
Unrealised sales discount	91,337	(26,393)	-	-	64,944
Bad debts expense	33,783	(4,829)	-	1,966	30,920
Unrealised expense	65,013	(41,959)	-	-	23,054
Investment loss	82,582	(80,297)	-	7,642	9,927
Pensions	47,156	10,071	28,235	7,146	92,608
Others	32,363	39,818	-	1,941	74,122
Loss carryforward	<u>120,790</u>	<u>(112,244)</u>	<u>-</u>	<u>4,985</u>	<u>13,531</u>
	<u>496,155</u>	<u>(213,050)</u>	<u>28,235</u>	<u>23,680</u>	<u>335,020</u>
- Deferred tax liabilities:					
Investment income	(301,921)	(21,220)	-	-	(323,141)
Reserve for building increment	(23,905)	-	-	-	(23,905)
Land revaluation increment tax	(30,156)	-	-	-	(30,156)
Pensions	(21,181)	9,452	105	-	(11,624)
Cumulative translation adjustments	(21,019)	(202)	(12,285)	(1,265)	(34,771)
Others	(35,249)	17,611	-	(823)	(18,461)
	<u>(433,431)</u>	<u>5,641</u>	<u>(12,180)</u>	<u>(2,088)</u>	<u>(442,058)</u>
	<u>\$ 62,724</u>	<u>(\$ 207,409)</u>	<u>\$ 16,055</u>	<u>\$ 21,592</u>	<u>(\$ 107,038)</u>

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

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

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

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

F. Unappropriated retained earnings:

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

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

H. Creditable ratio of appropriated retained earnings:

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

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(33) Earnings per share

Year ended December 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	\$ 5,312,875	1,672,401	\$ 3.18
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 5,312,875	1,672,401	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	72,163	146,584	
Employees' compensation	-	874	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,385,038	1,819,859	\$ 2.96
Year ended December 31, 2015			
	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	\$ 5,420,469	1,655,681	\$ 3.27
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 5,420,469	1,655,681	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	78,944	152,624	
Employees' compensation	-	1,003	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,499,413	1,809,308	\$ 3.04

(34) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

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

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

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

(35) Business combinations

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

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

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

(36) Supplemental cash flow information

A. Partial payment of cash from investing activities

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

B. Cash flow information relating to acquisition of subsidiary:

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

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

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

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

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C. Information on the cash flow of subsidiary disposed:

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

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

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

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

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

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E. Payables to related parties

	December 31, 2016	December 31, 2015
Accounts payable		
Associates	\$ 12,679	\$ 2,121

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

F. Endorsements and guarantees provided to related parties:

	December 31, 2016	December 31, 2015
Associates	\$ 72,562	\$ -

G. Others

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

(3) Key management compensation

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

8. PLEDGED ASSETS

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

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

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

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7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Significant transactions and balances with related parties

A. Operating revenues

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

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

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

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

C. Receivables from related parties

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

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

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

The above pertain mainly to advance payments.

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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:

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

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:

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

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

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital risk management

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

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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).

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

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

- 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.
- 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)).

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

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

- 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.
- 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.
- 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.
- 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:

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	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

	December 31, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD : TWD	\$ 451,107	32.83	\$ 14,807,574
USD : RMB	16,589	6.57	544,544
USD : HKD	36,138	7.75	1,186,224
USD : KRW	12,131	1,167.94	398,210
USD : JPY	21,340	120.37	700,477
USD : MYR	8,274	4.30	271,588
RMB : USD	559,155	0.15	2,792,977
HKD : USD	158,132	0.13	669,687
Non-monetary items			
RMB : USD	24,439	0.15	122,073
Financial liabilities			
Monetary items			
USD : TWD	685,980	32.83	22,517,286
USD : RMB	86,387	6.57	2,835,647
USD : KRW	23,181	1,167.94	760,911
USD : JPY	20,870	120.37	685,052
USD : MYR	7,899	4.30	259,272
USD : INR	8,875	66.35	291,316
HKD : USD	72,611	0.13	307,510
RMB : USD	90,653	0.15	452,812
SGD : USD	6,498	0.71	151,081
v. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015 amounted to \$67,925 and \$26,504, respectively.			

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

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

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	Year ended December 31, 2015		
	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%	\$ 148,076	\$ -
USD : RMB	1%	5,445	-
USD : HKD	1%	11,862	-
USD : KRW	1%	3,982	-
USD : JPY	1%	7,005	-
USD : MYR	1%	2,716	-
RMB : USD	1%	27,930	-
HKD : USD	1%	6,697	-
Financial liabilities			
Monetary items			
USD : TWD	1%	225,173	-
USD : RMB	1%	28,356	-
USD : KRW	1%	7,609	-
USD : JPY	1%	6,851	-
USD : MYR	1%	2,593	-
USD : INR	1%	2,913	-
HKD : USD	1%	3,075	-
RMB : USD	1%	4,528	-
SGD : USD	1%	1,511	-

Price risk

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

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securities classified as available-for-sale, respectively.

Interest rate risk

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

b) Credit risk

- 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.
- No credit limits were exceeded during the years ended December 31, 2016 and 2015, and management does not expect any significant losses from non-performance by these counterparties.
- 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.
- The ageing analysis of financial assets that were past due is provided in Note 6(5)B.
- The individual analysis of financial assets that had been impaired is provided in Notes 6(5)C. and 6(16).

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c) Liquidity risk

- 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.
- 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:

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	3,575,800	-	-	-
Long-term loans (including current portion)	7,563,604	4,754,522	292,917	264,796

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

Derivative financial liabilities:

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

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

(3) Fair value information

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

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

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

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

included in Level 2.

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

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

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

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	\$ 32,557	\$ -	\$ -	\$ 32,557
Forward exchange contracts	-	29,709	-	29,709
Available-for-sale financial assets				
Equity securities	288,213	76,185	6,684	371,082
	\$ 320,770	\$ 105,894	\$ 6,684	\$ 433,348
Liabilities				
Recurring fair value measurements				
Forward exchange contracts	\$ -	\$ 26,719	\$ -	\$ 26,719

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

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

(c) When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) Forward exchange contracts are usually valued based on the current forward exchange rate.

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

(f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

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

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

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

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

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

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

Management is responsible for managing and reviewing valuation processes.

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

	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 December 31, 2015	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:

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

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	Input	Change	December 31, 2015			
			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

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

(2) Information on investee companies

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

(3) Information on investments in Mainland China

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

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

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Year ended December 31, 2015:

	World Peace Industrial Co., Ltd. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Asian Information Technology Inc. and its subsidiaries	Yousun Industrial Corp. and its subsidiaries	Genuine C&C Inc. and its subsidiaries	Others	Eliminations	Total
Revenue from external customers	\$ 223,222,853	\$ 61,897,657	\$ 80,081,066	\$ 103,820,384	\$ 8,762,136	\$ 37,732,393	\$ -	\$515,536,489
Revenue from internal customers	10,521,828	3,567,359	1,609,336	10,414,526	2,310	3,728,942	(29,844,301)	-
Total revenue	\$ 233,744,681	\$ 65,465,016	\$ 81,690,402	\$ 114,234,910	\$ 8,764,446	\$ 41,461,335	\$ (29,844,301)	\$515,536,489
Segment profit (loss)	\$ 3,164,550	\$ 1,630,238	\$ 2,293,765	\$ 1,836,742	\$ 135,324	\$ 115,538	\$ (2,164,179)	\$ 13,339,376
Net income	\$ 3,040,713	\$ 876,147	\$ 1,192,293	\$ 850,066	\$ 11,807	\$ 5,291,030	\$ (5,826,124)	\$ 5,435,932

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

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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, Yousun 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)

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

Year ended December 31, 2016:

	World Peace Industrial Co., Ltd. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Asian Information Technology Inc. and its subsidiaries	Yousun Industrial Corp. and its subsidiaries	Genuine C&C Inc. and its subsidiaries	Others	Eliminations	Total
Revenue from external customers	\$ 249,223,370	\$ 59,006,403	\$ 85,249,021	\$ 87,175,880	\$ 9,997,292	\$ 46,266,847	\$ -	\$ 536,918,813
Revenue from internal customers	11,602,099	4,111,763	2,229,529	8,864,484	765,135	3,772,933	(31,445,943)	-
Total revenue	\$ 260,825,469	\$ 63,118,166	\$ 87,478,550	\$ 96,040,364	\$ 10,762,427	\$ 50,039,780	\$ (31,445,943)	\$ 536,918,813
Segment profit	\$ 6,240,071	\$ 1,220,938	\$ 2,326,864	\$ 1,940,634	\$ 241,627	\$ 615,660	\$ (1,437,622)	\$ 14,139,425
Net income	\$ 2,186,566	\$ 585,892	\$ 1,351,453	\$ 1,140,408	\$ 60,857	\$ 5,095,940	\$ (5,470,428)	\$ 5,590,598

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4) Information on product and service

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

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

5) Geographical information

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

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

6) Major customer information

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

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Table 1

No.	Creditor Corp.	Borrower Young Singapore Pte. Ltd.	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2016	Balance at December 31, 2016	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	Estimated
			No. Creditor Young Singapore Pte. Ltd.		Y \$	64,824 \$	59,422 \$	59,422	2.50	2	\$	-	None	-	71,253 \$	Note 1
13	Young Industrial Corp.	Young Industrial Pte. Ltd.	Other receivables - related parties	Y	322,800	-	-	0.00	2	\$	-	-	-	-	-	Note 6
14	Young Hong Kong Corp. Ltd.	Young Hong Kong Corp. Ltd.	Other receivables - related parties	Y	1,616,000	1,616,000	967,500	2.33	2	-	-	-	-	-	3,345,431	Note 7
15	Young South China Corp. Ltd.	Young South China Corp. Ltd.	Other receivables - related parties	Y	175,446	115,125	115,125	2.80	2	-	-	-	-	-	205,211	Note 7
15	Young South China Corp. Ltd.	Young South China Corp. Ltd.	Other receivables - related parties	Y	69,255	69,255	69,125	2.80	2	-	-	-	-	-	205,211	Note 7
16	Young Shanghai Corp. Ltd.	Young Shanghai Corp. Ltd.	Other receivables - related parties	Y	309,319	184,600	184,600	2.80	2	-	-	-	-	-	364,293	Note 7
16	Young Shanghai Corp. Ltd.	Young Shanghai Corp. Ltd.	Other receivables - related parties	Y	147,244	147,244	147,244	2.80	2	-	-	-	-	-	364,293	Note 7
17	Gaick Corp. Ltd.	Young Hong Kong Corp. Ltd.	Other receivables - related parties	Y	1,616,000	1,616,000	1,161,000	1.20	2	-	-	-	-	-	1,692,823	Note 4
18	WPG Investment Co., Ltd.	WPG Holdings Limited	Other receivables - related parties	Y	150,000	150,000	110,000	1.18	2	-	-	-	-	-	182,934	Note 2
19	WPG International Trading (Shanghai) Technology Investment Management Co., Ltd.	Habei Xueheng Investment Management Co., Ltd.	Other receivables - related parties	N	46,170	-	-	0.00	2	-	-	-	-	-	97,268	Note 7 and 10
20	WPG International Limited	WPG (CNC) Limited (Hong Kong)	Other receivables - related parties	Y	1,790,250	1,616,000	409,425	2.12	2	-	-	-	-	-	13,444,382	Note 7
20	WPG International Limited	Long-Thick International (Hong Kong) Limited	Other receivables - related parties	Y	451,300	161,250	74,175	2.12	2	-	-	-	-	-	13,444,382	Note 7
20	WPG International Limited	WPG One Year Fund (Hong Kong) Limited	Other receivables - related parties	Y	1,128,750	-	-	0.00	2	-	-	-	-	-	13,444,382	Note 7

Table 1, Page 3

Table 1, Page 1

No.	Creditors	Borrowers	General ledger account	Is a related party	Maximum balance during the year ended December 31, 2016	Balance at December 31, 2016	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	
												Rm. Value	Provision				
20	WPG China Inc. (Hong Kong) Limited	WPG China Inc. (Hong Kong) Limited	Other receivables - related parties	Y	\$ 387,000	\$ 387,000	\$ 387,000	1.80	2	\$ -	Operation	\$ -	-	-	\$ 5,793,195	Note 3	
21	WPG China Inc. (Hong Kong) Limited	WPG China Inc. (Hong Kong) Limited	Other receivables - related parties	Y	190,250	-	-	0.00	2	-	Operation	-	-	-	-	2,960,130	Note 3
21	WPG China Inc. (Hong Kong) Limited	WPG China Inc. (Hong Kong) Limited	Other receivables - related parties	Y	1,451,125	967,250	-	0.00	2	-	Operation	-	-	-	-	1,345,287	Note 3
21	WPG China Inc. (Hong Kong) Limited	WPG China Inc. (Hong Kong) Limited	Other receivables - related parties	Y	1,612,250	1,612,250	-	0.00	2	-	Operation	-	-	-	-	1,345,287	Note 3
22	Evergreen Enterprise Co., Ltd.	Femas Electronics Co., Ltd.	Other receivables - related parties	Y	150,000	150,000	150,000	1.37	2	-	Operation	-	-	-	-	1,345,287	Note 3
23	Silicon Application Company Limited	Silicon Application Company Limited	Other receivables - related parties	Y	709,250	709,250	709,250	1.00	2	-	Operation	-	-	-	-	1,345,287	Note 3
23	Silicon Application Company Limited	Silicon Application Company Limited	Other receivables - related parties	Y	258,000	-	-	0.00	2	-	Operation	-	-	-	-	1,345,287	Note 3
23	Silicon Application Company Limited	Silicon Application Company Limited	Other receivables - related parties	Y	64,250	-	-	0.00	2	-	Operation	-	-	-	-	561,127	Note 7
23	Silicon Application Company Limited	Silicon Application Company Limited	Other receivables - related parties	Y	23,275	22,275	22,275	1.60	2	-	Operation	-	-	-	-	57,174	Note 7
23	Silicon Application Company Limited	Silicon Application Company Limited	Other receivables - related parties	Y	516,000	-	-	0.00	2	-	Operation	-	-	-	-	2,052,856	Note 7
23	Silicon Application Company Limited	Silicon Application Company Limited	Other receivables - related parties	Y	64,250	64,250	64,250	2.12	2	-	Operation	-	-	-	-	2,052,856	Note 7
23	Silicon Application Company Limited	Silicon Application Company Limited	Other receivables - related parties	Y	3,325,500	3,325,500	290,250	2.10	2	-	Operation	-	-	-	-	2,052,856	Note 7
23	Silicon Application Company Limited	Silicon Application Company Limited	Other receivables - related parties	Y	548,250	548,250	548,250	1.30	2	-	Operation	-	-	-	-	4,019,651	Note 6

Table 1, Page 4

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

Expressed in thousands of NTD (Except as otherwise indicated)												
Number	Endorser/ guarantor	Party being endorsed/guaranteed		Maximum outstanding endorsement/ guarantee amount as of December 31, 2016	Outstanding endorsement/ guarantee amount as of December 31, 2016	Amount of endorsement/ guarantee secured with collateral	Ratio of accomplished endorsement/ guarantee of the endorser/ guarantor	Provision of endorsement/ guarantee to the parent company	Provision of endorsement/ guarantee to the subsidiary in financial distress	Provision of endorsement/ guarantee to the party in financial distress	Expressed in thousands of NTD (Except as otherwise indicated)	
		Company name	Relationship with the endorser/ guarantor								Y	Chen
0	WFO Holdings Limited	World Peace International Pte. Ltd.	Note 3	\$ 24,935,240	\$ 82,311	\$ 82,311	0.17	24,935,240	N	N	Note 4 and 5	Note 4 and 5
1	World Peace International Pte. Ltd.	WFO America Inc.	Note 3	193,260	193,260	3,328	-	6.10	6,341,108	N	N	Note 7
1	World Peace International Pte. Ltd.	WFO C&C Compagny with Guarantee (H.K.) Private Ltd.	Note 1	240,325	240,325	-	-	7.83	6,341,108	N	N	Note 7
1	World Peace International Pte. Ltd.	World Finance International (South Africa) Private Ltd.	Note 1	4,580,375	3,370,325	2,673,421	-	106.29	6,341,108	N	N	Note 7
2	WFO South Asia Pte. Ltd.	WFO India Electronic Private Pte. Ltd.	Note 1	1,345,287	16,125	-	-	2.40	1,345,287	N	N	Note 12
3	Young Industrial Corp.	Young Singapore Corp. Pte. Ltd.	Note 1	12,399,128	1,281,550	578,086	-	10.44	24,398,256	N	N	Note 10
3	Young Industrial Corp.	Young Hong Kong Corp.	Note 1	12,399,128	2,880,000	656,405	-	20.98	24,398,256	N	N	Note 10
3	Young Industrial Corp.	Strick Incorporated	Note 1	12,399,128	1,612,260	1,134,222	-	13.11	24,398,256	N	N	Note 10
3	Young Industrial Corp.	Richway Electronic Devices Co., Limited	Note 1	12,399,128	350,000	-	-	2.85	24,398,256	N	N	Note 10
4	World Peace International Pte. Ltd.	WFO International (Hong Kong) Limited	Note 1	10,205,134	3,681,660	239,636	-	18.64	16,328,215	N	N	Note 6
4	World Peace International Pte. Ltd.	Vine WFO Limited	Note 3	10,205,134	72,562	72,562	-	0.36	16,328,215	N	N	Note 6

Table 2. Page 7

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Minimum outstanding amount as of December 31, 2016	Outstanding endorsement/ guarantee amount as of December 31, 2016	Amount of endorsement/ guarantee secured with collateral	Actual amount drawn down	Ratio of endorsement/ guarantee of the endorser/ guarantor	Provision of endorsement/ guarantee to the party in financial distress	Expressed in thousands of USD (except as otherwise indicated)
		Company name	Relationship with the endorser/ guarantor							
4	World Peace International Pte. Ltd.	WPI International (Hong Kong) Limited	Note-1	\$ 10,205,134	\$ 2,229,898	-	\$ 674,147	9.16	16,328,215	Note 6
4	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Note-1	10,205,134	790,500	-	790,500	3.48	16,328,215	Note 6
4	World Peace International Pte. Ltd.	WFO China Inc. Ltd.	Note-3	10,205,134	198,660	-	-	0.00	16,328,215	Note 6
4	World Peace International Pte. Ltd.	Long Think International (Hong Kong) Limited	Note-1	10,205,134	354,750	-	-	0.00	16,328,215	Note 6
5	Silicon Apparel Corp.	S&C Components (South Asia) Pte. Apparel Corp.	Note-1	5,977,610	64,200	-	-	0.00	6,347,038	Note 9
6	Frutick Technology Corporation	Frutick Technology Inc.	Note-2	1,978,354	481,250	-	223,724	18.72	1,265,643	Note 8
7	Genuine C&C Inc. Technology Management Co., Ltd.	Illust Xindong Technology Management Co., Ltd.	Note-1	422,685	265,732	-	-	0.00	528,357	Note 11 and 13
7	Genuine C&C Inc. Technology Management Co., Ltd.	Peng Yu (Shanghai) Technology Co., Ltd.	Note-1	422,685	285,840	-	-	8.74	528,357	Note 11
8	Asia Information Technology Inc. Corporation	Frutick Technology Co., Ltd.	Note-1	2,397,291	1,262,660	-	126,646	23.06	2,996,613	Note 8
8	Asia Information Technology Inc. Corporation	WFO China Inc. Technology Inc.	Note-3	2,397,291	16,125	-	148	0.27	2,996,613	Note 8
8	Asia Information Technology Inc. Corporation	AIT Japan Inc. Technology Inc.	Note-1	2,397,291	644,600	-	79,088	10.76	2,996,613	Note 8

Table 2. Page 8

Note 1: The company and its subsidiary hold the same share of the same company.

Note 2: The company and its subsidiary hold the same share of the same company.

Note 3: An affiliate.

No.	Creditor	Borrower	General ledger account	Is a party to the transaction	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allotment for disposal accounts	Limit on loans granted to a single party	Ceiling on total loans granted to all parties	Estimate of total loans granted
24	Strick Limited	Young Hong Kong Corp. Ltd.	Other receivables - related parties	Y	\$ 445,050	\$ -	0.00	2	\$ -	Operation	-	None	\$ -	451,211

24	Strick Limited	WFO America Inc. Indefinite Co., Ltd.	Other receivables - related parties	Y	445,050	445,050	2.07	2	-	Operation	-	None	-	451,211
25	Strick Incorporated	Young Hong Kong Corp. Ltd.	Other receivables - related parties	Y	483,750	-	0.00	2	-	Operation	-	None	-	616,568
25	Strick Incorporated	Richway Electronic Devices Co., Ltd.	Other receivables - related parties	Y	322,300	19,540	1.24	2	-	Operation	-	None	-	616,568
26	Frutick Technology Corporation	Apache Communication Inc. Corporation	Other receivables - related parties	Y	483,750	-	0.00	2	-	Operation	-	None	-	1,038,354
26	Frutick Technology Corporation	Asia Information Technology Inc.	Other receivables - related parties	Y	516,000	258,000	1.43	2	-	Operation	-	None	-	1,038,354
27	Genuine C&C Inc. Technology Co., Ltd.	Peng Yu (Shanghai) Technology Co., Ltd.	Other receivables - related parties	Y	92,340	92,340	3.20	2	-	Operation	-	None	-	105,671
28	Richway Electronic Devices Co., Limited	WFO Korea Co., Ltd.	Other receivables - related parties	Y	161,250	161,250	2.20	2	-	Operation	-	None	-	1,790,739
29	Long Think International Trading (Shanghai) Ltd.	WFO International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	41,553	41,553	2.80	2	-	Operation	-	None	-	99,917
30	Asia Information Technology Inc.	Apache Communication Inc. Corporation	Other receivables - related parties	Y	322,300	-	0.00	2	-	Operation	-	None	-	2,397,291
31	Long Think Technology Inc.	Long Think International Co., Ltd.	Other receivables - related parties	Y	130,000	50,000	0.00	2	-	Operation	-	None	-	230,667
32	Nice Technology Co., Limited	Richway Electronic Devices Co., Ltd.	Other receivables - related parties	Y	145,125	-	0.00	2	-	Operation	-	None	-	154,624

Table 1. Page 5

No.	Creditor	Borrower	General ledger account	Is a party to the transaction	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allotment for disposal accounts	Limit on loans granted to a single party	Ceiling on total loans granted to all parties	Estimate of total loans granted
33	Peng Yu (Shanghai) Technology Co., Ltd.	Illust Xindong Technology Management Co., Ltd.	Other receivables - related parties	Y	\$ 23,055	\$ -	0.00	2	\$ -	Operation	-	None	\$ -	46,292
33	Peng Yu (Shanghai) Technology Co., Ltd.	Young Shanghai Technology Corp. Ltd.	Other receivables - related parties	Y	6,926	6,926	0.60	2	-	Operation	-	None	-	46,292

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

Note 2: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 3: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 4: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 5: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 6: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 7: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 8: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 9: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 10: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 11: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 12: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 13: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 14: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 15: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 16: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 17: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 18: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 19: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 20: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 21: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 22: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 23: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

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Note 25: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 26: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 27: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 28: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 29: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 30: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

Note 31: Accumulated financing activities and the individual limit in any company or person should not be in excess of 100% of creditor's net assets.

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

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

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

Table 3. Page 11

WVGI Holdings Limited and Subsidiaries									
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital									
Year ended December 31, 2016									
Investor	Marketable securities	General ledger account	Relationship with the securities issuer	Balance as at January 1, 2016		Addition		Disposal	
				Number of shares (thousands)	Amount (thousands)	Number of shares (thousands)	Amount (thousands)	Number of shares (thousands)	Amount (thousands)
WVGI China Inc.	CECT Technology Co. Ltd.	None 1	Continuingly participated in capital increase	-	\$ -	117,693	\$ 117,693	-	\$ -
	CECT Technology Co. Ltd.	Note 1	Parent of an electronic company in China	-	-	405,678	-	-	465,678

Note 1: Accounting for under the equity method.
Note 2: The Company invested \$455,796 and recognised share of profit (loss) and other interests of associate accounted under equity method amounted \$19,281.

Table 4

Expressed in thousands of RMB

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Relationship with the securities issuer	Balance as at January 1, 2016		Addition		Disposal		Balance as at December 31, 2016	
				Number of shares (thousands)	Amount (thousands)	Number of shares (thousands)	Amount (thousands)	Number of shares (thousands)	Amount (thousands)	Number of shares (thousands)	Amount (thousands)
WVGI China Inc.	CECT Technology Co. Ltd.	Note 1	Continuingly participated in capital increase	-	\$ -	117,693	\$ 117,693	-	\$ -	-	\$ -
	CECT Technology Co. Ltd.	Note 1	Parent of an electronic company in China	-	-	405,678	-	-	-	-	465,678

Note 1: Accounting for under the equity method.
Note 2: The Company invested \$455,796 and recognised share of profit (loss) and other interests of associate accounted under equity method amounted \$19,281.

Table 4. Page 12

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 transactions, which is the higher between sales and purchases. The limit to the Company and its subsidiaries' (such loan to other companies is 50% of the Company's net assets. The guarantee amount to a subsidiary which is 50%-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 WVGI Investment Co., Ltd. which have been pledged for purchases of World Power Investment Co., Ltd. This amount should not exceed 10% of the Company's net assets. The guarantee amount to a subsidiary which is 50%-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 6: The cumulative guarantee amount and the guarantee amount to a single company both should not be in excess of 100% of guarantor's net assets. However, guarantee amount to a single overseas affiliate 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 50% of guarantor's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transactions, 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 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's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transactions, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.

Note 8: The cumulative guarantee amount to others should not be in excess of 200% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 100% of guarantor's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transactions, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.

Note 9: The cumulative guarantee amount to others should not be in excess of 200% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 100% of guarantor's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transactions, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.

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

Note 11: The cumulative guarantee amount to others should not be in excess of 200% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 100% of guarantor's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transactions, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.

Note 12: The cumulative guarantee amount to others should not be in excess of 200% of the Company's net assets. The guarantee amount to a single company should not be in excess of 100% of the Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transactions, which is the higher between sales and purchases. The guarantee amount to a subsidiary which is 50%-100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets.

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

Table 2. Page 9

WVGI Holdings Limited and Subsidiaries									
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)									
Year ended December 31, 2016									
Investor	Marketable securities	Relationship with the securities issuer	General ledger account	Balance as at December 31, 2016		Addition		Disposal	
				Number of shares (in thousands)	Book value	Overweighting (%)	Fair value (Note 1)	Number of shares (in thousands)	Book value
WVGI Holdings Limited	Ability Venture Capital Corporation, etc. - Equity securities	None	Financial assets at cost - non-current	-	\$ 171,815	-	\$ 171,815	-	\$ 171,815
WVGI Holdings Limited	Yibao Partners LP - Funds	None	Financial assets at cost - non-current	-	138,217	-	138,217	-	138,217
Silicon Applications Corp.	Genmax Photonics Inc. etc. - Equity securities	None	Available-for-sale financial assets - non-current	-	14,109	-	14,109	-	14,109
World Power Industrial Co., Ltd.	Franklin International Corp. etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	25,607	-	25,607	-	25,607
ARCT Technology Co., Ltd.	Huo-Bei (Tianjin) Corp. - Equity securities	None	Available-for-sale financial assets - non-current	668	6,684	3.32	6,684	-	6,684
Younan Industrial Corp.	Forestar Taiwan Scientific Corp. etc. - Equity securities	None	Financial assets at cost - non-current	-	3,511	-	3,511	-	3,511
Younan Industrial Corp.	Nichinrade Corporation	None	Available-for-sale financial assets - non-current	9,647	235,389	5.78	235,389	-	235,389
Genmax C&C Inc.	Systemwide Technology - Equity securities	None	Financial assets at cost - non-current	700	8,800	9.00	8,800	-	8,800
Huo-Trick Co., Ltd.	Mega Diamond Money Market	None	Financial assets measured at fair value through profit or loss	-	20,377	-	20,377	-	20,377
Redpower Photonics Device Co., Ltd.	Yuanster Technology Co., Ltd. etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	20,979	-	20,979	-	20,979
Alce Technology Co., Ltd.	Franklin Technology Co., Ltd. - Equity securities	None	Available-for-sale financial assets - non-current	1,368	7,149	4.00	7,149	-	7,149
WVGI Investment Co., Ltd.	CDRI CME Fund Ltd. etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	99,767	-	99,767	-	99,767
WVGI Investment Co., Ltd.	Mind China Jet Biotechnology Co., Ltd. etc. - Equity securities	None	Available-for-sale financial assets - non-current	-	43,679	-	43,679	-	43,679
Silicon Applications (JWV) Corp.	Apelle Electronics Group Ltd. etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	41,887	-	41,887	-	41,887
Win-Win System Ltd.	Silicon Electronics Company(s) Pte. Ltd. - Equity securities	None	Financial assets at cost - non-current	180	-	-	-	-	-
WVGI South Asia Pte. Ltd.	VIMOS Technologies GmbH - Equity securities	None	Financial assets at cost - non-current	20	697	9.00	697	-	697

Table 3

Expressed in thousands of RMB

(Except as otherwise indicated)

Table 3. Page 10

Table 5

Payee/seller	Counterparty	Relationship with the counterparty	Transaction			Difference in transaction terms compared to third party			Non-recourse receivable payable		
			Purchase (sales)	Amount	Percentage of total purchases (sales)	Transactions			Non-recourse receivable payable		
						Credit term	Unit price	Chilli term	Balance	Balance	Percentage of total non-recourse receivable payable
			\$			None 7	None 7	\$			
WPF Holdings Limited	World Peace Industrial Co., Ltd.	Same parent company	Sales	255,007 (	47.59)	None 7	None 7		4,100	45.39	
WPF Holdings Limited	World Peace Industrial Co., Ltd.	-	-	(115,111)	(19.56)	-	-	-	4,388	47.88	
WPF Holdings Limited	Asian Information Technology	-	-	(116,608)	(19.55)	-	-	-	18	0.20	
WPF Holdings Limited	Yunan Industrial Corp.	-	-	(150,429)	(0.15)	None 3	None 3		28,297	0.13	
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	-	-	(366,129)	(0.47)	-	-	-	33,118	0.16	
World Peace Industrial Co., Ltd.	WPF Technology Co., Ltd.	-	-	(16,818,740)	(16.97)	-	-	-	1,358,530	6.44	
World Peace Industrial Co., Ltd.	WPF International (Hong Kong) Limited	-	-	(1,600,938)	(1.61)	-	-	-	420,195	1.59	
World Peace Industrial Co., Ltd.	WPF Electronics (HK) Limited	-	-	(800,230)	(38.15)	-	-	-	52,698	13.79	
Longview Technology Inc.	WPF International (Hong Kong) Limited	Investment under equity method	-	(843,093)	(76.75)	-	-	-	205,630	98.34	
Genuine C&C (Shanghai) Pte Ltd.	P.T. WPF Electronic Jaya Ltd.	-	-	(296,153)	(1.60)	-	-	-	87,503	1.83	
World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	Same parent company	-	(603,240)	(2.49)	-	-	-	39,543	0.82	
World Peace International (South Asia) Pte Ltd.	Genuine C&C (India/China) Pte Ltd.	-	-	(4,300,474)	(17.14)	-	-	-	1,779,019	37.00	
World Peace International (South Asia) Pte Ltd.	WPF SCM Limited	-	-	(715,340)	(2.69)	-	-	-	90,003	1.04	
World Peace International (South Asia) Pte Ltd.	WPF C&C (Malaysia) Sdn Bhd	-	-	(135,979)	(0.31)	-	-	-	25,394	0.53	
World Peace International (South Asia) Pte Ltd.	WPF C&C (Thailand) Co., Ltd.	-	-	(1,307,632)	(4.89)	-	-	-	254,567	5.29	
World Peace International (South Asia) Pte Ltd.	WPF C&C (Cambodia and Philippines) Private Limited	-	-	(377,628)	(0.27)	-	-	-	74,110	0.28	
World Peace International (South Asia) Pte Ltd.	WPF China Inc.	-	-	(5,984,316)	(4.20)	-	-	-	481,740	1.83	
WPF International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	-	-	(1,600,938)	(1.61)	-	-	-	420,195	1.59	

Table 5, Page 13

Differences in transaction terms compared to third party transactions									
Relationship with the counterparty	Counterparty	Purchase (sales)	Transaction			Percentage of total purchases (sales)			
			Amount	Credit term	Unit price	Credit term	Balance	Percentage of total nonrecurrent receivable (payable)	
		\$	257,306 (	0.13)	Note 3	Note 3	\$		0.06
-	Same parent company	-	(264,894) (	0.19)	-	-	-	36,610	0.12
-	WPG International (Hong Kong) Limited	WPG Korea Co., Ltd.	-	-	-	-	-	-	-
-	WPG International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	(1,960,593) (	1.39)	-	-	-	339,460	1.33
-	WPG International (Hong Kong) Limited	WPG SCM Limited	(828,179) (	0.58)	-	-	-	39,651	0.15
-	Investment under equity method	VITEC NVCI Limited	(140,216) (	0.10)	-	-	-	13,781	0.05
-	Same parent company	WPG International Trading (Shanghai) Ltd.	(306,523) (	0.22)	-	-	-	46,225	0.18
-	WPG International (Hong Kong) Limited	WPG Electronic (HK) Limited	(172,686) (	0.12)	-	-	-	124,266	0.47
-	WPG International (Hong Kong) Limited	WPG China (SZ) Inc.	(2,812,249) (	1.97)	-	-	-	876,530	3.34
-	WPG International (Hong Kong) Limited	WPG C&C Limited	(656,293) (	0.39)	-	-	-	96,697	11.20
-	WPG International (Hong Kong) Limited	WPG International Trading (Shanghai) Ltd.	(1,221,911) (	19.45)	-	-	-	370,652	46.16
-	Long-Think International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	(255,779) (	16.34)	-	-	-	20,606	7.84
-	Long-Think International (Hong Kong) Limited	Longview Technology Inc.	(198,466) (	12.67)	-	-	-	19,901	7.80
-	Long-Think International (Hong Kong) Limited	Longview Technology Inc.	(377,223) (	24.89)	-	-	-	38,323	15.41
-	WPG International (Hong Kong) Limited	WPG SCM Limited	(227,297) (	0.40)	30 days after monthly billings	Note 4	-	11,399	0.10
-	WPG International (Hong Kong) Limited	WPG International (Hong Kong) Limited	(151,968) (	0.27)	-	-	-	46,695	6.46
-	WPG International (Hong Kong) Limited	Pennax Electronic Co., Ltd.	(148,613) (	0.20)	-	-	-	21,714	0.20
-	WPG International (Hong Kong) Limited	Pennax Enterprise Co., Ltd.	(111,284) (	0.20)	-	-	-	5,184	0.05
-	WPG International (Hong Kong) Limited	WPG Electronic (HK) Limited	(2,847,788) (	4.60)	90 days after monthly billings	-	-	766,064	7.04
-	WPG International (Hong Kong) Limited	WPG China (SZ) Inc.	(1,616,221) (	1.81)	120 days after monthly billings	-	-	282,303	2.59
-	Pennax Electronic Co., Ltd.	Pennax Enterprise Co., Ltd.	(399,193) (	15.45)	90 days after monthly billings	-	-	113,615	10.53

Table 5. Page 14

Differences in transaction terms compared to third party

Debit card holder	Debit card issuer	Relationship with the company	Counterparty	Transaction			Percentage of total purchases (sales)			Percentage of total invoices/receivable (payable)		
				Purchases (sales)	Amount	Credit term	Credit term	Unit price	Credit term	Balance	Trade payables	Trade receivables
		Some parent company		\$	391,664	1.16	Credit 60 days	Note 5	Note 5	\$	21,250	0.50
Youn Hong Kong Corp. Ltd.	WPS SCM Limited	-	WPS SCM Limited	-	(1,272,583)	5.24	Note 6	Note 6	Note 6	334,075	7.85	
Youn Hong Kong Corp. Ltd.	WPS China (SZ) Inc.	-	WPS China (SZ) Inc.	-	(1,203,173)	3.56	Credit 75 days	Note 5	Note 5	49,094	1.16	
Youn Hong Kong Corp. Ltd.	Richpower Electronic Devices Co., Limited	-	Richpower Electronic Devices Co., Limited	-	(136,151)	0.40	Credit 75 days	-	-	2,476	0.06	
Youn Hong Kong Corp. Ltd.	Youn Singapore Pte. Ltd.	-	Youn Singapore Pte. Ltd.	-	(182,140)	3.85	Credit 75 days	-	-	1,449	0.27	
Youn Singapore Pte. Ltd.	WPS SCM Limited	-	WPS SCM Limited	-	(482,379)	10.20	Credit 60 days	-	-	2,626	0.27	
Youn Singapore Pte. Ltd.	Youn Hong Kong Corp. Ltd.	-	Youn Hong Kong Corp. Ltd.	-	(1,440,970)	15.83	Note 6	Note 6	Note 6	393,850	22.60	
Richpower Electronic Devices Co., Limited	WPS Electronics (HK) Limited	-	WPS Electronics (HK) Limited	-	(285,245)	3.19	-	-	-	-	-	0.00
Richpower Electronic Devices Co., Limited	Richpower Electronic Devices Co., Ltd.	-	Richpower Electronic Devices Co., Ltd.	-	(282,619)	3.89	-	-	-	9,459	0.54	
Richpower Electronic Devices Co., Ltd.	WPS Electronics (HK) Limited	-	WPS Electronics (HK) Limited	-	(290,243)	12.93	-	-	-	27,456	23.45	
Mei Technology Co., Ltd.	Richpower Electronic Devices Co., Ltd.	-	Richpower Electronic Devices Co., Ltd.	-	(325,671)	13.43	-	-	-	5,716	4.86	
Mei Technology Co., Ltd.	Richpower Electronic Devices Co., Ltd.	-	Richpower Electronic Devices Co., Ltd.	-	(112,832)	1.19	-	-	-	3,380	0.24	
Richpower Electronic Devices Co., Limited	WPS Electronics (HK) Limited	-	WPS Electronics (HK) Limited	-	(362,523)	2.71	-	-	-	26,322	1.84	
Richpower Electronic Devices Co., Limited	Youn Hong Kong Corp. Ltd.	-	Youn Hong Kong Corp. Ltd.	-	(750,303)	65.87	30 days after monthly billings	Note 4	Note 4	87,508	29.20	
Ping Yu (Shanghai) Digital Technology Co., Ltd.	WPS Electronics (HK) Limited	-	WPS Electronics (HK) Limited	-	(480,249)	5.45	90 days after monthly billings	Note 5	Note 5	75,975	4.04	
WPS China Inc.	WPS China (SZ) Inc.	-	WPS China (SZ) Inc.	-	(244,083)	2.87	30 days after monthly billings	Note 4	Note 4	17,181	0.63	
WPS American Inc.	World Peace Industrial Co., Ltd.	-	World Peace Industrial Co., Ltd.	-	(186,633)	2.19	30 days after monthly billings	-	-	10,783	0.39	
WPS American Inc.	WPS International (Hong Kong) Limited	-	WPS International (Hong Kong) Limited	-	(456,994)	81.12	Note 7	Note 7	Note 7	-	0.00	
WPS South Asia Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	-	World Peace International (South Asia) Pte. Ltd.	-	(105,529)	18.73	-	-	-	-	0.00	
WPS South Asia Pte. Ltd.	Youn Singapore Pte. Ltd.	-	Youn Singapore Pte. Ltd.	-	(153,823)	2.17	-	-	-	-	0.00	
WPS Electronics (HK) Limited	World Peace Industrial Co., Ltd.	-	World Peace Industrial Co., Ltd.	-	(138,187)	1.70	-	-	-	-	0.00	
WPS Electronics (HK) Limited	Silicon Application Corp.	-	Silicon Application Corp.	-	(235,385)	3.19	-	-	-	-	0.00	
WPS Electronics (HK) Limited	WPS International (Hong Kong) Limited	-	WPS International (Hong Kong) Limited	-	(235,385)	3.19	-	-	-	-	0.00	

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Differences in transaction terms compared to third party transactions	Transaction			Notes/amount receivable (payable)	
	Counterparty	Relationship with the counterparty	Invoice/total purchases (sales)	Credit term	Balance
		Same parent company	Amount	1-71	
	WPG Electronics (HK) Limited	WPG Electronics (HK) Limited	\$ 138,224 (	None 7	None 7
	WPG China Inc.	WPG China Inc.	(418,599) (	None 5	None 5
	WPG China (SZ) Inc.	WPG China Inc.		60 days after monthly billing	107,527
					3.41

Note 1: At 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 price 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 3: The terms and sales price 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 4: The terms and sales price 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 price 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 terms and sales price 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 1: As an entry priced product, consolidated subsidiaries exceeding \$100 million are voluminous; the related information disclosed here is from the sales report.

Note 2: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 0-30 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 30-60 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. The collection period is 60-90 days from the end of the month of sales.

Note 5: Similar to other plant points.

Note 6: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 0-30 days from the end of the month of sales.

Note 7: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30-60 days from the end of the month of sales.

Note 8: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60-90 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. The collection period is 90-120 days from the end of the month of sales.

Table 5. Page 17

WPG Holdings Limited and Subsidiaries						Expensed in thousands of HKD (except as otherwise indicated)
Receivables from related parties reaching \$100 million or 20% of paid-up capital or more Year ended December 31, 2016						
Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2016 (Note 1)	Turnover rate (Note 1)	Amount	
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same parent company	\$ 1,356,530	6.75	\$ -	Amount collected at the balance sheet date (Note 3): 1,349,838 \$
World Peace Industries Co., Ltd.	WPG Electronics (HK) Limited	-	420,195	4.40	-	312,770
Gumiste CSCC (Indo-China) Pte Ltd.	P.T. WPG Electronics Jaya	Investment made equity method	205,690	3.15	-	96,360
World Peace International (South Asia) Pte Ltd.	WPG SCSM Limited	Same parent company	1,779,019	2.67	-	30,086
World Peace International (South Asia) WPG CSCC Corporation and Proprietary WPI International (Hong Kong) Pte Ltd.	WPG CSCC Corporation and Proprietary WPI International (Hong Kong) Pte Ltd.	-	254,567	5.25	-	-
World Peace International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	-	481,740	13.55	-	481,740
WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	-	350,460	5.75	-	350,460
WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	-	124,206	0.29	-	67,645
WPI International (Hong Kong) Limited	WPG China (SEI) Inc.	-	876,510	3.25	-	577,004
WPG CSCC Limited	WPI International Trading (Shanghai) Ltd.	-	370,652	4.66	-	220,131
Silicon Application Corp.	WPG Electronics (HKG) Limited	-	766,961	3.31	-	628,422
Silicon Application Corp.	WPG China (SEI) Inc.	-	382,393	3.20	-	182,664
Everlume Enterprise Co., Ltd.	Everlume Enterprise Co., Ltd.	-	111,545	4.14	-	112,252
Forever Enterprise Co., Ltd.	Forever Enterprise Co., Ltd.	-	220,672	3.97	-	204,708
Ridgeway Electronic Device Co., Ltd.	WPG Electronics (HK) Limited	-	395,589	2.84	-	345,557
Asia Information Technology Inc.	Apexic Communication Inc.	-	212,531	6.15	-	212,531
Asia Information Technology Inc.	AIT Japan Inc.	-	239,110	5.14	-	239,110
Apexic Communication Inc.	Asia Information Technology Inc.	-	151,128	9.73	-	151,128

Table 6. Page 18

Overdue receivables						
Company	Relationship with the company	Balance as at December 31, 2016 (Note 3)	Turnover time (days)	Amount collected subsequent to latest date (Note 3)		
				Amount	Advised date	Amount for doubtful account
	Same parent company	\$	1 to 3	\$		\$
Frank Technology Corporation	WPI International (Hong Kong) Limited	123,408	2.23	-	-	123,408
Frank Technology Corporation	WPI Electronics (HK) Limited	189,539	2.23	-	-	83,028
Frank Technology Corporation	Yousun Hong Kong Corp. Ltd.	215,636	24.83	-	-	215,636
Yousun Hong Kong Corp. Ltd.	WPG China Inc.	733,562	2.74	-	-	706,381
Yousun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	334,975	3.28	-	-	171,241
WPG China (SZ) Inc.	WPG China Inc.	107,527	5.64	-	-	-
WPG Holdings Limited	World Peace International Co., Ltd.	155,949	0.00	-	-	-
WPG Holdings Limited	Asian Information Technology Inc.	107,010	0.00	-	-	-
World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	122,745	0.00	-	-	-
World Peace International (South Asia) Pte Ltd.	WPG China Inc.	326,831	0.00	-	-	-
World Peace International (South Asia) Pte Ltd.	WPI American Inc.	1,952,263	0.00	-	-	-
World Peace International (South Asia) Pte Ltd.	WPI International (Hong Kong) Limited	646,037	0.00	-	-	245
World Peace International (South Asia) Pte Ltd.	WPG South Asia Pte. Ltd.	103,175	0.00	-	-	103,175
WPI International (Hong Kong) Limited	WPG China Inc.	391,483	0.00	-	-	-
WPI International (Hong Kong) Limited	WPG C&C Limited	498,985	0.00	-	-	498,985
APVO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	720,986	0.00	-	-	4
Silicon Application (WVI) Corp.	Silicon Application Corp.	1,264,318	0.00	-	-	-
Silicon Application Company Limited	Silicon Application Corp.	718,690	0.00	-	-	-
Silicon Application Company Limited	WPG Korea Co., Ltd.	292,335	0.00	-	-	-
Silicon Application Company Limited	WPI International (Hong Kong) Limited	552,129	0.00	-	-	-
Everwin Enterprise Co., Ltd.	Pernox Electronic Co., Ltd.	151,279	0.00	-	-	-
Everwin Enterprise Co., Ltd.	Asian Information Technology Inc.	258,776	0.00	-	-	-

Table 6, Page 19

Overdue receivables							Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
Creditor	Counterparty	Relationship with the counterparty	Instance as at December 31, 2016 (Note 1)	Turnover time (Note 2)	Amount	Active item		
Stetec Incorporated	Richpower Electronic Device Co., Ltd.	Same parent company	\$	194,239	0.00	\$	\$	
Stetec Limited	WPG American Inc.	*		445,123	0.00	-	-	
Yousu Hang Kong Corp. Ltd.	WPG American Inc.	*		971,139	0.00	-	4,639	
Gluck Corp. Ltd.	Yousu Hang Kong Corp. Ltd.	*		1,164,423	0.00	-	-	
Yousu South China Corp. Ltd.	WPG China (SZ) Inc.	*		115,701	0.00	-	278	
Yousu Shanghai Corp. Ltd.	WPG China Inc.	*		147,744	0.00	-	-	
WPG Shanghai Corp. Ltd.	WPG China (SZ) Inc.	*		184,890	0.00	-	200	
Richpower Electronic Devices	Yousu Singapore Pte Ltd.	*		209,959	0.00	-	314	
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	*		561,668	0.00	-	-	
WPG Investment Co., Ltd.	WPG Holdings Limited	Parent company		110,782	0.00	-	-	

Note 1: Balance as at December 31, 2016 includes other receivables that exceed \$100,000.
 Note 2: Turnover rate of 0.00 was caused by the receivables amount recorded as other receivables, and thus the turnover rate is not applicable.
 Note 3: The subsequent collections are amounts collected as of March 28, 2017.

Table 6, Page 20

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 7

Transaction						
Number (Note 1)	Company name (Note 2)	Relationship (Note 2)	Counterparty	General ledger account	Amount	Transaction terms (Note 3)
0	WVG Holdings Limited	1	World Peace Industrial Co., Ltd.	Sales	283,467	Note 11
0	WVG Holdings Limited	1	Asia Information Technology Inc.	-	115,311	Note 11
0	WVG Holdings Limited	1	Youn Industrial Corp.	-	116,608	Note 11
1	World Peace Industrial Co., Ltd.	3	Genuine C&C Inc.	-	159,429	Note 11
1	World Peace Industrial Co., Ltd.	3	AI&C Technology Co., Ltd.	-	364,129	Note 5
1	World Peace Industrial Co., Ltd.	3	WPI International (Hong Kong) Limited	-	16,818,746	Note 5
1	World Peace Industrial Co., Ltd.	3	WVG Electronics (HK) Limited	-	1,600,030	Note 5
2	Longview Technology Inc.	3	WPI International (Hong Kong) Limited	-	880,128	Note 5
3	World Peace International (South Asia) Pte Ltd.	3	World Peace Industrial Co., Ltd.	-	266,153	Note 5
3	World Peace International (South Asia) Pte Ltd.	3	Genuine C&C (India) China Pte Ltd.	-	663,248	Note 5
3	World Peace International (South Asia) Pte Ltd.	3	WPI SCM Limited	-	4,280,747	Note 5
3	World Peace International (South Asia) Pte Ltd.	3	WVG C&C (Malaysia) Sdn Bhd	-	715,140	Note 5
3	World Peace International (South Asia) Pte Ltd.	3	WVG C&C (Thailand) Co., Ltd.	-	135,979	Note 5
3	World Peace International (South Asia) Pte Ltd.	3	WVG C&C Computers and Peripherals (India) Private Limited	-	1,307,682	Note 5
4	WPI International (Hong Kong) Limited	3	WVG China Inc.	-	377,938	Note 5
4	WPI International (Hong Kong) Limited	3	World Peace Industrial Co., Ltd.	-	5,994,316	Note 5
4	WPI International (Hong Kong) Limited	3	Silicon Applications Corp.	-	257,206	Note 5
4	WPI International (Hong Kong) Limited	3	WVG Korea Co., Ltd.	-	264,494	Note 5

Table 7, Page 21

Transaction						
Number (Note 1)	Company name (Note 2)	Relationship (Note 2)	Counterparty	General ledger account	Amount	Transaction terms (Note 3)
4	WPI International (Hong Kong) Limited	3	World Peace Industrial (South Asia) Pte Ltd.	Sales	1,560,459	Note 5
4	WPI International (Hong Kong) Limited	3	WVG SCM Limited	-	828,179	Note 5
4	WPI International (Hong Kong) Limited	3	WPI International Trading (Shanghai) Ltd.	-	306,523	Note 5
4	WPI International (Hong Kong) Limited	3	WVG Electronics (HK) Limited	-	172,686	Note 5
4	WPI International (Hong Kong) Limited	3	WVG China (SZ) Inc.	-	2,412,249	Note 5
5	WVG C&C Limited	3	WPI International (Hong Kong) Limited	-	656,293	Note 5
5	WVG C&C Limited	3	WPI International Trading (Shanghai) Ltd.	-	1,521,911	Note 5
6	Long-Think International (Hong Kong) Limited	3	World Peace Industrial Co., Ltd.	-	255,779	Note 5
6	Long-Think International (Hong Kong) Limited	3	Longview Technology Inc.	-	198,456	Note 5
6	Long-Think International (Hong Kong) Limited	3	WPI International (Hong Kong) Limited	-	377,222	Note 5
7	Silicon Application Corp.	3	WVG SCM Limited	-	227,207	Notes 9 and 11
7	Silicon Application Corp.	3	WPI International (Hong Kong) Limited	-	151,608	Notes 9 and 11
7	Silicon Application Corp.	3	Pennas Electronics Co., Ltd.	-	148,613	Notes 9 and 11
7	Silicon Application Corp.	3	Powerwin Enterprise Co., Ltd.	-	111,284	Notes 9 and 11
7	Silicon Application Corp.	3	WVG Electronics (HK) Limited	-	2,247,788	Notes 9 and 14
7	Silicon Application Corp.	3	WVG China (SZ) Inc.	-	1,016,224	Notes 6 and 9
8	Pennas Electronics Co., Ltd.	3	Powerwin Enterprise Co., Ltd.	-	599,104	Notes 9 and 14
9	Powerwin Enterprise Co., Ltd.	3	Pennas Electronics Co., Ltd.	-	1,429,457	Notes 9 and 14
9	Powerwin Enterprise Co., Ltd.	3	WVG China (SZ) Inc.	-	176,196	Notes 9 and 6
10	Asia Information Technology Inc.	3	Silicon Application Corp.	-	197,295	Note 4
10	Asia Information Technology Inc.	3	WPI International (Hong Kong) Limited	-	106,276	Note 4
10	Asia Information Technology Inc.	3	WVG China (SZ) Inc.	-	162,052	Note 4
10	Asia Information Technology Inc.	3	Apache Communication Inc.	-	688,859	Note 4
10	Asia Information Technology Inc.	3	Powerwin Technology Corporation	-	381,863	Note 4
10	Asia Information Technology Inc.	3	AIT Japan Inc.	-	1,042,025	Note 4

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Transaction						
Number (Note 1)	Company name (Note 2)	Relationship (Note 2)	Counterparty	General ledger account	Amount	Transaction terms (Note 3)
11	Apache Communication Inc.	3	Asia Information Technology Inc.	Sales	\$ 877,107	Note 4
11	Apache Communication Inc.	3	WPI International (Hong Kong) Limited	-	479,224	Note 4
11	Apache Communication Inc.	3	WVG Electronics (HK) Limited	-	144,739	Note 4
11	Apache Communication Inc.	3	WVG China (SZ) Inc.	-	146,380	Note 4
12	Frank Technology Corporation	3	WVG China Inc.	-	122,254	Note 4
12	Frank Technology Corporation	3	Asia Information Technology Inc.	-	480,106	Note 4
12	Frank Technology Corporation	3	WPI International (Hong Kong) Limited	-	134,962	Note 4
12	Frank Technology Corporation	3	WVG Electronics (HK) Limited	-	416,177	Note 4
13	AIT Japan Inc.	3	Asia Information Technology Inc.	-	1,452,242	Note 4
14	Youn Industrial Corp.	3	WVG China Inc.	-	664,559	Notes 7 and 8
14	Youn Industrial Corp.	3	WVG China (SZ) Inc.	-	365,078	Notes 7 and 8
14	Youn Industrial Corp.	3	Youn Hong Kong Corp. Ltd.	-	4,498,162	Notes 7 and 12
15	Seetec Incorporated	3	Youn Industrial Corp.	-	338,308	Notes 7 and 12
15	Seetec Incorporated	3	Youn Hong Kong Corp. Ltd.	-	510,732	Notes 7 and 12
16	Youn Hong Kong Corp. Ltd.	3	Youn Hong Kong Corp. Ltd.	-	3,859,317	Notes 7 and 8
16	Youn Hong Kong Corp. Ltd.	3	WVG China Inc.	-	653,426	Notes 7 and 12
16	Youn Hong Kong Corp. Ltd.	3	WVG SCM Limited	-	391,664	Notes 7 and 10
16	Youn Hong Kong Corp. Ltd.	3	WVG China (SZ) Inc.	-	1,772,993	Notes 7 and 8
16	Youn Hong Kong Corp. Ltd.	3	Relpower Electronic Devices Co., Limited	-	1,203,473	Notes 7 and 12
16	Youn Hong Kong Corp. Ltd.	3	Youn Singapore Pte Ltd.	-	136,153	Notes 7 and 12
17	Youn Singapore Pte Ltd.	3	WVG SCM Limited	-	182,140	Notes 7 and 10
17	Youn Singapore Pte Ltd.	3	Youn Hong Kong Corp. Ltd.	-	482,337	Notes 7 and 12
18	Relpower Electronic Devices Co., Ltd.	3	WVG Electronics (HK) Limited	-	1,148,978	Note 8
18	Relpower Electronic Devices Co., Ltd.	3	Relpower Electronic Devices Co., Limited	-	292,616	Note 8
19	Mez Technology Co., Limited	3	WVG Electronics (HK) Limited	-	299,244	Note 8
19	Mez Technology Co., Limited	3	Relpower Electronic Devices Co., Ltd.	-	325,467	Note 8
20	Relpower Electronic Devices Co., Limited	3	Relpower Electronic Devices Co., Ltd.	-	112,832	Note 8

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Transaction						
Number (Note 1)	Company name (Note 2)	Relationship (Note 2)	Counterparty	General ledger account	Amount	Transaction terms (Note 3)
20	Relpower Electronic Devices Co., Limited	3	Youn Hong Kong Corp. Ltd.	Sales	\$ 261,235	Note 8
21	Peng Yi (Shanghai) Digital Technology Co., Ltd.	3	WVG Electronics (HK) Limited	-	750,330	Notes 9 and 11
22	WVG China Inc.	3	WVG China (SZ) Inc.	-	403,740	Notes 9 and 14
23	WVG American Inc.	3	World Peace Industrial Co., Ltd.	-	244,403	Note 5
23	WVG American Inc.	3	WPI International (Hong Kong) Limited	-	186,433	Notes 9 and 11
24	WVG South Asia Pte. Ltd.	3	World Peace International (South Asia) Pte Ltd.	-	466,994	Note 10
24	WVG South Asia Pte. Ltd.	3	Youn Singapore Pte Ltd.	-	105,535	Note 10
25	WVG Electronics (HK) Limited	3	World Peace Industrial Co., Ltd.	-	175,822	Note 11
25	WVG Electronics (HK) Limited	3	Silicon Application Corp.	-	138,187	Note 11
25	WVG Electronics (HK) Limited	3	WPI International (Hong Kong) Limited	-	258,385	Note 11
25	WVG Electronics (HK) Limited	3	Youn Hong Kong Corp. Ltd.	-	138,224	Note 11
26	WVG China (SZ) Inc.	3	WVG China Inc.	-	418,599	Note 10
1	World Peace Industrial Co., Ltd.	3	WPI International (Hong Kong) Limited	Accounts receivable	1,358,510	Note 5
1	World Peace Industrial Co., Ltd.	3	WVG Electronics (HK) Limited	-	420,195	Note 5
2	World Peace International (South Asia) Pte Ltd.	3	WVG SCM Limited	-	1,779,019	Note 5
2	World Peace International (South Asia) Pte Ltd.	3	WVG C&C Computers and Peripherals (India) Private Limited	-	254,567	Note 5
3	WPI International (Hong Kong) Limited	3	World Peace Industrial Co., Ltd.	-	481,140	Note 5
3	WPI International (Hong Kong) Limited	3	World Peace International (South Asia) Pte Ltd.	-	876,510	Note 5
3	WPI International (Hong Kong) Limited	3	WVG Electronics (HK) Limited	-	124,296	Note 5
4	WVG C&C Limited	3	WVG China (SZ) Inc.	-	370,652	Note 5
4	Silicon Application Corp.	3	WPI International Trading (Shanghai) Ltd.	-	766,961	Note 5
4	Silicon Application Corp.	3	WVG China (SZ) Inc.	-	282,193	Notes 6 and 9
5	Pennas Electronics Co., Ltd.	3	Powerwin Enterprise Co., Ltd.	-	113,945	Notes 9 and 14

Table 7, Page 24

WPG Holdings Limited and Subsidiaries

Information on investments
Year ended December 31, 2016

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 8

Initial investment amount										Shares held as at December 31, 2015				Transaction			
Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2015	Ownership	Block value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognized by the Company for the year ended December 31, 2015	Number of shares	Share value	Percentage of consolidated total assets	Percentage of consolidated total assets	Number	Company name	Relationship	Transaction terms
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Taiwan	Sales of electronic components	1,548,234	1,548,234	99.1160000	100.00	2,185,322	2,185,322	99,116,000	28,412,312	0.14	0.14	6	Powline Enterprise Co., Ltd.	Contemporary	Notes 9 and 6
WPG Holdings Limited	Asian Information Technology Inc.	Taiwan	Sales of electronic components	4,093,464	4,093,464	34,612,267	100.00	5,993,227	1,351,453	34,612,267	5,993,227	0.12	0.12	7	Asian Information Technology Inc.	Contemporary	Notes 4
WPG Holdings Limited	Silicon Application Corp.	Taiwan	Sales of computer software and electronic components	4,717,962	4,717,962	406,570,000	100.00	6,547,938	585,902	406,570,000	6,547,938	0.13	0.13	8	ATP Japan Inc.	Contemporary	Notes 4
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	14,735	14,735	3,920,000	100.00	50,239	8,566	3,920,000	50,239	0.08	0.08	9	Freitach Technology Corporation	Contemporary	Notes 4
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	169,071	169,071	1,097,794	100.00	306,996	71,482	1,097,794	306,996	0.11	0.11	10	Younn Hong Corp. Ltd.	Contemporary	Notes 7 and 12
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	3,788,583	3,788,583	124,442,227	100.00	3,599,216	153,569	124,442,227	3,599,216	0.41	0.41	11	Younn Hong Corp. Ltd.	Contemporary	Notes 7 and 8
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	16,311,691	16,311,691	649,690,000	100.00	17,121,577	1,148,608	649,690,000	17,121,577	0.19	0.19	12	WPG China (SZ) Inc.	Contemporary	Notes 7 and 8
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	502,997	502,997	5,000,000	100.00	457,235	38,603	5,000,000	457,235	0.22	0.22	13	WPG China (SZ) Inc.	Contemporary	Notes 9 and 10
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	8,009	8,009	45,000	100.00	1,772	11,897	45,000	1,772	0.09	0.09	14	WPG China (SZ) Inc.	Contemporary	Notes 9 and 10
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	10,044	10,044	3,517,521	41.21	505,693	58,898	3,517,521	505,693	0.06	0.06	15	WPG China (SZ) Inc.	Contemporary	Notes 11
World Peace Industrial Co., Ltd.	World Peace International (PVT) Ltd.	British Virgin Islands	Holding company	1,132,162	1,132,162	34,196,293	100.00	3,268,381	250,927	34,196,293	3,268,381	0.07	0.07	16	World Peace International (PVT) Ltd.	Contemporary	Notes 13
World Peace Industrial Co., Ltd.	World Peace International (PVT) Ltd.	British Virgin Islands	Holding company	2,774,146	2,774,146	8,179,645	100.00	11,560,048	372,569	8,179,645	11,560,048	0.16	0.16	17	World Peace International (PVT) Ltd.	Contemporary	Notes 13

Table 8, Page 27

Initial investment amount										Shares held as at December 31, 2016			Investment income			Transaction		
Investor	Investee	Location	Main business activities	Balance as at December 31, 2016	Balance as at December 31, 2015	Ownership	Block value	Block value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognized by the Company for the year ended December 31, 2016	Number (Note 1)	Company name	Relationship (Note 2)	Amount	Transaction terms	Percentage of consolidated total operating revenue or total assets (Note 3)		
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic components	\$ 364,290	\$ 364,290	3,300,000	100%	\$ 578,620	\$ 63,333	\$ 63,333	6	Silicon Application Company Limited	Contemporary	WTI International (Hong Kong) Limited	\$ 552,129	Note 13	0.31	
											7	Everwin Enterprise Co., Ltd.	3	*	151,329	Note 13	0.08	
											8	Freitach Technology Corporation	3	*	258,776	Note 13	0.14	
World Peace Industrial Co., Ltd.	Changover Technology Corp.	Taiwan	Sales of electronic components	66,201	116,650	9,781,452	39.00	132,983	42,321		9	Stack Incorporated	3	*	194,219	Note 13	0.11	
											10	Stack Limited	3	*	445,123	Note 13	0.25	
World Peace Industrial Co., Ltd.	AEVO Technology Co., Ltd.	Taiwan	Sales of electronic components	1,408,555	1,408,555	9,460,000	100.00	1,799,071	154,544		11	WTG Americas Inc.	3	*	972,139	Note 13	0.54	
											12	Glack Corp. Ltd.	3	*	1,164,423	Note 13	0.65	
World Peace Industrial Co., Ltd.	Geminet C&C Inc.	Taiwan	Computer and its peripheral equipment	149,130	149,130	12,984,098	16.29	172,168	26,498		13	Younn South China Corp. Ltd.	3	*	115,703	Note 13	0.06	
											14	Younn Shanghai Corp. Ltd.	3	*	147,744	Note 13	0.08	
Longview Technology Inc.	Longview Technology GT Limited	British Virgin Islands	Holding company	3,932,28	3,932,28	11,200,000	100.00	361,629	22,290		15	WTG China Inc.	3	*	184,880	Note 13	0.10	
Longview Technology Inc.	Long-Shun International Co., Ltd.	Taiwan	Sales of electronic components	37,302	37,302	4,800,000	100.00	51,206	8,263		16	Rickpower Electronic Device Pte., Ltd.	3	*	209,959	Note 13	0.12	
											17	WTG South Asia Pte. Ltd.	3	*	563,668	Note 13	0.31	
												WTG Holdings Limited	2	*	110,782	Note 13	0.06	
Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows: (1) Parent company is "W". (2) Subsidiary to parent company. (3) Relationship between transaction company and contemporary is classified into the following three categories: (1) Parent company to subsidiary. (2) Subsidiary to parent company. (3) Subsidiary to subsidiary.																		
Note 2: The relationship between transaction company and contemporary is classified into the following three categories: (1) Parent company to subsidiary. (2) Subsidiary to parent company. (3) Subsidiary to subsidiary.																		
Note 3: The amount pertains mainly to receivables from related parties for collections of sales on behalf of the Company.																		
Note 4: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 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 90-120 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 were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.																		
Note 8: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 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. The collection period is 90-120 days from the end of the month of sales.																		
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: The collection period is 90 days from the end of the month of sales.																		
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.																		

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Table 7, Page 25

Initial investment amount										Shares held as at December 31, 2016				Transaction				
Investor	Investee	Location	Main business activities	Balance as at December 31, 2016	Balance as at December 31, 2016	Ownership	Block value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognized by the Company for the year ended December 31, 2016	Number of shares	Share value	Percentage of consolidated total assets	Percentage of consolidated total assets	Number	Company name	Relationship	Transaction terms	
World Peace Industrial Co., Ltd.	Langview Technology Inc.	Taiwan	Sales of electronic components	364,290	364,290	3,300,000	100.00	578,620	63,333	3,300,000	578,620	0.14	0.14	6	Silicon Application Corp. Limited	Contemporary	Notes 13	
World Peace Industrial Co., Ltd.	Changover Technology Corp.	Taiwan	Sales of electronic components	66,201	116,650	9,781,452	39.00	132,983	42,321	9,781,452	132,983	0.08	0.08	7	Powline Enterprise Co., Ltd.	Contemporary	Notes 13	
World Peace Industrial Co., Ltd.	AEVO Technology Co., Ltd.	Taiwan	Sales of electronic components	1,408,555	1,408,555	9,460,000	100.00	1,799,071	154,554	9,460,000	1,799,071	0.14	0.14	8	Freitach Technology Corporation	Contemporary	Notes 13	
World Peace Industrial Co., Ltd.	Geminet C&C Inc.	Taiwan	Computer and its peripheral equipment	149,130	149,130	12,984,098	16.29	172,168	26,498	12,984,098	172,168	0.11	0.11	9	Stack Incorporated	Contemporary	Notes 13	
Langview Technology Inc.	Langview Technology Co., Ltd.	British Virgin Islands	Holding company	3,932,28	3,932,28	11,200,000	100.00	361,629	22,290	11,200,000	361,629	0.54	0.54	10	Stack Incorporated	Contemporary	Notes 13	
Langview Technology Inc.	Langview Technology Co., Ltd.	British Virgin Islands	Holding company	37,302	37,302	4,800,000	100.00	51,206	8,263	4,800,000	51,206	0.05	0.05	11	Younn Hong Corp. Ltd.	Contemporary	Notes 13	
AEVO Technology Co., Ltd.	Two Enterprise Holding (PVT) Ltd.	British Virgin Islands	Investment company	416,280	416,280	12,810,000	100.00	786,128	12,867	12,810,000	786,128	0.06	0.06	12	Glack Corp. Ltd.	Contemporary	Notes 13	
Silicon Application Corp.	Silicon Application (PVT) Corp.	British Virgin Islands	Holding company	786,402	786,402	22,000,000	100.00	3,284,171	38,839	22,000,000	3,284,171	0.08	0.08	13	Younn Hong Corp. Ltd.	Contemporary	Notes 13	
Silicon Application Corp.	Win-Win Systems Ltd.	British Virgin Islands	Holding company	24,013	24,013	765,000	100.00	26,248	21	765,000	26,248	0.10	0.10	14	Younn Hong Corp. Ltd.	Contemporary	Notes 13	
Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Singapore	Sales of computer software and electronic components	104,210	104,210	3,500,000	100.00	115,574	1,452	3,500,000	115,574	0.21	0.21	15	Rick Limited	Contemporary	Notes 13	
Silicon Application Corp.	Win-Win Electronic Corp.	Taiwan	Sales of computer software and electronic components	-	10,000	-	0.00	-	239	-	10,000	-	0.06	0.06	16	WPG South Asia Pte. Ltd.	Contemporary	Notes 13
Silicon Application Corp.	Powline Electronics Co., Ltd.	Taiwan	Sales of electronic components	939,304	939,304	73,200,000	100.00	1,050,107	141,012	73,200,000	1,050,107	0.08	0.08	17	WPG Investment Co., Ltd.	Contemporary	Notes 13	

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) Subsidiary to parent company is "1";

(3) Subsidiary to subsidiary;

(4) Investment amount to consolidated total operating revenues or total assets, it is completed based on period-end balance of transaction is consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period of consolidated total operating revenues for income statement accounts.

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

(1) Parent company to subsidiary;

(2) Subsidiary to parent company;

(3) Subsidiary to subsidiary.

Note 3: Investment amount for the period of consolidated total operating revenues or total assets, it is completed based on period-end balance of transaction is consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period of 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 the terms and sales prices of the period of consolidated total operating revenues or total assets, it is completed based on period-end balance of transaction is consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period of consolidated total operating revenues for income statement accounts.

Note 8: 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 9: 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 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 72 days after sale.

Note 13: The collection period is 90 days from the end of the month of sales.

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.

Table 7, Page 26

WPT Holdings Limited and Subsidiaries
Information on Investments in Mainland China
Year ended December 31, 2016

Table 9
Expressed in thousands of RMB
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Balance as at December 31, 2015		Ownership (%)	Number of shares	Book value	Net profit (loss) of the investee for the year ended December 31, 2016 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2016 (Note 1)	Estimate
				2015	2016						
Adian Information Technology Inc.	Apelco Communication Inc.	Taiwan	Report and export business for electrical components	680,111	\$ 2,119,248	100.00	127,000,000	\$ 122,103	\$ 382,206		Notes 2 and 5
Adian Information Technology Inc.	Hanshan Electric Trading Co., Ltd.	Taiwan	Report and export business for electrical components	124,521	124,521	100.00	10,000,000	122,103	13,364		Notes 2 and 5
Adian Information Technology Inc.	Aditive Technology Co., Ltd.	Taiwan	Report and export business for electrical components	127,200	127,860	49.00	13,720,000	32,446	(27,541)		Notes 2 and 3
Adian Information Technology Inc.	Fenne Ltd International Co., Ltd.	British Virgin Islands	Investment company	155,538	155,538	4,701,107	100.00	30,014	28,103		Notes 2 and 5
Franklin Technology Corporation	Franklin International Limited	British Virgin Islands	Investment company	101,962	101,962	2,970,000	100.00	125,750	1,213		Notes 2 and 5
Young Industrial Corp.	Sunang Investment Limited	Cayman Islands	Investment company	1,512,188	1,812,188	50,700,000	100.00	4,912,098	205,720		Notes 2 and 5
Young Industrial Corp.	Serick Incorporated	Taiwan	Sales of electronic electrical components	1,616,722	1,616,722	94,828,100	100.00	1,835,839	295,603		Notes 2 and 5
Young Industrial Corp.	Pan-World Control Technologies, Inc.	Taiwan	Sales of electronic electrical components	19,920	19,920	1,600,000	24.24	205	-		Notes 2 and 3
Young Industrial Corp.	Insurance Corp.	Taiwan	Sales of electronic components	11,520	11,520	1,000,000	20.00	41,602	62,492		Notes 2 and 3
Young Industrial Corp.	Young Japan Corp.	Japan	Sales of electronic electrical components	44,172	44,172	15,015	50.00	37,828	1,993		Notes 2 and 3
Young Industrial Corp.	Relpower Electronic Devices Co., Ltd.	Taiwan	Sales of electronic electrical components	2,092,631	2,092,631	85,000,000	100.00	2,166,635	187,597		Notes 2 and 5
Serick Incorporated	Serick Limited	Hong Kong	Sales of electronic electrical components	81,494	81,494	19,500,000	100.00	451,211	19,877		Notes 2 and 5
Relpower Electronic Devices Co., Ltd.	Relpower Electronic Devices Co., Limited	Taiwan	Sales of electronic components	284,808	284,808	63,000,000	100.00	1,709,739	136,405		Notes 2 and 5
Relpower Electronic Devices Co., Ltd.	Mei Technology Co., Ltd.	Taiwan	Sales of electronic components	401,247	401,247	24,400,000	100.00	434,590	52,581		Notes 2 and 5

Table 8, Page 21

Investor	Investee	Location	Main business activities	Balance as at December 31, 2015		Ownership (%)	Number of shares	Book value	Net profit (loss) of the investee for the year ended December 31, 2016 (Note 1)	Investment income (loss) recognized by the Company for the year ended December 31, 2016 (Note 1)	Estimate
				2015	2016						
Mei Technology Co., Ltd.	Mei Technology Co., Limited	Hong Kong	Sales of electronic components	1,992	\$ 7,285	100.00	23,000	\$ 3,400			Notes 2 and 5
Mei Technology Co., Ltd.	Relpower Electronic Devices Pte., Ltd.	Singapore	Sales of electronic components	1,908	1,908	100.00	10,000	222,819	3,614		Notes 2 and 5
WPT Investment Co., Ltd.	Insurance Corp.	Taiwan	Sales of electronic components	11,520	11,520	1,000,000	20.00	41,076	62,492		Notes 2 and 3
WPT Investment Co., Ltd.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	17,800	17,800	1,563,218	22.86	-	-		Notes 2 and 3
WPT Investment Co., Ltd.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of component and its equipment	50,000	50,000	3,279,800	10.67	66,017	36,973		Notes 2 and 3
WPT Investment Co., Ltd.	Taiwan Creation Co., Ltd.	Taiwan	Retail business of other grocery	-	-	-	0.00	-	-		Notes 2 and 6
Femax Electronics Co., Ltd.	Everwin Enterprise Co., Ltd.	Taiwan	Sales of electronic electrical components	34,929	34,929	28,000,000	100.00	729,916	86,194		Notes 2 and 5
Femax Electronics Co., Ltd.	Reata Electronics (Hansu) Limited	Hansu	Sales of electronic electrical components	31,287	31,287	1,000,000	100.00	3,242	(638)		Notes 2 and 5
Genuine C&C Inc.	Huo-Tick Co., Ltd.	Taiwan	Investment and retail business of other grocery	79,999	79,999	8,000,000	100.00	31,976	(71,590)		Notes 2 and 5
Genuine C&C Inc.	Genuine C&C Holding Inc. (Seydell)	Seydell	Holding company	163,400	163,400	5,500,000	100.00	86,809	(201,773)		Notes 2 and 5
Genuine C&C Inc.	Taiwan Creation Co., Ltd.	Taiwan	Retail business of other grocery	26,995	26,995	4,000,000	100.00	13,906	(1,269)		Notes 2 and 5
Genuine C&C Inc.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of component and its equipment	12,636	12,636	1,682,151	5.47	14,214	36,973		Notes 2 and 3

Table 8, Page 20

Note 1: Investment income (loss) recognized by the company, including method (questionnaire) gain or loss from upstream intercompany transactions and amortization of investment discount (premium).
Note 2: Investment income (loss) recognized by the company, including method (questionnaire) gain or loss from upstream intercompany transactions and amortization of investment discount (premium).
Note 3: An investee company accounted for under the equity method by subsidiary.
Note 4: A subsidiary.
Note 5: An investee company accounted for under the equity method by subsidiary.
Note 6: An investee company accounted for under the equity method by subsidiary.
Note 7: Win Win Electric Corp. was liquidated in December 2016.

Table 9, Page 22

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Celling on investments in Mainland China imposed by the Investment Commission of MOEA
WFOI Holdings Limited	2,137,194	\$	2,246,302
World Peace Industrial Co., Ltd.	267,652		626,122
AIECO Technology Co., Ltd.	126,420		126,420
Silicon Application Corp.	13,922		20,242
Yusun Industrial Corp.	248,238		476,139
Sentek Incorporated	-		80,625
Relpower Electronic Devices Co., Ltd.	22,091		161,225
WFOI Investment Co., Ltd.	5,171		15,721
Perma Electronics Co., Ltd.	32,250		32,230
Genuine C&C Inc.	144,018		142,842

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

(2) The ceiling of investment from Taiwan to Mainland China imposed by the Investment Commission of MOEA is based on the investment amount approved by the Investment Commission of MOEA. Since the investment had been liquidated but the investment was not yet remitted back, the investment amount was included in the accumulated amount remitted out of Taiwan to Mainland China.

Table 9, Page 5

	Investment method (Note)	Investment in Mainland China as of January 1, 2016	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2016	Net income of investment for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2016	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016
Mec Technology (Shanghai) Co., Ltd.	Sales of electronic products	1	\$ 16,125	-	\$	-	\$	-	Note 2
Qingpu Technology Co., Ltd.	Business component	59,663	5,171	-	5,171	-	15,000	5,171	-
World Components Agent (Shanghai) Inc.	Sales of electronic components	6,450	6,450	-	6,450	630	100.00	3,225	-
Active Component Corp.	Sales of electronic components	-	25,800	-	25,800	-	-	-	Note 6
Taiwan Karyuan Innovations Digital Co., Ltd.	Development, import, export and sales of electronic products	-	25,009	-	25,009	-	-	-	Note 18
King No. (Shanghai) Digital Technology Co., Ltd.	Sales of electronic products	71,564	43,022	-	43,022	40,645	54.00	22,348	63,721
Hubei Xinsheng Technology Management Co., Ltd.	Sales of electronic products and peripherals	-	75,987	-	75,987	30,749	-	10,547	-

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

Note 2: It was liquidated in March, 2011.

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

Note 4: It was liquidated in December, 2008.

Note 5: It was liquidated in November, 2007.

Note 6: It was liquidated in November, 2011.

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

Note 8: WFOI International (Hong Kong) Limited acquired AIO Component Company Limited as of July 1, 2016, and AIO Shanghai Company Limited became the Company's indirect subsidiary. The investment of USD 460 thousand in AIO was excluded from the calculation of investment amount in Mainland China.

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

Table 9, Page 33

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

Note 11: Investment income was calculated based on unrounded ownership percentage held by the Company.

Note 12: It was liquidated in September, 2015.

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

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

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

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

Note 17: It was liquidated in August 2016.

Note 18: In December 2015, Genuine C&C Holding Inc. (Singapore) has sold Italian Karyuan Innovation Digital Co., Ltd. and the transaction amounted to RMB52,150 thousand.

Table 9, Page 24

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2016 AND 2015

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of WPG Holdings Limited

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

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

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.

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Impairment assessment of investments accounted for under equity method

Description

Please refer to Note 4(9) for accounting policy on investments accounted for under equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for under equity method, and Note 6(3) for details of investments accounted for under equity method.

In 2010, the Company acquired 100% shareholding of Yosun Industrial Corp. (referred herein as "Yosun Industrial") amounting to \$12,939,060 thousand, and was recognized as investments accounted for under equity method. The Company uses the estimated future cash flows of each cash-generating unit and proper discount rate to assesses whether the investment may be impaired. Given that the assumptions used in the calculation of recoverable amount requires significant management judgement with respect to the discount rate and the underlying cash flows, we consider impairment assessment of the investment a key audit matter.

How our audit addressed the matter

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

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

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Impairment assessment of investments accounted for under equity method

Description

Please refer to Note 4(9) for accounting policy on investments accounted for under equity method, and Note 6(3) for details of investments accounted for under equity method.

As at December 31, 2016, the balance of the Company's investments in its subsidiaries, World Peace Industrial Co., Ltd. (referred herein as "World Peace Industrial"), Yosun Industrial, Silicon Application Corp. (referred herein as "Silicon Application") and Asian Information Technology Inc. (referred herein as "Asian Information Technology") amounted to \$20,412,332 thousand, \$17,121,577 thousand, \$6,347,038 thousand and \$5,993,227 thousand, respectively, and the investment income amounted to \$2,185,322 thousand, 1,136,892 thousand, \$585,802 thousand and \$1,351,453 thousand, respectively for the year then ended. As the balance of investments accounted for under equity method constituted 88% of the Company's total assets, and investment income constituted 97% of the Company's profit before tax, we consider the assessment of investments accounted under using equity method, valuation of allowance for uncollectible accounts receivable, and recognition of purchase discounts and allowances of these subsidiaries as key audit matters as summarized below:

Valuation of allowance for uncollectible accounts receivable - World Peace Industrial, Yosun Industrial, Silicon Application and Asian Information Technology (collectively referred herein as the "Subsidiaries")

Description

Please refer to Note 4(9) of consolidated financial statements for accounting policy on accounts receivable, Note 5(2) of consolidated financial statements for uncertainty of accounting estimates and assumptions in relation to provision for uncollectible accounts receivable, and Notes 6(5)(16) of consolidated financial statements for details of accounts receivable and overdue receivables.

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

How our audit addressed the matter

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

1. Obtaining an understanding of, and evaluating the formal approval process for the customer's

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credit limit application.

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

Recognition of purchase discounts and allowances - subsidiaries

Description

Please refer to Note 4(12) of the consolidated financial statements for accounting policy on recognition of purchase discounts and allowances.

The Subsidiaries are engaged in operating sales channel for various electronic components. In line with industry practice, the Subsidiaries have entered into purchase discounts and allowances agreements with suppliers for various kinds and quantities of inventories. The Subsidiaries calculate and recognize the amount of purchase discounts and allowances in accordance with the agreement. The Subsidiaries negotiate the amount with the supplier, and after receiving credit note from supplier, the Subsidiaries pay the net amount.

The discounts and allowances from supplier are calculated either automatically by the system or manually. The Subsidiaries have to gather a lot of information to input in the system, such as the items subject to discount and corresponding discount rate, etc. Given that the Subsidiaries have a large volume of purchases, and has entered into various purchase discounts and allowances agreements with terms and conditions that vary with each agreement, we consider the recognition of purchase discounts and allowances a key audit matter.

How our audit addressed the matter

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

1. Understanding the process in recognizing purchase discounts and allowances, evaluating related internal control procedures and testing its effectiveness, checking the basic information set up in the computer system with respect to discount and allowance calculation randomly, and selecting

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samples to determine whether purchase discounts and allowances recognized were reviewed by an authorized supervisor.

2. Selecting samples of purchase discounts and allowances, obtaining confirmed documents and approved credit note from supplier for selected commodity's part number, and checking whether the part number and discount and allowance amount in obtained vouchers were consistent with the amounts recognized.
3. Performing confirmation of selected material accounts payable, checking whether there is a difference between the amount of purchase discounts and allowances recognized based on credit note from supplier with the amount confirmed by the supplier, and investigating differences, if any. Selecting samples of outstanding accounts payable and checking whether subsequent payments were made after the balance sheet date.

Responsibilities of management and those charged with governance for financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the financial statements to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Tseng, Audrey

Lin, Chun-Yao

for and on behalf of PricewaterhouseCoopers, Taiwan
March 28, 2017

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan 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.

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

	Assets	Notes	December 31, 2016		December 31, 2015	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 33,676	-	\$ 28,481	-
1180	Accounts receivable - related parties, net	7	9,165	-	66,760	-
1200	Other receivables		55	-	814	-
1210	Other receivables - related parties	7	295,002	1	327,771	1
1410	Prepayments		12,785	-	14,695	-
1470	Other current assets		499	-	4,022	-
11XX	Total current assets		351,182	1	442,543	1
Non-current assets						
1543	Financial assets carried at cost – non-current	6(2)	310,032	1	243,164	-
1550	Investments accounted for under equity method	6(3) and 8	54,845,435	97	56,377,857	98
1600	Property, plant and equipment	6(4)	25,097	-	27,233	-
1760	Investment property, net	6(5) and 8	726,089	1	731,429	1
1780	Intangible assets	6(6)	18,969	-	11,858	-
1840	Deferred income tax assets	6(22)	15,930	-	4,226	-
1900	Other non-current assets		10	-	10,615	-
15XX	Total non-current assets		55,941,562	99	57,406,382	99
1XXC	Total assets		\$ 56,292,744	100	\$ 57,848,925	100

(Continued)

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

Liabilities and Equity		Notes	December 31, 2016		December 31, 2015	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(8)	\$ 660,000	1	\$ 1,866,000	3
2110	Commercial papers payable	6(9)	899,333	2	899,665	2
2150	Notes payable		1,547	-	-	-
2200	Other payables		221,418	-	218,501	-
2220	Other payables - related parties	7	125,811	-	12,652	-
2230	Current income tax liabilities		448,830	1	556,672	1
2300	Other current liabilities	6(10)(11)	3,603,259	7	50,023	-
21XX	Total current liabilities		5,960,198	11	3,605,513	6
Non-current liabilities						
2530	Bonds payable	6(10)	-	-	5,875,383	10
2540	Long-term borrowings	6(11) and 8	453,118	1	499,583	1
2570	Deferred income tax liabilities	6(22)	45,124	-	67,257	-
2600	Other non-current liabilities	6(12)	36,423	-	32,769	-
25XX	Total non-current liabilities		534,665	1	6,474,992	11
2XXX	Total liabilities		6,494,863	12	10,078,505	17
Equity						
Capital						
3110	Share capital - common stock	6(13)	17,238,954	30	16,557,092	29
3130	Certificates of bond-to-stock conversion	6(10)	2,958	-	-	-
Capital surplus						
3200	Capital surplus	6(14)	16,901,053	30	15,187,178	26
Retained earnings						
3310	Legal reserve	6(15)	4,012,785	7	3,470,739	6
3350	Unappropriated earnings		10,734,088	19	10,002,877	17
Other equity interest						
3400	Other equity interest		908,063	2	2,553,776	5
3500	Treasury stocks	6(13)	-	-	(1,242)	-
3XXX	Total equity		49,797,881	88	47,770,420	83
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		\$ 56,292,744	100	\$ 57,848,925	100

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

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

Items	Notes	2016		2015	
		Amount	%	Amount	%
4000 Operating revenues	6(16) and 7	\$ 6,062,201	100	\$ 6,383,519	100
5000 Operating costs	6(6)(20)(21) and 7	(542,386)	(9)	(557,452)	(9)
5900 Gross profit		<u>5,519,815</u>	<u>91</u>	<u>5,826,067</u>	<u>91</u>
Non-operating income and expenses					
7010 Other income	6(5)(17)	21,157	-	21,213	1
7020 Other gains or losses	6(18)	(17,753)	-	869	-
7050 Financial costs	6(19)	(106,812)	(2)	(115,899)	(2)
7000 Total non-operating income and expenses		<u>(103,408)</u>	<u>(2)</u>	<u>(93,817)</u>	<u>(1)</u>
7900 Income before income tax		<u>5,416,407</u>	<u>89</u>	<u>5,732,250</u>	<u>90</u>
7950 Income tax expense	6(22)	(103,532)	(1)	(311,781)	(5)
8200 Profit for the year		<u>\$ 5,312,875</u>	<u>88</u>	<u>\$ 5,420,469</u>	<u>85</u>
Other comprehensive income / (loss), net					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Loss on remeasurement of defined benefit plan	6(12)	(\$ 4,057)	-	(\$ 5,722)	-
8330 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss		(62,549)	(1)	(131,906)	(2)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	690	-	973	-
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		<u>(65,916)</u>	<u>(1)</u>	<u>(136,655)</u>	<u>(2)</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(265,863)	(4)	78,033	1
8380 Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that will be reclassified to profit or loss		(1,425,047)	(24)	1,505,248	23
8399 Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	6(22)	45,197	-	(13,266)	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(1,645,713)</u>	<u>(28)</u>	<u>1,570,015</u>	<u>24</u>
8300 Other comprehensive (loss) income, net		<u>(\$ 1,711,622)</u>	<u>(29)</u>	<u>\$ 1,433,360</u>	<u>22</u>
8500 Total comprehensive income		<u>\$ 3,601,246</u>	<u>59</u>	<u>\$ 6,853,829</u>	<u>107</u>
Earnings per share (In dollars)					
9750 Basic earnings per share	6(23)	\$ 3.18		\$ 3.27	
9850 Diluted earnings per share	6(23)	\$ 2.96		\$ 3.04	

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

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

2016	Balance at January 1, 2016	Appropriations of 2016 net income (Note 1)	Legal reserve	Capital reserve	Special reserve	Unappropriated earnings	Other equity	Treasury stocks	Total equity
Balance at January 1, 2016	\$ 16,557,092	\$ -	\$ 3,470,739	\$ 15,187,178	\$ -	\$ 10,002,877	\$ -	\$ -	\$ 47,770,420
Legal reserve	-	-	580,718	-	-	-	-	-	580,718
Capital reserve	-	-	-	1,917,753	-	-	-	-	1,917,753
Special reserve	-	-	-	-	1,917,753	-	-	-	1,917,753
Unappropriated earnings	-	-	-	-	-	1,917,753	-	-	1,917,753
Other equity	-	-	-	-	-	-	347	-	347
Treasury stocks	-	-	-	-	-	-	-	(1,242)	(1,242)
Balance at December 31, 2016	<u>\$ 16,557,092</u>	<u>\$ -</u>	<u>\$ 4,051,457</u>	<u>\$ 17,104,931</u>	<u>\$ 1,917,753</u>	<u>\$ 11,920,630</u>	<u>\$ 347</u>	<u>\$ (1,242)</u>	<u>\$ 56,292,744</u>
Balance at January 1, 2015	\$ 16,557,092	\$ -	\$ 3,470,739	\$ 15,187,178	\$ -	\$ 10,002,877	\$ -	\$ -	\$ 47,770,420
Legal reserve	-	-	580,718	-	-	-	-	-	580,718
Capital reserve	-	-	-	1,917,753	-	-	-	-	1,917,753
Special reserve	-	-	-	-	1,917,753	-	-	-	1,917,753
Unappropriated earnings	-	-	-	-	-	1,917,753	-	-	1,917,753
Other equity	-	-	-	-	-	-	347	-	347
Treasury stocks	-	-	-	-	-	-	-	(1,242)	(1,242)
Balance at December 31, 2015	<u>\$ 16,557,092</u>	<u>\$ -</u>	<u>\$ 4,051,457</u>	<u>\$ 17,104,931</u>	<u>\$ 1,917,753</u>	<u>\$ 11,920,630</u>	<u>\$ 347</u>	<u>\$ (1,242)</u>	<u>\$ 56,292,744</u>

Note 1: The directors' and supervisors' remuneration in the amount of \$30,992 have been deducted in the income statement for 2016.
Note 2: The directors' and supervisors' remuneration in the amount of \$12,234 have been deducted in the income statement for 2015.
Note 3: The difference in employees' compensation for 2016 and 2015 was adjusted in the amount of \$1,242.

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

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

	Notes	2016	2015
Cash flows from operating activities			
Income before income tax		\$ 5,416,407	\$ 5,732,250
Adjustments to reconcile net income to net cash provided by operating activities:			
Income and expenses			
Depreciation	6(20)	24,116	24,028
Amortization	6(20)	8,959	10,976
Gain on disposal of investments	6(18)	-	(14,483)
Impairment loss	6(18)	7,985	5,200
Interest expense	6(19)	29,754	33,438
Interest income	6(17)	(157)	(377)
Share of profit of associates and joint ventures accounted for under the equity method		5,466,609	5,815,228
Amortisation of bond discount	6(19)	72,461	79,243
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable - related parties, net		57,595	(10,745)
Other receivables		759	(759)
Other receivables - related parties		586,483	470,369
Prepayments		1,910	(4,339)
Other current assets		3,523	1,815
Changes in operating liabilities			
Notes payable		1,547	-
Other payables		5,708	29,709
Other payables - related parties		3,159	7,392
Other current liabilities		(555)	45,792
Other non-current liabilities		(403)	1,398
Cash inflow generated from operations		752,642	595,679
Interest received		157	377
Dividends received		5,251,968	4,157,693
Interest paid		(30,201)	(32,970)
Income tax paid		(753,038)	(626,311)
Net cash provided by operating activities		5,221,528	4,094,468
Cash flows from investing activities			
Acquisition of financial assets carried at cost		(74,853)	(128,364)
Acquisition of investments accounted for under the equity method		(5,000)	(1,120,876)
Acquisition of property, plant and equipment	6(24)	(17,093)	(4,895)
Acquisition of intangible assets	6(24)	(17,961)	(10,186)
Decrease in refundable deposits		3,105	509
Decrease (increase) in prepayments for equipment		(2,500)	(7,500)
Net cash used in investing activities		(104,302)	(1,271,312)
Cash flows from financing activities			
Increase in short-term borrowings		12,425,000	13,226,000
Decrease in short-term borrowings		(13,631,000)	(12,019,000)
(Decrease) increase in commercial papers payable		(332)	149,836
Increase in other payables - related parties		150,000	-
Decrease in other payables - related parties		(40,000)	-
Decrease in long-term borrowings (including current portion of long-term borrowings)		(41,997)	(45,417)
Distribution of cash dividends	6(15)	(3,973,702)	(4,139,274)
Net cash used in financing activities		(5,112,031)	(2,827,855)
Net increase (decrease) in cash and cash equivalents		5,195	(4,699)
Cash and cash equivalents at beginning of year		28,481	33,180
Cash and cash equivalents at end of year		\$ 33,676	\$ 28,481

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

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

1. HISTORY AND ORGANIZATION

- 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 Pemas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology Inc. by exchanging shares of common stock on July 16, 2008, February 6, 2009, November 15, 2010 and March 1, 2012, respectively. After the Group'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., Pemas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. through share exchange, and consequently, AECO Technology Co., Ltd., Pemas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. became indirectly owned subsidiaries. The Company originally evaluated Genuine C&C, Inc. using equity method through its subsidiary, World Peace Industrial Co., Ltd. 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 and World Peace Industrial Co., Ltd. collectively held 60.5% shares of Genuine C&C, Inc. which became the Company's directly owned subsidiary.
- The Company's main business is to establish the group's management mechanism and supervise subsidiaries' operations, and enhance the group's overall effectiveness through integration and sharing of the resource platform. In accordance with the Company's Articles of Incorporation, the total shares of authorized common stock is 2 billion shares (including 50 million shares of warrant, warrant preferred stock and warrant bond conversion). As of December 31, 2016, the Company had issued capital of \$17,238,954 with a par value of \$10 (in dollars) per share.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 28, 2017.

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3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

- Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

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

- 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 (amendments to IFRS 2)	January 1, 2018

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New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Company's financial condition and operating results based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

- 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.
- 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

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significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The 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.

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exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

- 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.
- 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.
- 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.
- All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains or losses.

B. Translation of foreign operations

- The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - All resulting exchange differences are recognised in other comprehensive income.

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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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These parent company only financial statements are prepared by the Company in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

(2) Basis of preparation

- Except for the following item, these parent company only financial statements have been prepared under the historical cost convention:
Defined benefit liabilities are recognised based on the net amount of pension fund assets, less present value of defined benefit obligation.
- The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to

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- 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 Company 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.
- 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 Company 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.
- 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.

(4) Classification of current and non-current items

- Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - Assets held mainly for trading purposes;
 - Assets that are expected to be realised within twelve months from the balance sheet date;
 - 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.
- Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - Liabilities that are expected to be paid off within the normal operating cycle;
 - Liabilities arising mainly from trading activities;
 - Liabilities that are to be paid off within twelve months from the balance sheet date;
 - Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(5) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash

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commitment in operations are classified as cash equivalents.

(6) Loans and receivables

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 without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Impairment of financial assets

- A. The Company 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 Company uses to determine whether there is objective evidence of an impairment loss is as follows:
- Significant financial difficulty of the issuer or debtor;
 - The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - The disappearance of an active market for that financial asset because of financial difficulties;
 - 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;
 - 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
 - A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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(10) 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 Company 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 financial year-end. 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:
- | | |
|------------------------|-------------|
| Office equipment | 3 ~ 6 years |
| Leasehold improvements | 2 ~ 5 years |

(11) Operating leases

If substantially all the significant risks and rewards of rental object remain to lessor, the Company 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.

(12) 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 37-40 years.

(13) Intangible assets

Intangible assets are software which are amortised on a straight-line basis over the estimated useful life of 3 years.

(14) Impairment of non-financial assets

The Company 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

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- C. When the Company 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:

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.

(8) Derecognition of financial assets

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

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

(9) Investments accounted for under the equity method / subsidiaries

- Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- Unrealised profit (loss) arising from the transactions between the Company and subsidiaries have been offset.
- The Company'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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

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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.

(15) 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.

(16) 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.

(17) 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.

(18) 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, a financial liability or an equity instrument ('capital surplus - share options') in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

- 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.
- 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 - share options' at the residual amount of total issue price less amount of 'bonds payable - net' as stated above. Conversion options are not subsequently remeasured.
- Any transaction costs directly attributable to the issuance of convertible corporate bonds

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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 - share options.

(19) 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 plan

For defined contribution plan, 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 plan

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 Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan 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 currency and term of the employment benefit obligation.

ii. Remeasurement arising on defined benefit plan is recognised in other comprehensive income in the period in which they arise and is recorded as retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares,

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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.

(22) Revenue recognition

A. The Company's main business is to manage investees. When services rendered can be reasonably estimated, revenue is recognised by reference to the stage of completion at the balance sheet date.

B. When services rendered cannot be reasonably estimated, possibility of cost recovery is considered when recognising revenue. If it is possible to recover the cost incurred, the Company shall recognise revenue to the extent of the estimated recoverable cost that has been incurred; if it is not possible to recover the cost incurred, the Company shall not recognise revenue and shall recognise costs incurred as expense during the period.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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. The above information is addressed below:

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

Financial assets-impairment of equity investments

The Company 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 Company 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 Company would suffer an additional loss of \$310,032 in its 2016 financial statements, 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.

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the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) 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 operates and generates 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 income 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 income 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 income 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 Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income 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 income 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.

(21) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are

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(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for under the equity method

The Company assesses the impairment of an investment accounted for under the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of expected cash dividends receivable from the investee and expected future cash flows from the disposal of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Checking accounts	\$ 43	\$ 15
Demand deposits	32,573	27,599
Foreign currency deposits	1,060	867
	<u>\$ 33,676</u>	<u>\$ 28,481</u>

A. The Company 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. No cash and cash equivalents were pledged to others.

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

Investee company	December 31, 2016	December 31, 2015
Ability I Venture Capital Corporation	\$ 80,000	\$ 80,000
CDIB CME Fund Ltd.	80,000	80,000
Ability Asia Capital Corporation	25,000	25,000
Tyche Partners, L.P.	<u>138,217</u>	<u>63,364</u>
	323,217	248,364
Less: accumulated impairment	(13,185)	(5,200)
	<u>\$ 310,032</u>	<u>\$ 243,164</u>

A. As of December 31, 2016 and 2015, no financial assets measured at cost held by the Company were pledged to others.

B. Based on the Company'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 Company classified those stocks as 'financial assets measured at cost'.

C. For details of impairment of financial assets measured as cost, please refer to Note 6(7).

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(3) Investments accounted for under the equity method

	December 31, 2016	December 31, 2015
World Peace Industrial Co., Ltd.	\$ 20,412,332	\$ 21,696,782
Yosun Industrial Corp.	17,121,577	16,920,576
Silicon Application Corp.	6,347,038	6,668,916
Asian Information Technology Inc.	5,993,227	6,043,555
WPG International (CI) Limited	3,559,316	3,658,553
WPG Investment Co., Ltd.	457,335	498,207
Genuine C&C Inc. (Note)	505,693	502,347
WPG Korea Co., Ltd.	396,806	338,381
WPG Electronics Ltd.	50,339	41,821
WPG Core Investment Co., Ltd.	1,772	8,719
	<u>\$ 54,845,435</u>	<u>\$ 56,377,857</u>

Note : The Company acquired ordinary shares of Genuine C&C, Inc. on April 15, 2015 and holds 44.21% of shares.

Details of the Company's subsidiaries are provided in Note 4(3) in the Company's 2016 consolidated financial statements.

(4) Property, plant and equipment

	Furniture and fixtures	Leasehold improvements	Total
At January 1, 2016			
Cost	\$ 140,254	\$ 30,133	\$ 170,387
Accumulated depreciation	(113,563)	(29,591)	(143,154)
	<u>\$ 26,691</u>	<u>\$ 542</u>	<u>\$ 27,233</u>
2016			
Opening net book amount	\$ 26,691	\$ 542	\$ 27,233
Additions	3,151	13,362	16,513
Depreciation charge	(15,466)	(3,183)	(18,649)
Closing net book amount	<u>\$ 14,376</u>	<u>\$ 10,721</u>	<u>\$ 25,097</u>
At December 31, 2016			
Cost	\$ 143,397	\$ 43,495	\$ 186,892
Accumulated depreciation	(129,021)	(32,774)	(161,795)
	<u>\$ 14,376</u>	<u>\$ 10,721</u>	<u>\$ 25,097</u>

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

	Years ended December 31,	
	2016	2015
Rental income from the lease of the investment property (shown as "Other income")	<u>\$ 19,135</u>	<u>\$ 19,135</u>
Direct operating expenses arising from the investment property that generated rental income in the period	<u>\$ 9,732</u>	<u>\$ 8,032</u>

B. The fair value of the investment property held by the Company as at December 31, 2016 and 2015 was \$817,200 and \$753,500, respectively. The fair value as of December 31, 2016 and 2015 was based on independent appraisers' valuation. Valuations were made using the income approach falling under Level 3 fair value. The key assumptions are as follows:

	December 31, 2016	December 31, 2015
Discount rate	2.65%	2.3%
Growth rate	-	-

C. Information about the investment property that was pledged to others as collateral is provided in Note 8.

D. All of the Company's investment property is leased to subsidiaries. The leasing period is from March 2012 to March 2022. Except for the aforementioned leasing transactions, there was no similar transactions to compare with. The prices and terms are determined in accordance with mutual agreement. Rent is collected monthly.

(6) Intangible assets

	Software	
	2016	2015
At January 1		
Cost	\$ 103,070	\$ 96,977
Accumulated amortisation	(91,212)	(80,236)
	<u>\$ 11,858</u>	<u>\$ 16,741</u>
Year ended December 31		
Opening net book amount	\$ 11,858	\$ 16,741
Additions	16,070	6,093
Amortisation charge	(8,959)	(10,976)
Closing net book amount	<u>\$ 18,969</u>	<u>\$ 11,858</u>
At December 31		
Cost	\$ 119,140	\$ 103,070
Accumulated amortisation	(100,171)	(91,212)
	<u>\$ 18,969</u>	<u>\$ 11,858</u>

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	Furniture and fixtures	Leasehold improvements	Total
At January 1, 2015			
Cost	\$ 135,937	\$ 30,133	\$ 166,070
Accumulated depreciation	(95,453)	(29,120)	(124,573)
	<u>\$ 40,484</u>	<u>\$ 1,013</u>	<u>\$ 41,497</u>
2015			
Opening net book amount	\$ 40,484	\$ 1,013	\$ 41,497
Additions	4,317	-	4,317
Depreciation charge	(18,110)	(471)	(18,581)
Closing net book amount	<u>\$ 26,691</u>	<u>\$ 542</u>	<u>\$ 27,233</u>
At December 31, 2015			
Cost	\$ 140,254	\$ 30,133	\$ 170,387
Accumulated depreciation	(113,563)	(29,591)	(143,154)
	<u>\$ 26,691</u>	<u>\$ 542</u>	<u>\$ 27,233</u>

(5) Investment property

	Land	Buildings and structures	Total
At January 1, 2016			
Cost	\$ 541,428	\$ 213,257	\$ 754,685
Accumulated depreciation	-	(23,256)	(23,256)
	<u>\$ 541,428</u>	<u>\$ 190,001</u>	<u>\$ 731,429</u>
2016			
Opening net book amount	\$ 541,428	\$ 190,001	\$ 731,429
Additions	-	127	127
Depreciation charge	-	(5,467)	(5,467)
Closing net book amount	<u>\$ 541,428</u>	<u>\$ 184,661</u>	<u>\$ 726,089</u>
At December 31, 2016			
Cost	\$ 541,428	\$ 213,384	\$ 754,812
Accumulated depreciation	-	(28,723)	(28,723)
	<u>\$ 541,428</u>	<u>\$ 184,661</u>	<u>\$ 726,089</u>
At January 1, 2015			
Cost	\$ 541,428	\$ 212,407	\$ 753,835
Accumulated depreciation	-	(17,809)	(17,809)
	<u>\$ 541,428</u>	<u>\$ 194,598</u>	<u>\$ 736,026</u>
2015			
Opening net book amount	\$ 541,428	\$ 194,598	\$ 736,026
Additions	-	850	850
Depreciation charge	-	(5,447)	(5,447)
Closing net book amount	<u>\$ 541,428</u>	<u>\$ 190,001</u>	<u>\$ 731,429</u>
At December 31, 2015			
Cost	\$ 541,428	\$ 213,257	\$ 754,685
Accumulated depreciation	-	(23,256)	(23,256)
	<u>\$ 541,428</u>	<u>\$ 190,001</u>	<u>\$ 731,429</u>

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The details of amortization charge are as follows:

	Years ended December 31,	
	2016	2015
Operating costs	<u>\$ 8,959</u>	<u>\$ 10,976</u>

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

The Company recognised impairment loss of \$7,985 and \$5,200 for the years ended December 31, 2016 and 2015, respectively. Details of such loss are as follows:

	Years ended December 31,			
	2016	2015	2016	2015
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-financial assets carried at cost - non-current	<u>\$ 7,985</u>	<u>\$ -</u>	<u>\$ 5,200</u>	<u>\$ -</u>

(8) Short-term borrowings

	December 31, 2016	December 31, 2015
Type of borrowings		
Unsecured borrowings	<u>\$ 660,000</u>	<u>\$ 1,866,000</u>
Interest rate range	<u>0.95%-1.14%</u>	<u>1.05%-1.22%</u>

There was no collateral pledged for all types of short-term borrowings for all periods.

(9) Short-term commercial papers payable

	December 31, 2016	December 31, 2015
Commercial papers payable	<u>\$ 900,000</u>	<u>\$ 900,000</u>
Less: Unamortized discount	(667)	(335)
	<u>\$ 899,333</u>	<u>\$ 899,665</u>
Annual interest rates	<u>0.65%-0.85%</u>	<u>0.63%-0.90%</u>

The commercial papers payable are guaranteed by financial institutions.

(10) Bonds payable

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

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

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

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as follows:

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

- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price (\$42.8 (in dollars) per share) of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. As of December 31, 2016, the conversion price was \$35.4 (in dollars) per share.
- (d) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taiwan Over-The-Counter Securities Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$138,741 were separated from the liability component and were recognised in 'capital surplus-stock warrants' in accordance with IAS 32.
- C. As of December 31, 2016, convertible bonds face value of \$2,424,200 had been converted to 68,480 thousand ordinary shares. Among them, the Group obtained 294 thousand shares of certificate of bond conversion for the convertible bonds face value of \$10,400.
- D. The amortisation of discount on bonds payable was \$72,461 and \$79,243 for the years ended December 31, 2016 and 2015, respectively.

(11) Long-term borrowings

Type	Facility	December 31, 2016	Period	Annual interest rate
Medium to long-term loan	\$ 576,000	\$ 503,003	2012/01/02~	Note 2
(Chang Hwa Bank)	(Note 1)		2027/01/02	
Less: Current portion of long-term loan				
(Shown as other current liabilities)		(49,885)		
		\$ 453,118		

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Type	Facility	December 31, 2015	Period	Annual interest rate
Medium to long-term loan	\$ 576,000	\$ 545,000	2012/01/02~	Note 2
(Chang Hwa Bank)	(Note 1)		2027/01/02	
Less: Current portion of long-term loan				
(Shown as other current liabilities)		(45,417)		
		\$ 499,583		

Note 1: 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. Details of collateral for the long-term borrowings are provided in Note 8. Furthermore, the principal will be paid monthly starting from January 2016.

Note 2: The interest rate is the index interest rate plus 0.21% from the borrowing day to January 2, 2013, plus 0.25% from January 2, 2013, plus 0.25% from January 2, 2014, plus 0.35% from January 2, 2015, plus 0.42% from January 2, 2016 and plus 1.5% from January 2, 2017.

(12) Pensions

A. Defined benefit plan

- (a) The Company has 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 contributes 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 would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. Effective January 1, 2010, the Company has funded defined benefit pension plan 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.

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

	December 31, 2016	December 31, 2015
Present value of defined benefit obligation	\$ 39,503	\$ 34,613
Fair value of plan assets	(3,080)	(1,844)
Net defined benefit liability	\$ 36,423	\$ 32,769

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	\$ 34,613	(\$ 1,844)	\$ 32,769
Current service cost	1,032	-	1,032
Interest (expense) income	588	(32)	556
	36,233	(1,876)	34,357
Remeasurements:			
Return on plan assets	-	14	14
Change in financial assumptions	2,236	-	2,236
Experience adjustments	1,807	-	1,807
	4,043	14	4,057
Pension fund contribution	-	(1,991)	(1,991)
Paid pension	(773)	773	-
	(773)	(1,218)	(1,991)
Balance at December 31	\$ 39,503	(\$ 3,080)	\$ 36,423

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	\$ 27,389	(\$ 1,740)	\$ 25,649
Current service cost	943	-	943
Interest (expense) income	548	(35)	513
	28,880	(1,775)	27,105
Remeasurements:			
Return on plan assets	-	(11)	(11)
Change in financial assumptions	2,015	-	2,015
Experience adjustments	3,718	-	3,718
	5,733	(11)	5,722
Pension fund contribution	-	(58)	(58)
Balance at December 31	\$ 34,613	(\$ 1,844)	\$ 32,769

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

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

	Years ended December 31,	
	2016	2015
Discount rate	1.40%	1.70%
Future salary increases	3.00%	3.00%

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

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2016				
Effect on present value of defined benefit obligation	(\$ 7,604)	\$ 7,892	\$ 6,756	(\$ 6,544)
December 31, 2015				
Effect on present value of defined benefit obligation	(\$ 6,370)	\$ 7,434	\$ 6,270	(\$ 5,499)

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

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while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2017 are \$7,805.
- (g) As of December 31, 2016, the weighted average duration of that retirement plan is 12 years.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has 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 contributes 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) The pension costs of the Company under the defined contribution pension plan for the years ended December 31, 2016 and 2015 were \$6,582 and \$5,624, respectively.

(13) Share capital

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

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

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

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B. Treasury stock

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

	December 31, 2015
Name of company holding the shares	Number of shares
Indirect subsidiary - Hat-Trick Co., Ltd.	39,481

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

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

(14) 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 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 (10).

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

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

- E. As of March 28, 2017, the appropriation of earnings for the year ended December 31, 2016 has not yet been proposed by the Board of Directors and resolved by the shareholders.
- F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(21).

(16) Operating revenue

	Years ended December 31,	
	2016	2015
Investment revenues	\$ 5,466,609	\$ 5,815,228
Service revenue	595,592	568,291
	\$ 6,062,201	\$ 6,383,519

(17) Other income

	Years ended December 31,	
	2016	2015
Rental revenue	\$ 19,135	\$ 19,135
Interest income from bank deposits	157	377
Other income	1,865	1,701
	\$ 21,157	\$ 21,213

(18) Other gains and losses

	Years ended December 31,	
	2016	2015
Gain on disposal of property, plant and equipment	\$ -	\$ 14,483
Currency exchange loss	(32)	(382)
Impairment loss	(7,985)	(5,200)
Direct operating expenses arising from the investment property	(9,732)	(8,032)
Other losses	(4)	-
	\$ (17,753)	\$ 869

(19) Finance costs

	Years ended December 31,	
	2016	2015
Interest expense:		
Bank borrowings	\$ 29,754	\$ 33,438
Convertible bonds	72,461	79,243
Others	4,597	3,218
	\$ 106,812	\$ 115,899

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	2015				
	Share premium	Treasury share transaction	Recognised changes in subsidiaries' equity	Changes in associates' net equity	Stock warrant
January 1	\$ 14,886,934	\$ 45,083	\$ 464	\$ 20,521	\$232,800
Capital increase in subsidiaries not recognised proportionately to ownership	-	-	(33)	-	(33)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	1,310	-
Disposal of company's share by subsidiaries	-	-	-	-	-
Recognised as treasury share transaction	-	99	-	-	99
December 31	\$ 14,886,934	\$ 45,182	\$ 431	\$ 21,831	\$232,800

(15) Retained earnings

- A. Under the Company's original Articles of Incorporation, the current year's earnings, if any, shall be used to set aside as legal reserve, and set aside as special reserve in accordance with Article 41 of Securities and Exchange Act. The remainder, if any, to be appropriated shall be proposed by the Board of Directors. If cash dividends are distributed, they shall account for at least 20% of the total dividends distributed.
- Employees of the Company's subsidiaries are entitled to receive the distribution of earnings. The terms shall be defined by the Board of Directors.
- B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2015 and 2014 had been resolved at the stockholders' meeting on June 22, 2016 and June 24, 2015, respectively. Details are summarized below:

	Year ended December 31, 2015		Year ended December 31, 2014	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 542,046	\$ -	\$ 580,718	\$ -
Special reserve	-	-	(1,937,752)	-
Cash dividends	3,973,702	2.4	4,139,274	2.5
	\$ 4,515,748	\$ 2.4	\$ 2,782,240	\$ 2.5

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(20) Additional information on expenses by nature

	Years ended December 31,	
	2016	2015
Employee benefit expense	\$ 342,378	\$ 327,239
Depreciation charges on property and equipment (including investment property)	\$ 24,116	\$ 24,028
Amortisation charges on intangible assets	\$ 8,959	\$ 10,976

(21) Employee benefit expense

	Years ended December 31,	
	2016	2015
Wages and salaries	\$ 306,036	\$ 275,819
Labor and health insurance fees	14,032	12,495
Pension costs	8,170	7,080
Other personnel expenses	14,140	31,845
	\$ 342,378	\$ 327,239

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 0.01% ~5% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2016 and 2015, employees' compensation was both accrued at \$20,892; while directors' and supervisors' remuneration was both accrued at \$30,000. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were accrued based on the profit of current year distributable for the year ended December 31, 2016 and the percentage as prescribed by the Company's amended Articles of Incorporation. As of March 28, 2017, the amount has not been resolved by the Board of Directors. Above-mentioned employees' compensation will be distributed in the form of cash.

The difference between employees' compensation of \$12,238 and directors' remuneration of \$30,000 as resolved by the Board of Directors and employees' compensation of \$20,892 and directors' remuneration of \$30,000 recognised in the 2015 financial statements by \$8,654 had been adjusted in the profit or loss of the first quarter in 2016. The employees' compensation will be 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

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the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2016	2015
Current tax:		
Current tax on profits for the year	\$ 6,664	(\$ 80,876)
Additional 10% tax on undistributed earnings	76,807	304,956
Prior year income tax underestimate (overestimate)	8,011	(1,488)
Total current tax	91,482	222,592
Deferred tax		
Origination and reversal of temporary differences	12,050	89,189
Income tax expense	\$ 103,532	\$ 311,781

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

	Years ended December 31,	
	2016	2015
Currency translation differences	(\$ 45,197)	\$ 13,266
Remeasurement of defined benefit obligation	(690)	(973)
	(\$ 45,887)	\$ 12,293

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2016	2015
Tax calculated based on profit before tax and statutory tax rate	\$ 920,789	\$ 974,482
Effects from items disallowed by tax regulation	(902,075)	(966,169)
Prior year income tax underestimate (overestimate)	8,011	(1,488)
Additional 10% tax on undistributed earnings	76,807	304,956
Tax expense	\$ 103,532	\$ 311,781

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

	Year ended December 31, 2016			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unused compensated absences	\$ 557	\$ 171	\$ -	\$ 728
Pension payable	3,669	(69)	690	4,290
Currency translation differences	-	-	10,912	10,912
	4,226	102	11,602	15,930
-Deferred tax liabilities:				
Investment income	(32,972)	(12,152)	-	(45,124)
Currency translation differences	(34,285)	-	34,285	-
	(67,257)	(12,152)	34,285	(45,124)
	(\$ 63,031)	(\$ 12,050)	\$ 45,887	(\$ 29,194)
	Year ended December 31, 2015			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unused compensated absences	\$ 527	\$ 30	\$ -	\$ 557
Pension payable	2,459	237	973	3,669
Investment loss	82,581	(82,581)	-	-
	85,567	(82,314)	973	4,226
-Deferred tax liabilities:				
Investment income	(26,097)	(6,875)	-	(32,972)
Currency translation differences	(21,019)	-	(13,266)	(34,285)
	(47,116)	(6,875)	(13,266)	(67,257)
	\$ 38,451	(\$ 89,189)	(\$ 12,293)	(\$ 63,031)

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

E. Unappropriated retained earnings:

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

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

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G. Creditable ratio of appropriated retained earnings:

(23) Earnings per share

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

	Year ended December 31, 2016	
	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Amount after tax</u>		
<u>Basic earnings per share</u>		
Profit attributable to ordinary shareholders of the Company	\$ 5,312,875	1,672,401
<u>Diluted earnings per share</u>		
Profit attributable to ordinary shareholders of the Company	\$ 5,312,875	1,672,401
Assumed conversion of all dilutive potential ordinary shares		
Convertible bonds	72,163	146,584
Employees' compensation	-	874
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 5,385,038	1,819,859
		\$ 2.96
	Year ended December 31, 2015	
	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Amount after tax</u>		
<u>Basic earnings per share</u>		
Profit attributable to ordinary shareholders of the Company	\$ 5,420,469	1,655,681
<u>Diluted earnings per share</u>		
Profit attributable to ordinary shareholders of the Company	\$ 5,420,469	1,655,681
Assumed conversion of all dilutive potential ordinary shares		
Convertible bonds	78,944	152,624
Employees' compensation	-	1,003
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 5,499,413	1,809,308
		\$ 3.04

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(24) Supplemental cash flow information

Partial payment of cash from investing activities:

	Years ended December 31,	
	2016	2015
Acquisition of property, plant and equipment, investment property, and intangible assets	\$ 32,710	\$ 11,260
Less: accounts payable at the end of year	-	(2,344)
Add: accounts payable at the beginning of year	2,344	6,165
Cash paid during the year for property, plant and equipment, intangible assets and other non-current assets	\$ 35,054	\$ 15,081

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Significant transactions and balances with related parties

A. Service revenue

	Years ended December 31,	
	2016	2015
Subsidiaries	\$ 595,592	\$ 568,291
Service revenue arose from providing administrative resources and managing services to subsidiaries. Prices and terms are determined in accordance with mutual agreement.		

B. Service cost

	Years ended December 31,	
	2016	2015
Subsidiaries	\$ 59,700	\$ 68,669
Service cost is cost paid to subsidiaries for administrative resources and management services for engine room use. Prices and terms are determined in accordance with mutual agreement, and cost is paid at the end of the following month.		

C. Accounts receivable

	December 31, 2016	December 31, 2015
Subsidiaries	\$ 9,165	\$ 66,760

D. Other receivables

	December 31, 2016	December 31, 2015
Subsidiaries	\$ 295,002	\$ 327,771
Other receivables are receipts under custody, payment on behalf of others and collections from subsidiaries for filing consolidated tax returns.		

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E. Other payables

(a) Financing:

	Year ended December 31, 2016			
	Maximum balance	Ending balance	Interest rate	Amount of interest
Subsidiaries	\$ 150,000	\$ 110,000	1.18%	\$ 782

There was no financing for the year ended December 31, 2015.

(b) Other payables:

	December 31, 2016	December 31, 2015
Subsidiaries	\$ 15,029	\$ 12,652

Payables are mainly collections from subsidiaries for filing consolidated tax returns.

F. Lease transactions

Please refer to Note 6(5) for details.

G. Endorsements and guarantees provided to related parties

	December 31, 2016	December 31, 2015
Subsidiaries	\$ 82,311	\$ 89,667

H. Others

For the years ended December 31, 2016 and 2015, the amount of the Company's donations to other related parties was \$5,700 and \$5,700, respectively.

- I. In February and April 2015, the Company increased its investment in WPG International (CI) Limited by \$595,835. The additional investment was recognized as investments accounted for under the equity method and has been fully paid. In September 2015 and November 2016, the Company increased its investment in WPG Core Investment Co., Ltd. by \$15,000 and \$5,000, respectively. The investment was recognized as investments accounted for under the equity method and has been fully paid.

(3) Key management compensation

	Years ended December 31,	
	2016	2015
Short-term employee benefits	\$ 117,367	\$ 133,051
Post-employment benefits	1,005	1,036
	\$ 118,372	\$ 134,087

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8. PLEDGED ASSETS

Pledged asset	December 31, 2016	December 31, 2015	Purpose
Investments accounted for under the equity method	\$ 82,311	\$ 89,667	Subsidiary's guarantee for payment on purchases
Investment property			
— Land	533,666	533,666	Collateral for long-term borrowings
— Buildings	166,794	171,747	
	\$ 782,771	\$ 795,080	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

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

	December 31, 2016	December 31, 2015
Property, plant and equipment	\$ 6,447,383	\$ -

B. Operating lease agreements

The future aggregate minimum lease payments under operating leases are as follows:

	December 31, 2016	December 31, 2015
Not later than one year	\$ 2,828	\$ 5,557
Later than one year but not later than five years	1,209	3,412
	\$ 4,037	\$ 8,969

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Group's subsidiary, World Peace Industrial Co., Ltd. ("World Peace") and Yosun Industrial Corp. ("Yosun") each held the Board of Directors' meeting on February 21, 2017. The Board of Directors resolved the product line split plan and profit split for Texas Instruments. Yosun intended to adopt split plan to transfer related operating assets and liabilities of product lines to World Peace. World Peace intended to issue new shares to the Company as consideration of mutual concession. The segment value amounted to \$2,429,908 as of December 31, 2016 which was based on Yosun's financial statements. World Peace intends to issue ordinary shares of 116,152 thousand shares and the effective date will be April 1, 2017.

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12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company 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) The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable-related parties, other receivables (including related parties), refundable deposits, short-term borrowings, short-term commercial papers payable, notes payable, and other payables (including related parties), long-term loans-current portion, bonds payable and long-term loans are approximate to their fair values.

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

Convertible debentures payable: Regarding the convertible bonds issued by the Company, the coupon rate approximates the current market rate. Therefore, the fair value is estimated using the present value of the expected cash flows and approximates the book value.

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and KRW. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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- ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

Exchange rate fluctuations is as follows.

December 31, 2016				
	Foreign currency amount		Exchange rate	Book value (NTD)
	(In thousands)			
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Non-monetary items</u>				
USD: NTD	\$	110,366	32.250	\$ 3,559,316
KRW: NTD		14,696,519	0.0270	396,806
December 31, 2015				
	Foreign currency amount		Exchange rate	Book value (NTD)
	(In thousands)			
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Non-monetary items</u>				
USD: NTD	\$	111,477	32.825	\$ 3,658,553
KRW: NTD		12,039,892	0.0281	338,381

As of December 31, 2016 and 2015, there was no significant monetary financial assets and liabilities.

There was no foreign currency market risk arising from significant foreign exchange variation.

Interest rate risk

The Company's interest rate risk arises from short-term and long-term borrowings (including long-term liabilities due within a year), commercial papers payable and bonds payable. Borrowings and short-term notes payable issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings were mainly in fixed rate. During the years ended December 31, 2016 and 2015, the Company's borrowings, commercial papers payable and bonds payable were mainly denominated in the NTD.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations.

According to the Company's credit policy, each local entity in the Company 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 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. For the years December 31, 2016 and 2015, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company. Company 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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans and covenant compliance.

- ii. The table below analyses the Company's non-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. The amounts disclosed in the table are the contractual undiscounted cash flows.

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 borrowings	\$ 660,447	\$ -	\$ -	\$ -
Commercial papers payable	900,000	-	-	-
Notes payable	1,547	-	-	-
Other payables	221,418	-	-	-
Other payables - related parties	125,811	-	-	-
Bonds payable	3,575,800	-	-	-
Long-term borrowings	56,932	56,193	164,164	262,981

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December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 1,868,893	\$ -	\$ -	\$ -
Commercial papers payable	900,000	-	-	-
Other payables	218,501	-	-	-
Other payables - related parties	12,652	-	-	-
Bonds payable	-	6,000,000	-	-
Long-term borrowings	53,537	56,876	166,034	315,438

gains or losses: Information on significant transactions of the Company and subsidiary and investee company in Mainland China as of and for the year ended December 31, 2016 is provided in Note (1) J.

14. OPERATING SEGMENT INFORMATION

In accordance with IFRS 8, operating segment information is disclosed in the consolidated financial statements.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- Trading in derivative instruments undertaken during the reporting periods: Please see Notes 6(2) and 12(3).
- Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Disclosure information of investee companies

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- Basic information: Please refer to table 9.
- 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

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WPG HOLDINGS LIMITED
SUMMARY OF BONDS PAYABLE
DECEMBER 31, 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Name of bond	Trustee	Issuing date	Interest rate	Amount		Unamortized discount	Book value	Redemption plan	Collateral	Remarks
				Amount of issuance	Converted amount	Ending balance		Refer to Note 6(10)	None	
First domestic unsecured convertible bonds	CTBC Bank Co., Ltd.	2014.7.25	0%	\$ 6,000,000	\$ 2,424,200	\$ 3,575,800	\$ 3,549,324			

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WPG HOLDINGS LIMITED
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Investee	As of January 1, 2016		Additions (Note 2)		Dispositions (Note 3)		As of December 31, 2016		Ownership on 31.2016	Market value or net equity		Pledged as collateral
	Type of investments	No. of shares (Note 1)	Amount (Note 1)	No. of shares (Note 1)	Amount (Note 1)	No. of shares (Note 1)	Amount (Note 1)	No. of shares (Note 1)		Unit price (Note 2)	Net equity	
World Fence Industrial Co., Ltd.	Common stock	981,100	\$ 21,696,782	-	\$ 1,403,620	-	\$ 2,068,070	981,100	100%	\$ 20.80	\$ 20,410,269	No
Silicon Application Corp.	Common stock	406,570	6,668,916	-	469,399	-	(791,277)	406,570	100%	15.61	6,347,038	No
Genuine C&C Inc.	Common stock	35,175	502,347	-	20,934	-	(17,588)	35,175	44.21%	13.28	467,141	No
WPG Electronic Ltd.	Common stock	3,920	41,821	-	8,218	-	-	3,920	100%	12.84	50,339	No
WPG Korea Co., Ltd.	Common stock	1,088	338,381	-	58,425	-	-	1,088	100%	364.71	396,806	No
WPG International (CI) Limited	Common stock	124,443	3,658,553	-	(99,233)	-	-	124,443	100%	28.60	3,559,316	No
Asian Information Technology Inc.	Common stock	346,512	6,065,555	-	1,015,035	-	(1,065,363)	346,872	100%	17.28	5,993,227	No
WPG Investment Co., Ltd.	Common stock	50,000	498,207	-	(40,872)	-	-	50,000	100%	9.15	457,335	Refer to Note 8
Yusun Industrial Corp.	Common stock	649,650	16,920,576	-	899,671	-	(689,670)	649,650	100%	18.93	12,299,128	No
WPG Core Investment Co., Ltd.	Common stock	4,580	\$ 56,372,857	500	(5,343)	-	(5,000)	500	100%	0.35	1,772	No
											\$ 54,835,435	

Note 1: In thousands of shares.
Note 2: The increases for the period are recognised investment losses (gains) accounted under equity method, cumulative translation adjustments, new investments and changes in the equity accounts of subsidiaries.
Note 3: Currency: NTD.
Note 4: Dispositions are cash dividends paid by subsidiaries.

WPG HOLDINGS LIMITED
SUMMARY OF SHORT-TERM LOANS
DECEMBER 31, 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Type of loans	Ending balance	Loan period	Interest rate range	Pledge /collateral	Remark
Short-term unsecured loans	\$ 660,000	December 16, 2016-February 16, 2017	0.95%-1.14%	None	

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WPG HOLDINGS LIMITED
SUMMARY OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Please refer to Note 6(16) for related information.

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Expressed in thousands of NT\$
 (Except as otherwise indicated)

Table 1

No.	Creditor	Debit	Balance at year ended December 31, 2016	Actual amount drawn down	Interest rate	Amount of transactions with the borrower (Note 1)	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Unit on loan granted to a single party	Ceiling on total loan granted	Expiry
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Apacer Korea Corp.	WPG Korea Co., Ltd.	64,824	59,422	2.50	2	-	-	-	72,753	72,753	Note 3
2	Garmin GPS	World Peace International (South Asia) Pte Ltd.	64,580	-	0.00	2	-	-	-	-	-	Note 3
3	Richpower Electronic Devices Pte. Ltd.	Youn Singapore Pte. Ltd.	435,275	209,625	1.85	2	-	-	-	445,637	445,637	Note 6
4	Silicon Application (HVI) Corporation Corp.	Silicon Application WPG Korea Co., Ltd.	1,237,750	1,237,750	1.00	2	-	-	-	1,307,668	3,254,171	Note 7
4	Silicon Application (HVI) Corporation Corp.	Silicon Application WPG Korea Co., Ltd.	80,625	-	0.00	2	-	-	-	3,254,171	3,254,171	Note 7
4	Silicon Application (HVI) Corporation Corp.	Silicon Application WPG Korea Co., Ltd.	96,750	96,750	1.20	2	-	-	-	3,254,171	3,254,171	Note 7
5	World Peace International (South Asia) Pte Ltd.	World Peace International (South Asia) Pte Ltd.	322,500	-	0.00	2	-	-	-	5,793,195	5,793,195	Note 3
5	World Peace International (South Asia) Pte Ltd.	World Peace International (South Asia) Pte Ltd.	1,067,250	1,033,000	3.64	2	-	-	-	5,793,195	5,793,195	Note 3
5	World Peace International (South Asia) Pte Ltd.	World Peace International (South Asia) Pte Ltd.	161,250	-	0.00	2	-	-	-	5,793,195	5,793,195	Note 3
5	World Peace International (South Asia) Pte Ltd.	World Peace International (South Asia) Pte Ltd.	645,000	322,500	3.00	2	-	-	-	5,793,195	5,793,195	Note 3

Table 1, Page 1

No.	Creditor	Debit	Balance at year ended December 31, 2016	Actual amount drawn down	Interest rate	Amount of transactions with the borrower (Note 1)	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Unit on loan granted to a single party	Ceiling on total loan granted	Expiry
1	2	3	4	5	6	7	8	9	10	11	12	13
5	World Peace International (South Asia) Pte Ltd.	World Peace International (South Asia) Pte Ltd.	1,240,000	645,000	1.25	2	-	-	-	5,793,195	5,793,195	Note 3
6	World Peace International (South Asia) Pte Ltd.	World Peace International (South Asia) Pte Ltd.	129,000	122,250	1.85	2	-	-	-	2,360,130	2,360,130	Note 3
7	WPG South Asia Pte. Ltd.	Youn Singapore Pte. Ltd.	419,250	161,250	0.00	2	-	-	-	1,345,207	1,345,207	Note 3
7	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	580,500	64,500	2.83	2	-	-	-	1,345,207	1,345,207	Note 3
7	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	645,000	512,125	1.85	2	-	-	-	1,345,207	1,345,207	Note 3
8	AOI (Shanghai) Component Company Limited	WPG Korea Co., Ltd.	461,780	-	0.00	2	-	-	-	56,127	56,127	Note 7
9	AOI (Shanghai) Component Company Limited	WPG Korea Co., Ltd.	400,000	93,500	1.55	2	-	-	-	441,986	441,986	Note 2
10	AOI (Shanghai) Component Company Limited	WPG Korea Co., Ltd.	773,000	713,550	2.12	2	-	-	-	798,107	798,107	Note 7
11	AOI (Shanghai) Component Company Limited	WPG Korea Co., Ltd.	41,553	-	0.00	2	-	-	-	91,174	91,174	Note 7
12	WPG China Inc.	WPG China (SZ) Inc.	361,250	-	0.00	2	-	-	-	2,052,056	2,052,056	Note 7
12	WPG China Inc.	WPG China (SZ) Inc.	461,780	-	0.00	2	-	-	-	2,052,056	2,052,056	Note 7
12	WPG China Inc.	WPG China (SZ) Inc.	55,404	55,404	4.55	2	-	-	-	830,423	2,052,056	Note 7
13	Youn International Corp.	WPG China Inc.	193,500	-	0.00	2	-	-	-	2,450,426	4,910,651	Note 6

Table 1, Page 2

WPG HOLDINGS LIMITED
 SUMMARY OF OPERATING REVENUE
 YEAR ENDED DECEMBER 31, 2016
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Amount	Remark
Salaries expense	\$ 276,036	
Management service fee	59,332	
Directors' and supervisors' remuneration	30,000	
Advertising expenses	25,734	
Other expenses	151,284	Balance of individual accounts is under 5% of this account's balance.
	<u>\$ 542,386</u>	

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WPG HOLDINGS LIMITED
 SUMMARY OF EMPLOYEE BENEFIT EXPENSE
 DEPRECIATION AND AMORTIZATION
 YEARS ENDED DECEMBER 31, 2016 AND 2015
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Operating cost	
	Years ended December 31,	
	2016	2015
Employee benefit expense		
Wages and salaries	\$ 306,036	\$ 275,819
Labor and health insurance fees	14,032	12,495
Pension costs	8,170	7,080
Other personnel expenses	14,140	31,845
	<u>\$ 342,378</u>	<u>\$ 327,239</u>
Depreciation (including investment property)	<u>\$ 24,116</u>	<u>\$ 24,028</u>
Amortization	<u>\$ 8,959</u>	<u>\$ 10,976</u>
Number of employees (including directors and independent directors)	159	128

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No.	Creditor	Debtor	General ledger account	Is it a related party?	Minimum amount outstanding since the year ended December 31, 2016	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Limit on loans granted to a single party	Celling on total loans granted	Expiry
					Y	\$	\$	-	2	\$	-	-	\$	\$	
24	Sterck Limited	Yong Hong Kong Corp. Ltd.	Other receivables - related parties	Y	445,050	445,050	445,050	2.97	2	-	Operation	-	451,211	451,211	Note 7
24	Sterck Limited	WPG American Inc. Corp. Ltd.	Other receivables - related parties	Y	445,050	445,050	445,050	2.97	2	-	Operation	-	451,211	451,211	Note 7
25	Sterck Incorporated	Yong Hong Kong Corp. Ltd.	Other receivables - related parties	Y	483,750	-	-	0.00	2	-	Operation	-	616,568	616,568	Note 2
25	Sterck Incorporated	Richpower Electronic Devices Co., Ltd.	Other receivables - related parties	Y	322,500	322,500	190,500	1.74	2	-	Operation	-	616,568	616,568	Note 2
26	Frank Technology Corporation	Apache Communication Co., Ltd.	Other receivables - related parties	Y	480,750	-	-	0.00	2	-	Operation	-	642,721	1,028,854	Note 5
26	Frank Technology Corporation	Asia Information Technology Inc.	Other receivables - related parties	Y	516,000	516,000	258,000	1.43	2	-	Operation	-	642,721	1,028,854	Note 5
27	Genuine C&C Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Other receivables - related parties	Y	91,340	92,340	46,170	3.50	2	-	Operation	-	106,671	422,605	Note 9
28	Richpower Electronic Devices Co., Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	161,250	161,250	96,750	2.50	2	-	Operation	-	1,700,730	1,700,730	Note 7
29	Long-Think International (Shanghai) Limited	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	41,553	41,553	41,553	2.80	2	-	Operation	-	99,917	99,917	Note 7
30	Asia Information Technology Inc.	Apache Communication Co., Ltd.	Other receivables - related parties	Y	322,500	-	-	0.00	2	-	Operation	-	1,498,907	2,307,291	Note 5
31	Long-Think Technology Inc.	Long-Think International Co., Ltd.	Other receivables - related parties	Y	130,000	50,000	-	0.00	2	-	Operation	-	230,667	230,667	Note 2
32	Mac Technology Co., Limited	Richpower Electronic Devices Co., Ltd.	Other receivables - related parties	Y	145,125	-	-	0.00	2	-	Operation	-	154,624	154,624	Note 2

Table 1, Page 5

No.	Creditor	Debtor	General ledger account	Is it a related party?	Minimum amount outstanding since the year ended December 31, 2016	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Limit on loans granted to a single party	Celling on total loans granted	Expiry
					Y	\$	\$	-	2	\$	-	-	\$	\$	
33	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Richpower Electronic Devices Co., Ltd.	Other receivables - related parties	Y	23,088	-	-	0.00	2	-	Operation	-	46,352	46,352	Notes 2 and 10
33	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Yong Shanghai Corp. Ltd.	Other receivables - related parties	Y	6,026	6,026	-	0.00	2	-	Operation	-	46,242	46,242	Note 2

Note 1: Accumulated financing activities and the individual limit to any company or person should not be in excess of 100% of creditor's 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 short-term financing, the financing activities to any company or person should not be in excess of 25% of creditor's net assets.

(2) For short-term financing, the financing activities to any company or person should not be in excess of 25% of creditor's net assets.

Note 3: For those borrowers which are 100% held by 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.

Note 4: For those borrowers which are 100% held by 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.

Note 5: (1) For those borrowers which are 100% held by 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 those borrowers which are 100% held by 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.

Note 6: 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 short-term financing, the financing activities to any company or person should not be in excess of 20% of creditor's net assets.

(2) For short-term financing, the financing activities to any company or person should not be in excess of 20% of creditor's net 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 short-term financing, the financing activities to any company or person should not be in excess of 20% of creditor's net assets.

(2) For short-term financing, the financing activities to any company or person should not be in excess of 20% of creditor's net assets.

Note 8: 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 short-term financing, the financing activities to any company or person should not be in excess of 20% of creditor's net assets.

(2) For short-term financing, the financing activities to any company or person should not be in excess of 20% of creditor's net assets.

Note 9: 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 short-term financing, the financing activities to any company or person should not be in excess of 20% of creditor's net assets.

(2) For short-term financing, the financing activities to any company or person should not be in excess of 20% of creditor's net assets.

Note 10: On August 1, 2016, the Company's subsidiary company, Genuine Trading (Hong Kong) Company Limited, sold all of its equity interest in Sheng Xing Technology Investment Management Co., Ltd. to an unrelated party of the Company any more.

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

Table 1, Page 6

Difference in transaction terms compared to third party transactions

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Difference in transaction terms compared to third party transactions		Net/shortfalls receivable/payable	
			Purchase (in \$)	Credit term	Unit price	Credit term	Amount	Percentage of total sales (in \$)
WPG Electronics (HK) Limited	Yousang Hong Corp. Ltd.	Same parent company	\$ 138,241	1.71	Note 7	Note 7	\$ -	0.00
WPG China (SZ) Inc.	WPG China Inc.	-	\$ 418,599	3.50	Note 5	Note 5	\$ 107,527	3.41

Note 1: At 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 90-120 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 services and management services, and the sales price and terms were determined by the parties.

Table 5, Page 5

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

Corollary	Counterparty	Relationship with the counterparty	Balance at		Turnover rate		Amount collected	
			December 31, 2016 (Note 1)	(Note 2)	Amount	Amount	the balance sheet date (Note 3)	disbursed accounts
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same parent company	\$ 1,385,510	6.75	\$ -	\$ -	\$ 1,385,510	\$ -
World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	-	\$ 420,185	4.43	-	-	\$ 312,770	-
Genium C&C (Hong Kong) Pre Ltd.	P.T. WPG Electronics Jaya	Investment under equity method	\$ 205,620	3.35	-	-	\$ 96,360	-
World Peace International (South Asia) Pre Ltd.	WPG SCM Limited	Same parent company	\$ 1,779,019	2.67	-	-	\$ 30,016	-
World Peace International (South Asia) Pre Ltd.	WPG C&C Company and Vepraphant (Bakho) Private Limited	-	\$ 254,567	5.25	-	-	\$ -	-
World Peace International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	-	\$ 481,740	12.55	-	-	\$ 481,740	-
World Peace International (Hong Kong) Limited	World Peace International (South Asia) Pre Ltd.	-	\$ 350,460	5.75	-	-	\$ 350,460	-
World Peace International (Hong Kong) Limited	WPG Electronics (HK) Limited	-	\$ 124,296	0.29	-	-	\$ 67,645	-
World Peace International (Hong Kong) Limited	WPG China (SZ) Inc.	-	\$ 876,510	3.25	-	-	\$ 577,004	-
WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	-	\$ 370,652	4.66	-	-	\$ 220,131	-
Silicon Application Corp.	WPG Electronics (HK) Limited	-	\$ 766,961	3.21	-	-	\$ 628,422	-
Perma Electronics Co., Ltd.	Evergreen Enterprise Co., Ltd.	-	\$ 282,993	3.29	-	-	\$ 182,664	-
Evergreen Enterprise Co., Ltd.	Perma Electronics Co., Ltd.	-	\$ 250,672	3.97	-	-	\$ 204,706	-
Relpower Electronic Device Co., Ltd.	WPG Electronics (HK) Limited	-	\$ 395,509	2.84	-	-	\$ 345,577	-
Asia Information Technology Inc.	Apex Communication Inc.	-	\$ 212,523	0.15	-	-	\$ 212,523	-
Asia Information Technology Inc.	AIT Japan Inc.	-	\$ 239,110	5.14	-	-	\$ 239,110	-
Apex Communication Inc.	Asia Information Technology Inc.	-	\$ 151,128	9.73	-	-	\$ 151,128	-

Table 6, Page 1

Difference in transaction terms compared to third party transactions

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Difference in transaction terms compared to third party transactions		Net/shortfalls receivable/payable	
			Purchase (in \$)	Credit term	Unit price	Credit term	Amount	Percentage of total sales (in \$)
Evergreen Enterprise Co., Ltd.	Perma Electronics Co., Ltd.	Same parent company	\$ 1,429,457	34.15	Note 4	Note 4	\$ 250,472	36.53
Evergreen Enterprise Co., Ltd.	WPG China (SZ) Inc.	-	\$ 176,196	4.11	Note 2	Note 2	\$ 32,015	4.67
Asian Information Technology Inc.	Silicon Application Corp.	-	\$ 197,295	0.53	Note 2	Note 2	\$ 2,508	0.01
Asian Information Technology Inc.	WPI International (Hong Kong) Limited	-	\$ 106,276	0.29	-	-	\$ 8,656	0.13
Asian Information Technology Inc.	WPG China (SZ) Inc.	-	\$ 162,523	0.44	Note 2	Note 2	\$ 30,265	0.07
Asian Information Technology Inc.	Apex Communication Inc.	-	\$ 688,450	1.85	-	-	\$ 212,523	3.33
Asian Information Technology Inc.	Frontech Technology Corporation	-	\$ 381,580	1.03	-	-	\$ 60,634	0.05
Asian Information Technology Inc.	AIT Japan Inc.	-	\$ 1,912,025	5.13	-	-	\$ 239,110	3.75
Apex Communication Inc.	Asia Information Technology Inc.	-	\$ 817,167	2.64	-	-	\$ 151,128	4.65
Apex Communication Inc.	WPI International (Hong Kong) Limited	-	\$ 479,220	1.55	-	-	\$ 1,540	0.1
Apex Communication Inc.	WPG Electronics (HK) Limited	-	\$ 142,539	0.47	-	-	\$ 29,915	0.00
Apex Communication Inc.	WPG China (SZ) Inc.	-	\$ 146,300	0.47	-	-	\$ 24,559	0.07
Frontech Technology Corporation	WPG China Inc.	-	\$ 122,254	0.58	-	-	\$ 26,165	0.06
Frontech Technology Corporation	Asia Information Technology Inc.	-	\$ 100,168	1.90	-	-	\$ 50,181	1.09
Frontech Technology Corporation	WPI International (Hong Kong) Limited	-	\$ 154,962	0.64	-	-	\$ 123,308	3.07
Frontech Technology Corporation	WPG Electronics (HK) Limited	-	\$ 416,177	1.88	-	-	\$ 189,539	5.64
AIT Japan Inc.	Asia Information Technology Inc.	-	\$ 1,452,242	42.51	Note 6	Note 6	\$ 49,218	16.05
Yousang Hong Corp. Ltd.	WPG China Inc.	-	\$ 664,559	1.40	Note 6	Note 6	\$ 99,050	2.39
Yousang Hong Corp. Ltd.	WPG China (SZ) Inc.	-	\$ 365,078	1.10	-	-	\$ 95,797	2.30
Yousang Hong Corp. Ltd.	Yousang Hong Corp. Ltd.	-	\$ 4,598,463	12.50	Note 5	Note 5	\$ 215,056	5.19
Serick Incorporated	Yousang Hong Corp. Ltd.	-	\$ 538,380	2.38	-	-	\$ 2,110	0.38
Serick Incorporated	Yousang Hong Corp. Ltd.	-	\$ 510,723	3.60	-	-	\$ 20,897	3.78
Yousang Hong Corp. Ltd.	WPG China Inc.	-	\$ 3,895,217	11.41	Note 6	Note 6	\$ 775,562	17.24
Yousang Hong Corp. Ltd.	Yousang Hong Corp. Ltd.	-	\$ 653,426	1.93	Note 5	Note 5	\$ 16,538	0.40

Table 5, Page 3

Difference in transaction terms compared to third party transactions

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Difference in transaction terms compared to third party transactions		Net/shortfalls receivable/payable	
			Purchase (in \$)	Credit term	Unit price	Credit term	Amount	Percentage of total sales (in \$)
Yousang Hong Corp. Ltd.	WPG SCM Limited	Same parent company	\$ 391,064	1.16	Note 5	Note 5	\$ 21,160	6.50
Yousang Hong Corp. Ltd.	WPG China (SZ) Inc.	-	\$ 1,772,883	5.24	Note 6	Note 6	\$ 344,073	7.85
Yousang Hong Corp. Ltd.	Relpower Electronic Devices Co., Ltd.	-	\$ 1,200,173	3.56	Note 5	Note 5	\$ 40,094	1.16
Yousang Hong Corp. Ltd.	Yousang Hong Corp. Ltd.	-	\$ 18,153	0.40	Credit 75 days	-	\$ 2,476	0.06
Yousang Hong Corp. Ltd.	Yousang Hong Corp. Ltd.	-	\$ 92,140	3.45	Credit 60 days	-	\$ 14,449	1.49
Relpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	-	\$ 482,371	10.20	Credit 75 days	-	\$ 2,526	0.27
Relpower Electronic Devices Co., Ltd.	Relpower Electronic Devices Co., Ltd.	-	\$ 1,148,678	15.83	Note 6	Note 6	\$ 395,509	22.46
Relpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	-	\$ 292,161	3.89	-	-	\$ 9,659	0.54
Relpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	-	\$ 209,251	12.35	-	-	\$ 27,650	25.15
Relpower Electronic Devices Co., Ltd.	Relpower Electronic Devices Co., Ltd.	-	\$ 325,467	13.43	-	-	\$ 5,736	4.86
Relpower Electronic Devices Co., Ltd.	Relpower Electronic Devices Co., Ltd.	-	\$ 112,821	1.19	-	-	\$ 3,580	0.24
Relpower Electronic Devices Co., Ltd.	Yousang Hong Corp. Ltd.	-	\$ 592,525	2.77	-	-	\$ 26,322	1.84
Relpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	-	\$ 750,580	65.67	Note 4	Note 4	\$ 87,368	20.30
Relpower Electronic Devices Co., Ltd.	WPG China (SZ) Inc.	-	\$ 485,340	5.45	Note 5	Note 5	\$ 75,375	4.01
WPG America Inc.	World Peace Industrial Co., Ltd.	-	\$ 244,403	2.87	Note 4	Note 4	\$ 17,193	0.63
WPG America Inc.	WPI International (Hong Kong) Limited	-	\$ 186,153	2.19	-	-	\$ 10,783	0.39
WPG South Asia Pre Ltd.	World Peace International (South Asia) Pre Ltd.	-	\$ 496,991	81.12	Note 7	Note 7	\$ -	0.00
WPG South Asia Pre Ltd.	Yousang Hong Corp. Ltd.	-	\$ 105,525	18.73	-	-	\$ -	0.00
WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	-	\$ 175,823	2.17	-	-	\$ -	0.00
WPG Electronics (HK) Limited	Silicon Application Corp.	-	\$ 18,487	1.70	-	-	\$ 1,009	0.00
WPG Electronics (HK) Limited	WPI International (Hong Kong) Limited	-	\$ 258,565	3.19	-	-	\$ -	0.00

Table 5, Page 4

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

Table 7
Expressed in thousands of USD
(Except as otherwise indicated)

Number (Note 3)	Company name	Relationship (Note 2)	Transaction			Expressed in thousands of USD (Except as otherwise indicated)
			Counterparty	General ledger account	Transaction terms	
0	WPG Holdings Limited	1	World Peace Industrial Co., Ltd.	Sales	203,467	Percentage of consolidated total operating revenues or total assets (Note 3)
0	WPG Holdings Limited	1	Asia Information Technology Inc.	"	115,111	Note 11
0	WPG Holdings Limited	1	Yousi Industrial Corp.	"	116,468	Note 11
1	World Peace Industrial Co., Ltd.	3	Gentline CAC Inc.	"	159,429	Note 11
1	World Peace Industrial Co., Ltd.	3	AECOT Technology Co., Ltd.	"	366,129	Note 5
1	World Peace Industrial Co., Ltd.	3	WPI International (Hong Kong) Limited	"	16,818,746	Note 5
1	World Peace Industrial Co., Ltd.	3	WPG Electronics (HK) Limited	"	1,609,540	Note 5
2	Longview Technology Inc.	3	WPI International (Hong Kong) Limited	"	880,328	Note 5
3	World Peace International (South Asia) Pre Ltd.	3	World Peace Industrial Co., Ltd.	"	266,153	Note 5
3	World Peace International (South Asia) Pre Ltd.	3	Gentline CAC (India/China) Pre Ltd.	"	663,248	Note 5
3	World Peace International (South Asia) Pre Ltd.	3	WPG SCM Limited	"	4,580,747	Note 5
3	World Peace International (South Asia) Pre Ltd.	3	WPG CAC (Malaysia) Sdn Bhd	"	715,340	Note 5
3	World Peace International (South Asia) Pre Ltd.	3	WPG CAC (Thailand) Co., Ltd.	"	135,979	Note 5
3	World Peace International (South Asia) Pre Ltd.	3	WPG CAC Computer and Peripherals (India) Private Limited	"	1,307,682	Note 5
4	WPI International (Hong Kong) Limited	3	WPG China Inc.	"	377,938	Note 5
4	WPI International (Hong Kong) Limited	3	World Peace Industrial Co., Ltd.	"	5,964,316	Note 5
4	WPI International (Hong Kong) Limited	3	Silicon Application Corp.	"	257,306	Note 5
4	WPI International (Hong Kong) Limited	3	WPG Korea Co., Ltd.	"	264,894	Note 5

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Number (Note 2)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Transaction terms	Amount	
4	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pre Ltd.	3	Sales	\$	1,969,859	Note 5
4	WPI International (Hong Kong) Limited	WPG SCM Limited	3	-	-	828,179	Note 5
4	WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	3	-	-	306,523	Note 5
4	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	-	-	172,666	Note 5
4	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	-	-	2,812,249	Note 5
5	WPG CAC Limited	WPI International (Hong Kong) Limited	3	-	-	656,293	Note 5
5	WPG CAC Limited	WPI International Trading (Shanghai) Ltd.	3	-	-	1,521,941	Note 5
6	Long-Thick International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	-	-	255,779	Note 5
6	Long-Thick International (Hong Kong) Limited	Longview Technology Inc.	3	-	-	198,456	Note 5
6	Long-Thick International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	-	-	377,222	Note 5
7	Silicon Application Corp.	WPG SCM Limited	3	-	-	227,207	Notes 9 and 11
7	Silicon Application Corp.	WPI International (Hong Kong) Limited	3	-	-	151,968	Notes 9 and 11
7	Silicon Application Corp.	Prime Electronics Co., Ltd.	3	-	-	148,613	Notes 9 and 11
7	Silicon Application Corp.	Brownwin Enterprise Co., Ltd.	3	-	-	111,284	Notes 9 and 11
7	Silicon Application Corp.	WPG Electronics (HK) Limited	3	-	-	2,247,788	Notes 9 and 14
7	Silicon Application Corp.	WPG China (SZ) Inc.	3	-	-	1,016,224	Notes 9 and 14
8	Prime Electronics Co., Ltd.	Brownwin Enterprise Co., Ltd.	3	-	-	599,194	Notes 9 and 14
9	Brownwin Enterprise Co., Ltd.	Prime Electronics Co., Ltd.	3	-	-	1,429,457	Notes 9 and 14
9	Brownwin Enterprise Co., Ltd.	WPG China (SZ) Inc.	3	-	-	176,196	Notes 9 and 14
10	Asia Information Technology Inc.	Silicon Application Corp.	3	-	-	197,295	Note 4
10	Asia Information Technology Inc.	WPI International (Hong Kong) Limited	3	-	-	166,276	Note 4
10	Asia Information Technology Inc.	WPG China (SZ) Inc.	3	-	-	162,092	Note 4
10	Asia Information Technology Inc.	Apache Communication Inc.	3	-	-	608,859	Note 4
10	Asia Information Technology Inc.	Prime Technology Corporation	3	-	-	381,963	Note 4
10	Asia Information Technology Inc.	AIT Japan Inc.	3	-	-	1,917,025	Note 4

Table 7, Page 2

Overdue receivables

Creditor	Relationship with the counterparty	Counterparty	Balance as at December 31, 2016 (Note 1)	Turnover rate (Note 2)	Amount	Actual taken	Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
Frank Technology Corporation	Same parent company	WPI International (Hong Kong) Limited	\$ 122,208	1.38	\$ -	\$ -	123,308	\$ -
Frank Technology Corporation	-	WPG Electronics (HK) Limited	189,559	2.23	-	-	83,028	-
Yousi Industrial Corp.	-	Yousi Hong Kong Corp. Ltd.	215,636	24.85	-	-	215,636	-
Yousi Hong Kong Corp. Ltd.	-	WPG China Inc.	735,562	2.74	-	-	706,581	-
Yousi Hong Kong Corp. Ltd.	-	WPG China (SZ) Inc.	334,975	3.28	-	-	171,241	-
WPG China (SZ) Inc.	-	WPG China Inc.	107,527	5.64	-	-	-	-
WPG Holdings Limited	-	World Peace Industrial Co., Ltd.	155,949	0.00	-	-	-	-
World Peace International Pre Ltd.	-	World Peace International (South Asia) Pre Ltd.	107,010	0.00	-	-	-	-
World Peace International (South Asia) Pre Ltd.	-	World Peace International (South Asia) Pre Ltd.	122,745	0.00	-	-	-	-
World Peace International (South Asia) Pre Ltd.	-	WPG China Inc.	338,881	0.00	-	-	-	-
World Peace International (South Asia) Pre Ltd.	-	WPG America Inc.	1,852,265	0.00	-	-	-	-
World Peace International (South Asia) Pre Ltd.	-	WPI International (Hong Kong) Limited	646,037	0.00	-	-	245	-
World Peace International (South Asia) Pre Ltd.	-	WPG South Asia Inc. Ltd.	103,175	0.00	-	-	103,175	-
WPI International (Hong Kong) Limited	-	WPG China Inc.	391,483	0.00	-	-	-	-
WPI International (Hong Kong) Limited	-	WPG C&C Limited	498,085	0.00	-	-	498,085	-
AECOT Technology Co., Ltd.	-	WPI International (Hong Kong) Limited	728,086	0.00	-	-	4	-
Silicon Application (HK) Corp.	-	Silicon Application Corp.	1,264,318	0.00	-	-	-	-
Silicon Application Company Limited	-	Silicon Application Corp.	718,690	0.00	-	-	-	-
Silicon Application Company Limited	-	WPG Korea Co., Ltd.	292,335	0.00	-	-	-	-
Silicon Application Company Limited	-	WPI International (Hong Kong) Limited	552,129	0.00	-	-	-	-
Everwin Enterprise Co., Ltd.	-	Prime Electronics Co., Ltd.	151,329	0.00	-	-	-	-
Frank Technology Corporation	-	Asia Information Technology Inc.	238,776	0.00	-	-	-	-

Table 8, Page 2

Overdue receivables

Creditor	Relationship with the counterparty	Counterparty	Balance as at December 31, 2016 (Note 1)	Turnover rate (Note 2)	Amount	Actual taken	Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
Serick Incorporated	Same parent company	Relpower Electronic Devices Co., Ltd.	\$ 194,259	0.00	\$ -	\$ -	-	\$ -
Serick Limited	-	WPG America Inc.	445,123	0.00	-	-	-	-
Yousi Hong Kong Corp. Ltd.	-	Yousi Hong Kong Corp. Ltd.	972,139	0.00	-	-	4,639	-
Yousi Hong Kong Corp. Ltd.	-	WPG China (SZ) Inc.	1,164,423	0.00	-	-	-	-
Yousi Shanghai Corp. Ltd.	-	WPG China Inc.	115,703	0.00	-	-	278	-
Yousi Shanghai Corp. Ltd.	-	WPG China (SZ) Inc.	147,794	0.00	-	-	-	-
Yousi Shanghai Corp. Ltd.	-	WPG China (SZ) Inc.	184,800	0.00	-	-	200	-
Relpower Electronic Devices	-	Yousi Singapore Pre Ltd.	209,959	0.00	-	-	334	-
WPG South Asia Inc. Ltd.	-	World Peace International (South Asia) Pre Ltd.	563,668	0.00	-	-	-	-
WPG Investment Co., Ltd.	Parent company	WPG Holdings Limited	110,782	0.00	-	-	-	-

Note 1: Balance as at December 31, 2016 includes other receivables that exceed \$100,000.
Note 2: Turnover rate of 0.00 was caused by the receivables amount recorded as other receivables, and thus the turnover rate is not applicable.
Note 3: The subsequent collections are amounts collected as of March 28, 2017.

Table 8, Page 3

Number	Company name	Relationship (Note 2)	Transaction		Transaction terms Notes 9 and 6	Percentage of consolidated total operating revenues or total assets (Note 3)
			General ledger account	Amount		
6	Everett Enterprise Co., Ltd.	3	Accounts receivable	\$ 250,872	Note 4	0.14
7	Asia Information Technology Inc.	3	-	212,523	Note 4	0.12
7	Asia Information Technology Inc.	3	-	239,110	Note 4	0.13
8	Asia Information Technology Inc.	3	-	151,128	Note 4	0.08
9	Asia Information Technology Inc.	3	-	123,308	Note 4	0.07
9	Asia Information Technology Inc.	3	-	195,539	Note 4	0.11
10	Asia Information Technology Inc.	3	-	215,636	Notes 7 and 12	0.12
11	Asia Information Technology Inc.	3	-	715,562	Notes 7 and 8	0.41
11	Asia Information Technology Inc.	3	-	334,975	Notes 7 and 8	0.19
12	Asia Information Technology Inc.	3	-	395,569	Note 8	0.22
13	Asia Information Technology Inc.	3	-	107,527	Notes 9 and 10	0.06
13	Asia Information Technology Inc.	3	-	135,949	Note 11	0.09
14	Asia Information Technology Inc.	3	-	109,010	Note 11	0.06
15	Asia Information Technology Inc.	3	-	122,745	Note 13	0.07
16	Asia Information Technology Inc.	3	-	326,881	Note 13	0.18
17	Asia Information Technology Inc.	3	-	1,952,263	Note 13	1.09
18	Asia Information Technology Inc.	3	-	646,037	Note 13	0.36
19	Asia Information Technology Inc.	3	-	103,175	Note 15	0.06
20	Asia Information Technology Inc.	3	-	391,483	Note 13	0.22
21	Asia Information Technology Inc.	3	-	498,985	Note 13	0.28
22	Asia Information Technology Inc.	3	-	729,986	Note 13	0.40
23	Asia Information Technology Inc.	3	-	1,264,318	Note 13	0.71
24	Asia Information Technology Inc.	3	-	718,690	Note 13	0.40
25	Asia Information Technology Inc.	3	-	292,335	Note 13	0.16

Table 7, Page 5

Number (Note 1)	Company name	Contract party	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or assets (Note 3)
				General ledger account	Amount	
6	Silicon Application Company Limited	WFO International (Hong Kong) Limited	3	Other receivables	\$ 552,129	0.31
7	Everwiner Enterprise Co., Ltd.	Femas Electronics Co., Ltd.	3	-	151,329	0.08
8	Farnik Technology Corporation	Asia Information Technology Inc.	3	-	258,376	0.14
9	Suntek Incorporated	Richpower Electronic Devices Co., Ltd.	3	-	194,239	0.11
10	Seritek Limited	WPG American Inc.	3	-	445,123	0.25
11	Youn Hong Kong Corp. Ltd.	WPG American Inc.	3	-	972,139	0.54
12	Glaxco Corp. Ltd.	Youn Hong Kong Corp. Ltd.	3	-	1,164,423	0.65
13	Youn South China Corp. Ltd.	WPG China (SZ) Inc.	3	-	115,703	0.06
14	Youn Shanghai Corp. Ltd.	WPG China Inc.	3	-	147,744	0.08
14	Youn Shanghai Corp. Ltd.	WPG China (SZ) Inc.	3	-	184,809	0.10
15	Richpower Electronic Devices Pte., Ltd.	Youn Singapore Pte. Ltd.	3	-	209,559	0.12
16	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	3	-	563,468	0.31
17	WPG Investment Co., Ltd.	WPG Holdings Limited	2	-	110,782	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 "W".

(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) Subsidiary to parent company;

(2) Subsidiary to parent company;

(3) Subsidiary to parent company.

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 (or balance sheet accounts) and based on accumulated transaction amount for the period to consolidated total operating revenues or total assets.

Note 4: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 5: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 6: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 7: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 8: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 9: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 10: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 11: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 12: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 13: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 14: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

Note 15: The terms and sale prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90-120 days from the end of the month of sales.

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Number (Note 1)	Company name	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated revenues or total assets (Note 3)
			General ledger account	Amount		
11	Asian Information Technology Inc.	3	Sales	\$ 817,167	Note 4	0.15
11	Apache Communication Inc.	3	-	479,224	Note 4	0.09
11	Apache Communication Inc.	3	-	144,739	Note 4	0.03
11	Apache Communication Inc.	3	-	146,300	Note 4	0.03
12	Firetek Technology Corporation	3	-	122,254	Note 4	0.02
12	Firetek Technology Corporation	3	-	100,106	Note 4	0.07
12	Firetek Technology Corporation	3	-	134,962	Note 4	0.03
12	Firetek Technology Corporation	3	-	416,177	Note 4	0.08
13	AIT Japan Inc.	3	-	1,452,242	Note 4	0.27
13	Yoma Industrial Corp.	3	-	464,559	Notes 7 and 8	0.09
14	Yoma Industrial Corp.	3	-	365,078	Notes 7 and 8	0.07
14	Yoma Industrial Corp.	3	-	4,098,162	Notes 7 and 12	0.84
15	Serick Incorporated	3	-	338,308	Notes 7 and 12	0.06
15	Serick Incorporated	3	-	510,732	Notes 7 and 12	0.10
16	Youn Heng Kong Corp. Ltd.	3	-	3,859,317	Notes 7 and 8	0.72
16	Youn Heng Kong Corp. Ltd.	3	-	653,426	Notes 7 and 12	0.12
16	Youn Heng Kong Corp. Ltd.	3	-	391,664	Notes 7 and 10	0.07
16	Youn Heng Kong Corp. Ltd.	3	-	1,772,583	Notes 7 and 8	0.33
16	Youn Heng Kong Corp. Ltd.	3	-	1,203,173	Notes 7 and 12	0.22
16	Youn Heng Kong Corp. Ltd.	3	-	156,153	Notes 7 and 12	0.03
16	Youn Heng Kong Corp. Ltd.	3	-	182,140	Notes 7 and 10	0.03
17	Youn Singapore Pte Ltd.	3	-	482,337	Notes 7 and 12	0.09
18	Ridpower Electronic Devices Co., Ltd.	3	-	1,148,978	Note 8	0.21
18	Ridpower Electronic Devices Co., Ltd.	3	-	282,616	Note 8	0.05
19	Mec Technology Co., Limited	3	-	299,243	Note 8	0.06
19	Mec Technology Co., Limited	3	-	325,467	Note 8	0.06
19	Ridpower Electronic Devices Co., Limited	3	-	112,832	Note 8	0.02

Table 7, Page 3

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated revenues or total assets (Note 3)
				General ledger account	Amount		
20	Richpower Electronic Devices Co., Limited	Yousun Hong Kong Comp. Ltd.		\$	262,525	Note 8	0.05
21	Ping Yu Shanghai Digital Technology Co., Ltd.	WPG Electronics (HK) Limited	3	-	790,330	Notes 9 and 11	0.14
22	WPG China Inc.	WPG China (SZ) Inc.	3	-	450,710	Notes 9 and 11	0.08
23	WPG America Inc.	World Peace Industrial Co., Ltd.	3	-	244,400	Notes 9 and 11	0.05
23	WPG America Inc.	WPI International (Hong Kong) Limited	3	-	186,433	Notes 9 and 11	0.03
24	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	3	-	456,994	Note 10	0.09
24	WPG South Asia Pte. Ltd.	Yousun Singapore Pte. Ltd.	3	-	105,525	Note 10	0.02
25	WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	3	-	175,822	Note 11	0.03
25	WPG Electronics (HK) Limited	Silicon Application Corp.	3	-	138,187	Note 11	0.03
25	WPG Electronics (HK) Limited	WPI International (Hong Kong) Limited	3	-	256,385	Note 11	0.05
25	WPG Electronics (HK) Limited	Yousun Hong Kong Comp. Ltd.	3	-	138,224	Note 11	0.03
26	WPG China (SZ) Inc.	WPG China Inc.	3	-	418,599	Note 10	0.08
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	-	1,356,530	Note 5	0.76
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	-	420,195	Note 5	0.23
2	World Peace International (South Asia) Pte. Ltd.	WPI SCM Limited	3	-	1,779,019	Note 5	0.99
2	World Peace International (South Asia) Pte. Ltd.	WPG C&C Components and Peripheral (India) Private Limited	3	-	254,567	Note 5	0.14
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	-	481,740	Note 5	0.27
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte. Ltd.	3	-	350,460	Note 5	0.20
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	-	124,296	Note 5	0.07
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	-	676,530	Note 5	0.49
4	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	-	370,652	Note 5	0.21
4	Silicon Application Corp.	WPG Electronics (HK) Limited	3	-	766,961	Note 5	0.43
4	Silicon Application Corp.	WPG China (SZ) Inc.	3	-	282,393	Notes 6 and 9	0.16
5	Pennat Electronics Co., Ltd.	Everest Enterprise Co., Ltd.	3	-	113,945	Notes 9 and 14	0.06

Table 7, Page 4

Initial investment amount										Shares held as at December 31, 2016	
Investor	Investee	Location	Main business activities	Ownership (%)	Balance as at December 31,		Number of shares	Overship	Book value		
					2016	2015					
Asia Information Technology Inc.	Asia Information Technology Inc.	Taiwan	Import and export of electronic components	100.00	\$ 483,313	\$ 680,313	157,000,000	100.00	\$ 2,119,528		
Asia Information Technology Inc.	Henscher Electric Trading Co., Ltd.	Taiwan	Import and export of electronic components	100.00	124,521	124,531	10,000,000	100.00	122,103		
Asia Information Technology Inc.	Alvite Technology Co., Ltd.	Taiwan	Import and export of electronic components	49.00	157,200	127,800	13,720,000	49.00	32,246		
Asia Information Technology Inc.	Fluor Ltd. International Co., Ltd.	British Virgin Islands	Investment company	100.00	155,558	155,559	4,701,407	100.00	304,914		
Franklin Technology Corporation	Franklin International Limited	British Virgin Islands	Investment company	100.00	101,862	101,862	2,970,000	100.00	125,750		
Yuson Industrial Corp.	Sunip Investments Limited	Cayman Islands	Investment company	100.00	1,812,188	1,812,188	30,790,000	100.00	4,817,098		
Yuson Industrial Corp.	Sunk Incorporated	Taiwan	Sales of electronic components	100.00	1,616,722	1,616,722	94,828,000	100.00	1,836,839		
Yuson Industrial Corp.	Neo-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	20.24	19,920	19,920	1,660,000	20.24	205		
Yuson Industrial Corp.	Resonance Corp.	Taiwan	Sales of electronic components	20.00	11,520	11,520	1,000,000	20.00	41,662		
Yuson Industrial Corp.	Yuson Japan Corp.	Japan	Sales of electronic components	50.00	44,172	44,172	15,015	50.00	37,328		
Yuson Industrial Corp.	Relpower Electronic Device Co., Ltd.	Taiwan	Sales of electronic components	100.00	2,092,631	2,092,631	85,000,000	100.00	2,166,635		
Sunk Incorporated	Sunk Limited	Hong Kong	Sales of electronic components	100.00	83,694	83,694	19,500,000	100.00	431,211		
Relpower Electronic Devices Co., Ltd.	Relpower Electronic Devices Co., Limited	Taiwan	Sales of electronic components	100.00	284,898	284,898	63,000,000	100.00	1,260,739		
Relpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	Taiwan	Sales of electronic components	100.00	401,247	401,247	24,300,000	100.00	431,390		

Table 8, Page 3

Initial investment amount										Shares held as at December 31, 2016			
Investor	Investee	Location	Main business activities	Balance as at December 31,		Number of shares	Ownership (%)	Book value					
				2015	2016								
Mec Technology Co., Ltd.	Mec Technology Co., Limited	Hong Kong	Sales of electronic components	1,072	\$	25,000	100.00	\$	7,256				
Mec Technology Co., Ltd.	Relpower Electronic Device Pte., Ltd.	Singapore	Sales of electronic components	1,998		10,000	100.00		222,819				
WPG Investment Co., Ltd.	Resonance Corp.	Taiwan	Sales of electronic components	11,520		1,000,000	20.00		41,676				
WPG Investment Co., Ltd.	Poa-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	17,800		1,565,218	22.86		-				
WPG Investment Co., Ltd.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	50,000		3,279,800	10.67		66,017				
WPG Investment Co., Ltd.	Taiwan Creation Co., Ltd.	Taiwan	Retail business of other grocery	-		-	0.00		-				
Pennas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Taiwan	Sales of electronic components	343,959		28,000,000	100.00		725,916				
Pennas Electronics Co., Ltd.	Pennas Enterprise (Bsnos) Limited	Singapo	Investment and retail business of other grocery	33,287		1,000,000	100.00		3,247				
Genuine CAC Inc.	Hua-Truck Co., Ltd.	Taiwan	Investment and retail business of other grocery	79,999		8,000,000	100.00		31,576				
Genuine CAC Inc.	Genuine CAC Holding Inc. (Cyprus)	Seychelles	Holding company	163,400		5,500,000	100.00		86,800				
Genuine CAC Inc.	Taiwan Creation Co., Ltd.	Taiwan	Retail business of other grocery	26,995		4,000,000	100.00		13,966				
Genuine CAC Inc.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	12,616		1,682,151	5.47		14,314				

Note 1: Investment income (loss) recognized by the company including (unrealized) gain or loss from operations, intercompany transactions and amortization of investment discount (premium).

Note 2: An indirect subsidiary.

Note 3: An indirect subsidiary.

Note 4: A subsidiary.

Note 5: An indirect subsidiary.

Note 6: An indirect subsidiary.

Note 7: WPG Investment Co., Ltd. sold all of its equity interest which was 25% of shares in Taiwan Creation Co., Ltd. to Genuine CAC Inc.

Table 8, Page 4

Initial investment amount										Shares held as at December 31, 2016									
Investor	Investee	Location	Main business activities	Ownership (%)	Balance as at December 31, 2015	Number of shares	Bank value	Investment income	Net profit (loss) of the investee for the year ended December 31, 2015 (Note 1)	Investment income	Net profit (loss) of the investee for the year ended December 31, 2016 (Note 1)								
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Taiwan	Sales of electronic components	100.00	\$ 13,484,384	981,000,000	\$ 20,472,531	\$ 21,653,22											
WPG Holdings Limited	Asia Information Technology Inc.	Taiwan	Sales of electronic components	100.00	4,065,464	346,812,367	5,993,227	1,351,453											
WPG Holdings Limited	Silicon Application Corp.	Taiwan	Sales of computer software, hardware and electronic components	100.00	4,717,962	486,570,000	6,337,038	585,802											
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	100.00	14,735	3,920,000	50,339	8,566											
WPG Holdings Limited	WPG Korea Co., Ltd.	South Korea	Sales of electronic components	100.00	169,071	1,067,794	396,806	71,482											
WPG Holdings Limited	WPG International (CI) Limited	Cayman Islands	Holding company	100.00	3,785,583	124,142,727	3,559,316	153,569											
WPG Holdings Limited	Yuson Industrial Corp.	Taiwan	Sales of electronic components	100.00	16,131,691	619,650,000	17,121,577	1,160,808											
WPG Holdings Limited	WPG Investment Co., Ltd.	Taiwan	Investment company	100.00	502,997	50,000,000	457,135	(38,605)											
WPG Holdings Limited	WPG Core Investment Co., Ltd.	Taiwan	Investment company	100.00	45,000	5,000,000	1,972	(11,947)											
WPG Holdings Limited	Genuine C&C Inc.	Taiwan	Computer and its peripheral	44.21	510,041	35,175,221	505,093	24,074											
World Peace Industrial Co., Ltd.	World Peace International (PVI) Ltd.	British Virgin Islands	Holding company	100.00	1,132,162	34,196,393	3,288,581	256,027											
World Peace Industrial Co., Ltd.	WPI Investment Holding (WVI) Company Ltd.	British Virgin Islands	Holding company	100.00	2,774,146	83,179,435	13,500,918	372,399											

Expressed in thousands of NT\$
(Except as otherwise indicated)

Notes 2 and 5
Notes 2 and 5

Table 8, Page 1

Initial investment amount										Shares held as at December 31, 2016									
Investor	Investee	Location	Main business activities	Ownership (%)	Balance as at December 31, 2015	Number of shares	Book value	Investment income	Net profit (loss) of the investee for the year ended December 31, 2015 (Note 1)	Investment income	Net profit (loss) of the investee for the year ended December 31, 2016 (Note 1)								
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic components	100.00	\$ 384,250	33,000,000	\$ 579,620	\$ 40,533											
World Peace Industrial Co., Ltd.	Chinapower Technology Corp.	Taiwan	Sales of electronic components	39.00	116,650	9,781,452	152,983	42,721			Notes 2 and 3								
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	Taiwan	Sales of electronic components	100.00	1,464,555	94,600,000	1,709,071	15,454			Notes 2 and 5								
World Peace Industrial Co., Ltd.	Genuine CAC Inc.	Taiwan	Computer and its peripheral equipment	16.29	149,130	12,961,098	172,148	58,198			Notes 2 and 5								
Longview Technology Inc.	Longview Technology Co., Ltd.	British Virgin Islands	Holding company	100.00	335,328	11,300,000	361,629	(22,320)			Notes 2 and 5								
Longview Technology Inc.	Long-Think International Co., Ltd.	Taiwan	Sales of electronic components	100.00	37,302	4,000,000	51,266	8,765			Notes 2 and 5								
AECO Technology Co., Ltd.	Tsun Enterprise Holding (PVI) Inc.	British Virgin Islands	Investment company	100.00	436,290	12,610,000	796,128	12,367			Notes 2 and 5								
Silicon Application Corp.	Silicon Application (PVI) Corp.	British Virgin Islands	Holding company	100.00	706,462	22,000,000	3,254,171	30,859			Notes 2 and 5								
Silicon Application Corp.	Win-Win Systems Ltd.	British Virgin Islands	Holding company	100.00	24,015	716,000	26,248	52			Notes 2 and 5								
Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Singapore	Sales of computer software, hardware and electronic components	100.00	101,510	3,500,000	115,574	1,352			Notes 2 and 5								
Silicon Application Corp.	Win-Win Electronics Corp.	Taiwan	Sales of computer software, hardware and electronic components	0.00	10,000	-	-	(219)			Notes 2, 5 and 7								
Silicon Application Corp.	Pennac Electronics Co., Ltd.	Taiwan	Sales of electronic components	100.00	995,504	73,500,000	1,850,167	141,632			Notes 2 and 5								
Asia Information Technology Inc.	Protek Technology Corporation	Taiwan	Import and export business for electronic components	100.00	1,535,256	214,563,352	2,570,086	175,367			Notes 2 and 5								

Table 8, Page 2

Table 8
WPG Holdings Limited
Information on investors
Year ended December 31, 2016
Expressed in thousands of NTD
(Except as otherwise indicated)

Expressed in thousands of RMB
(Except as otherwise indicated)

Table 9

Investee in Mainland China (Shanghai) Co., Ltd.	Main business activities	Paid-in capital	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2016		Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016 (Note 1)	Remitted to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognized by the Company for the year ended December 31, 2016 (Note 14)	Book value of investment in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
			Investment method (Note 1)	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2016		Investment method (Note 1)	Remitted to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016					
Mac Technology (Shanghai) Co., Ltd.	Sales of electronic components	\$ 16,125	1	\$ 16,125	1	\$ 16,125	\$ -	\$ -	-	\$ -	\$ -	\$ -	Note 2
Qegon Technology Co., Ltd.	Sales of electronic components	59,663	1	5,171	1	5,171	-	15,000	-	-	5,171	-	-
World Components Agent (Shanghai) Inc.	Sales of electronic components	6,430	1	6,430	1	6,430	(630)	100.00 (630)	-	-	3,225	-	-
Arise Component Corp.	Sales of electronic components	-	1	25,800	-	25,800	-	-	-	-	-	-	Note 6
Dalian Keweenaw Investment Digital Co., Ltd.	Sales of electronic components	-	1	25,909	-	25,909	-	-	-	-	-	-	Note 18
Peng Yu (Shanghai) Digital Technology Co., Ltd.	Sales of electronic products	71,564	1	43,022	1	43,022	40,645	55.00	22,348	63,721	-	-	-
Hubei Xinsheng Technology Management Co., Ltd.	Sales of electronic products	-	1	75,987	-	75,987	(30,740)	-	(19,547)	-	-	-	Note 15

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China, as of 11%.

Note 2: It was liquidated in September 2015.

Note 3: It was liquidated in September 2015.

Note 4: It was liquidated in September 2015.

Note 5: It was liquidated in September 2015.

Note 6: It was liquidated in September 2015.

Note 7: It was liquidated in September 2015.

Note 8: WPI International (Hong Kong) Company Limited had been permitted by Investment Commission.

Note 9: WPG International (Hong Kong) Company Limited had been permitted by Investment Commission.

Note 10: It was liquidated in September 2015.

Note 11: It was liquidated in September 2015.

Note 12: It was liquidated in September 2015.

Note 13: It was liquidated in September 2015.

Note 14: It was liquidated in September 2015.

Note 15: It was liquidated in September 2015.

Note 16: It was liquidated in September 2015.

Note 17: It was liquidated in September 2015.

Note 18: It was liquidated in September 2015.

Table 9, Page 3

Note 10: It was liquidated in September 2015.

Note 11: It was liquidated in September 2015.

Note 12: It was liquidated in September 2015.

Note 13: It was liquidated in September 2015.

Note 14: It was liquidated in September 2015.

Note 15: It was liquidated in September 2015.

Note 16: It was liquidated in September 2015.

Note 17: It was liquidated in September 2015.

Note 18: It was liquidated in September 2015.

Investee in Mainland China (Shanghai) Co., Ltd.	Main business activities	Paid-in capital	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2016		Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016 (Note 1)	Remitted to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognized by the Company for the year ended December 31, 2016 (Note 14)	Book value of investment in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
			Investment method (Note 1)	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2016		Investment method (Note 1)	Remitted to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016					
Mac Technology (Shanghai) Co., Ltd.	Sales of electronic components	\$ 7,643	1	\$ -	1	\$ -	\$ -	\$ -	100.00 (708)	708	\$ -	\$ -	Note 8
Long Think International (Shanghai) Limited	Sales of electronic components	15,288	1	143,490	-	-	143,490	2,935	100.00 (1)	54,389	99,917	-	Note 7
AIECO Electronic (Shanghai) Co., Ltd.	Sales of electronic components	138,096	1	126,420	-	-	126,420	(19)	100.00 (19)	19	57,174	-	-
WPI International Trading (Shenzhen) Ltd.	Sales of electronic components	-	1	103,200	-	-	103,200	-	-	-	-	-	Note 12
Silicon Application (Shanghai) Ltd.	Sales of electronic components	-	1	7,069	-	-	7,069	-	-	-	-	-	Note 3
Silicon Application (Wulumu) Ltd.	Sales of electronic components	-	1	6,853	-	-	6,853	-	-	-	-	-	Note 5
Serex (Shanghai) Limited	Sales of electronic components	-	1	-	-	-	-	(47)	100.00 (47)	47	-	-	Note 17
Youn Shanghai Corp. Ltd.	Sales of electronic components	248,528	1	248,528	-	-	248,528	8,456	100.00	8,456	364,593	-	-
Youn Shanghai Corp. Ltd.	Sales of electronic components	138,675	1	-	-	-	-	5,111	100.00	5,111	205,211	-	-
Software World Limited	Sales of electronic components	-	1	5,966	-	-	5,966	-	-	-	-	-	Note 4

Table 9, Page 2

Company name	Accumulated amount of securities from Taiwan to Mainland China as of December 31, 2016	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MEEA)	Colling on Investments in Mainland China imposed by the Investment Commission of MEEA
WPG Holdings Limited	\$	2,137,194	\$ 2,246,902
World Peace Industrial Co., Ltd.		267,632	625,152
ARECO Technology Co., Ltd.		126,420	126,420
Silicon Application Corp.		13,922	20,242
Yusun Industrial Corp.		248,328	476,139
Sorath Incorporated		-	80,625
Richpower Electronic Devices Co., Ltd.		22,091	16,125
WPG Investment Co., Ltd.		5,171	15,751
Pernan Electronics Co., Ltd.		32,250	32,250
Genuine C&C Inc.		144,018	142,842
			30,130,469
			12,268,347
			662,979
			3,888,223
			7,379,477
			924,851
			1,299,981
			274,401
			622,204
			665,308

(1) Exchange rate as of December 31, 2016 were USD 1: NTD 32.25, HKD 1: NTD 4.158 and RMB 1: NTD 4.417.

(2) The colling of investment amount of the company is calculated based on the investor's net assets.
 (3) Richpower Electronic Devices Co., Ltd. had cancelled USD 145 thousand of the investment amount from Investment Commission. Since the investor had been liquidated but the investment was not yet remitted back, the investment amount was included in the accumulated amount remitted out of Taiwan to Mainland China.

7 Financial Status, Operating Results and Risk Management

7.1 Financial status

7.1.1 Consolidated

Unit: NT\$ thousands

Item \ Year	2016	2015	Difference	
			Amount	%
Current assets	165,270,734	165,487,412	(216,678)	(0.13)
Notes and accounts receivable, net	92,777,152	92,271,467	505,685	0.55
Inventories, net	49,927,165	50,295,037	(367,872)	(0.73)
Non-current Assets	13,744,212	13,564,453	179,759	1.33
Financial assets - non-current and Investments in bonds	840,453	808,327	32,126	3.97
Investments accounted for under the equity method	1,132,325	555,054	577,271	104.00
Total assets	179,014,946	179,051,865	(36,919)	(0.02)
Short-term and Long-term borrowings (include current portion of long-term borrowings)	73,199,895	77,606,859	(4,406,964)	(5.68)
Notes and accounts payable	48,257,710	45,242,855	3,014,855	6.66
Total liabilities	128,697,497	130,734,107	(2,036,610)	(1.56)
Capital	17,241,892	16,557,092	684,800	4.14
Total equity	50,317,449	48,317,758	1,999,691	4.14

7.1.2 Main causes of significant changes in the assets, liabilities and equities of the 2016 and 2015 Consolidated financial statements and the response plan

- Investments accounted for under the equity method : Investments accounted for under the equity method in 2016 has increased because of Shenzhen China Electronics Corporation.
- Short-term and Long-term borrowings (include current portion of long-term borrowings) : The amount of loans from banks has decreased in 2016 compared with those in 2015 because in 2016 the working capital is enough and convertible bonds are being converted to common stocks.
- Notes and account payable : The amount of notes and account payable has increased in 2016 compared with those in 2015 because the change of revenue portfolio effected the number of payable days.
- Capital and total equities : Capital and total equities have increased in 2016 compared with those in 2015 because convertible bonds are being converted to common stocks in 2016.

7.1.3 Non-Consolidated

Unit: NT\$ thousands

Item \ Year	2016	2015	Difference	
			Amount	%
Current assets	351,182	442,543	(91,361)	(20.64)

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Investments accounted for under the equity method	54,845,435	56,377,857	(1,532,422)	(2.72)
Total assets	56,292,744	57,848,925	(1,556,181)	(2.69)
Total liabilities	6,494,863	10,078,505	(3,583,642)	(35.56)
Capital	17,241,892	16,557,092	684,800	4.14
Total equities	49,797,881	47,770,420	2,027,461	4.24

7.1.4 Main causes of significant changes in the assets, liabilities and equities of the 2016 and 2015 Non-Consolidated financial statements and the response plan

- Current assets : The amount of current assets has decreased in 2016 compared with those in 2015 because the amount of consolidated tax return of subsidiaries decreased.
- Investments accounted for under the equity method: The investments accounted for under the equity method has decreased in 2016 compared with those in 2015 because cumulative translation adjustments of subsidiaries decreased.
- Total assets: The total assets has decreased in 2016 compared with those in 2015 because the investment accounted for under the equity method decreased.
- Total liabilities: The total liabilities has decreased in 2016 compared with those in 2015 because convertible bonds are being converted to common stocks in 2016.
- Capital and total equities : Capital and total equities have increased in 2016 compared with those in 2015 because convertible bonds are being converted to common stocks in 2016.

7.2 Financial performance

7.2.1 Consolidated

Unit: NT\$ thousands

Item \ Year	2016	2015	Difference	
			Amount	%
Operating revenues	536,918,813	515,536,489	21,382,324	4.15
Operating costs	(514,322,994)	(494,086,240)	(20,236,754)	4.10
Gross profit	22,595,819	21,450,249	1,145,570	5.34
Operating expenses	(14,619,926)	(12,976,134)	(1,643,792)	12.67
Operating income	7,975,893	8,474,115	(498,222)	(5.88)
Non-operating income and expenses	(1,287,669)	(1,320,672)	33,003	(2.50)
Profit before tax	6,688,224	7,153,443	(465,219)	(6.50)
Income tax expense	(1,337,626)	(1,717,511)	379,885	(22.12)
Consolidated net income	5,350,598	5,435,932	(85,334)	(1.57)

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7.2.2 Main causes of significant changes in the operating revenue, operating income and income before tax of the 2016 and 2015 Consolidated financial statements and the response plan

- Operating expenses : The Operating expenses in 2016 has increased compared with those in 2015 because the 2016 allowance (reversal) for doubtful accounts increased.
- Operating income: The operating income in 2016 has decreased compared with those in 2015 because the operating expenses increased.
- Profit before tax : The Profit before tax in 2016 has decreased compared with those in 2015 because operating expenses increased.
- Income tax expense : The Income tax expense has decreased in 2016 compared with 2015 because additional tax on undistributed earnings decreased.

7.2.3 Non-Consolidated

Unit: NT\$ thousands

Item \ Year	2016	2015	Difference	
			Amount	%
Operating revenues	6,062,201	6,383,519	(321,318)	(5.03)
Operating costs and expenses	(542,386)	(557,452)	15,066	(2.70)
Gross profit	5,519,815	5,826,067	(306,252)	(5.26)
Non-operating income and expenses	(103,408)	(93,817)	(9,591)	10.22
Profit before tax	5,416,407	5,732,250	(315,843)	(5.51)
Income tax expense	(103,532)	(311,781)	208,249	(66.79)
Net income	5,312,875	5,420,469	(107,594)	(1.98)

7.2.4 Main causes of significant changes in the operating revenue, operating income and income before tax of the 2016 and 2015 Non-Consolidated financial statements and the response plan

- Operating revenues, Gross profit and Profit before tax: The Operating revenues, Gross profit and Profit before tax in 2016 has decreased compared with those in 2015 because Investment income decreased.
- Income tax expense : The income tax expense has decreased in 2016 compared with those in 2015 because additional tax on undistributed earnings decreased.
- Net income: The net income decreased in 2016 compared with those in 2015 because investment income decreased.

7.2.5 Projection of the sales in the next year and the basis, possible effects on our future financial business and response plan

WPG Group has a variety of production lines and these products are calculated in different units so that there is no statistics in the same unit. In response to the continuously increasing demands for semiconductor parts of communication and consumer

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electronics, automotive electronics and green energy in China, the Group will continue to develop the Asia-Pacific markets and believes that the growing demands will facilitate the growth of WPG Group revenues and profits. The Company will continue to improve the earning quality and asset use efficiency financially to keep up with the expansion of the business scale. In terms of business, we will provide higher valued-added service, win more OEM agreements, improve the sales and penetration in China and use our advantages such as information technology to increase our market share and optimize the interests for the Company and shareholders.

7.3 Cash flow

7.3.1 Consolidated

Unit: NT\$ thousands

Cash Balance 12/31/2015	Net Cash Provided by Operating Activities in 2016	Net increase (decrease) in Cash in 2016	Cash Balance 12/31/2016	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
9,446,642	7,606,700	(989,730)	8,456,912	0	0

The increase of revenues results in higher requirements of operating capitals to support operating activities, thus leading to the net cash inflow in the 2016 consolidated financial statement. The net cash outflow of investment is generated from the investment income recognized under equity method. The net cash outflow of financing activities in 2016 is the result of the cash dividend distributed to shareholders. The net cash outflow of 2016 results in lower closing cash balance over the opening cash balance.

7.3.2 Non-Consolidated

Unit: NT\$ thousands

Cash Balance 12/31/2015	Net Cash Provided by Operating Activities in 2016	Net increase (decrease) in Cash in 2016	Cash Balance 12/31/2016	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
28,481	5,221,528	5,195	33,676	0	0

Our cash flow is composed of the capitals for daily operation, cash dividends of subsidiaries and dividend payout.

7.3.3 Low liquidity improvement plan: WPG Group do not have the problem of low liquidity.

7.3.4 Consolidated cash liquidity analysis for the next year

Unit: NT\$ thousands

Cash Balance 12/31/2016	Net Cash Provided by Operating Activities in 2017	Net increase (decrease) in Cash in 2017	Cash Balance 12/31/2017	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
8,456,912	5,678,500	(364,412)	8,092,500	0	0

It is expected that the net cash inflow from operating activities will increase in the 2016 consolidated statement because of the continuous performance in 2016 and the key objectives resulted from operating cost controlled and net income increased. Cash

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dividends will therefore be paid and loans borrowed from banks will be reimbursed.

7.3.5 Non-Consolidated cash liquidity analysis for the next year

Unit: NT\$thousands

Cash Balance 12/31/2016	Net Cash Provided by Operating Activities in 2017	Net increase (decrease) in Cash in 2017	Cash Balance 12/31/2017	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
33,676	6,316,786	6,324	40,000	0	0

The cash flow is composed of the capitals for daily operation, cash dividends of the subsidiaries and dividend payout.

7.4 The Influence of major capital expenditure on financial business in recent years

WPG Holdings has not made major capital expenditures in recent years. Refer to P.220 of Financial statement for the most recent fiscal year augmented with auditor's report prepared by a CPA for the information about major capital expenditure of WPG Group. (5. WPG Holdings spent NT\$300 million dollars or 20% above of paid-in capital in real estate.)

7.5 Reinvestment policy and main cause of profits or loss in recent years, improvement plan and investment planning for the next year

7.5.1 Reinvestment analysis

December 31, 2016/ Unit: NT\$thousands

Description Company	Long-term investment	Policy	2016 profits (loss)	Main cause of profits or loss	Improve- ment plan	Future invest- ment planning
World Peace Industrial Co., Ltd	20,412,332	Sales of electronic / electrical components	2,185,322	Profits from the invested company, leading to gain on investment	—	—
Silicon Application Corporation	6,347,038	Sales of computer software and electronic products	585,802	"	—	—
Asian Information Technology Inc.	5,993,227	Sales of electronic / electrical components	1,351,453	"	—	—
Yosun Industrial Corp.	17,121,577	Sales of electronic / electrical components	1,140,408	"	—	—
WPG Electronic Ltd.	50,339	Sales of electronic / electrical components	8,566	"	—	—
WPG Korea Co., Ltd.	396,806	Sales of electronic / electrical components	71,482	"	—	—
WPG Investment Co., Ltd.	457,335	Investment company	(38,605)	Investment	—	—

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and we will evaluate the currency trends at all time, use the long-term and short-term financing tools and manage the operating capitals to reduce the effect of interest on the Company.

■ Currency

WPG is a multi-national company and may face the threat from currency risk of US dollars and RMB. Currency risk arises in business transactions, recognized assets and liabilities and net investment in overseas operation institutions. The Group has established the policy, requiring every company of the Group to manage currency risk of corresponding functional currency. The financial department of each company shall help hedge currency considering the overall currency risk. The financial department of each Company also manages the currency risk of future transactions and recognized assets and liabilities through forward exchange agreements to reduce the influence of interest rate on our revenues. The foreign exchange gains in 2016 was 67,925,000 dollars or 1.27% in the net income; therefore, it did not impose significant influence in 2016.

■ Inflation

Semiconductor components are our main products and Asia-Pacific is the major market. The characteristics and price of the products mostly reflect the supply and demands of the market, technical progress and fast innovation. Inflation or deflation of the Asia-Pacific countries did not significantly affect our operation in 2016.

7.6.2 The policy of the transactions, involving high risk, high leveraged investment, lending of capitals, endorsement and derivatives, main causes of profits or loss and responsive measures

The Company did not engage in high risk and high leveraged investment and lent capitals, endorsed for other and conducted derivative transactions in accordance with the policy and responsive measures in "Procedure for the Acquisition and Disposal of Assets", "Procedures for Lending of Company Funds" and "Procedures for Endorsements and Guarantees"

■ Credit risk

To strengthen the performance of credit risk control, the Company and its subsidiaries will continue to optimize the system flow, combine professional with the system for further objective of reducing the risk of security claims.

The main character of credit management divides into four parts: customer management, credit management, accounts receivable management and risk management. We are promoting the customer management of warning and reconciliation of accounts receivable along with cash requirement and offset. We manage these objects as key point and control to achieve the effect of anti-wrongdoing.

■ Risk of the quality of financial statements

We build a mechanism to analyze and check financial figures, offer regular training to improve the accountants' legal and taxation knowledge and regularly inspect the internal control system and operation processes.

■ Risk of the capital structure and difficulty of acquiring capitals

We set a goal of the expense use ratio and strengthen operating capital management.

7.6.3 Future R&D plan and budget

There are FAEs in the Subsidiaries to help clients with testing and design and they will irregularly provide or update the best solutions based on the application categories

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Description Company	Long-term investment	Policy	2016 profits (loss)	Main cause of profits or loss	Improve- ment plan	Future invest- ment planning
WPG Int'l (CI) Limited	3,559,316	Subsidiary of the Holdings	153,569	Profits from the reinvested company	—	—
WPG Core Investment Co., Ltd.	1,772	Investment company	(11,947)	Start-up stage	—	—
Genuine C&C Inc.	505,693	Sales of electronic / electrical components	58,498	Profits from the invested company, leading to gain on investment	—	—

7.5.2 Reinvestment policy of recent years

We reinvest in the professional distributors of electronic parts considering the integration of markets and the completeness of OEM production lines. We also continue to improve our position of the high value-added service and e-commerce distributor to achieve the economics of scale, and maintain and continue to increase the market share and profits.

7.5.3 Investment plan for the next year

WPGH has no significant investment plan from the beginning to the annual report published date in 2016, but the Company will keep setting the acquisition platform of the holding structure and focusing on investment target at home and abroad.

7.6 Risk assessment of the following items in the recent year and as of the publication date of the annual report:

Integrated risk management is the goal of WPG Holdings. The risk management units at each level include risk management in the operation processes through systematical risk identification, risk assessment, risk response and monitoring considering the enterprise holistically in order to reach the goal of the normal management of organization. We will progressively conduct business at acceptable risk level, improve the quality and quantity of incomes, optimize resource distribution and ensure that the appropriate awareness of risk and culture will be established and maintained in the organization

7.6.1 Influence of interest rate, currency and inflation on our revenues and responsive measures

■ Interest rate

The financial cost of 2016 was 1,554,035,000 dollars, an increase of 86,131,000 dollars from 2015. 72,461,000 dollars of them was generated due to the interest of convertible bonds. We borrowed money from banks to meet the capital requirements of operation. Moreover, the interest rate on borrowings of the money market rose but 5.8% is still in the reasonable range. The rising of interest rate will positively affect our revenues,

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of the products to help clients reduce manufacturing costs and improve product efficiency. A total of 4,819 thousand dollars has been invested in R&D as of the 1st quarter of the year.

7.6.4 Influence of important national policy and legal changes on the financial business and responsive measures

In response to the amendment of policies related to corporate governance and Company Act of the competent authorities, the Company will continue to notice on the change of related regulations and make changes accordingly.

7.6.5 Influence of technical and industrial changes on our financial business and responsive measures

The Company in the midstream supply chain of semiconductor parts will expand the production lines and customer coverage to meet the demands of semiconductor parts, brought by changing technology. Due to the intense competition in the industry, merger and acquisition is common among domestic and foreign electronic companies to ensure the competitiveness in the market. The Company will continue to seek partners for strategic alliance, expand production lines and customer coverage, and maintain and expand market share through the investment Holdings in order to maintain our leading position of parts distributors in the Asia-Pacific market.

7.6.6 Influence of the corporate image change on the corporate risk management and responsive measures

The Company upholds the sustainable management principle of professionalism and integrity and highly values our corporate image and risk control. There is no foreseeable risk currently.

7.6.7 Expected benefits, possible risk and responsive measures of M&A

No M&A has been conducted in recent years and the last quarter.

7.6.8 Expected benefits, possible risk and responsive measures of plant expansion

Not applicable. Both the Company and Subsidiaries are not manufacturing industries.

7.6.9 Risk of procurement and sales concentration and responsive measures

Our clients spread across Asia-Pacific broadly and the products include computer peripheral, communication, consumer electronics and automotive electronics. The sales amount of single clients has not gone over 10% of the consolidated revenues in recent years and the 1st quarter of 2016, and therefore there is no problem of sales concentration. In addition, we have maintained great relationship with suppliers in the long term so we have stable supply source.

7.6.10 Influence, risk and responsive measures of transferring huge amount of equities by the Board directors, supervisors or the major shareholder with the holding ratio over 10% on the Company: none

7.6.11 Influence of franchise change on the risk of the Company and responsive measure: none

7.6.12 A list shall be made for the lawsuits, non-contentious events or administrative appeals involving the Company, the directors, supervisors, general manager, major shareholders holding greater than 10% of shares and the company's subsidiaries (whether pending or for which a verdict has been reached) and the results may greatly affect the rights of its shareholders or stock price: none

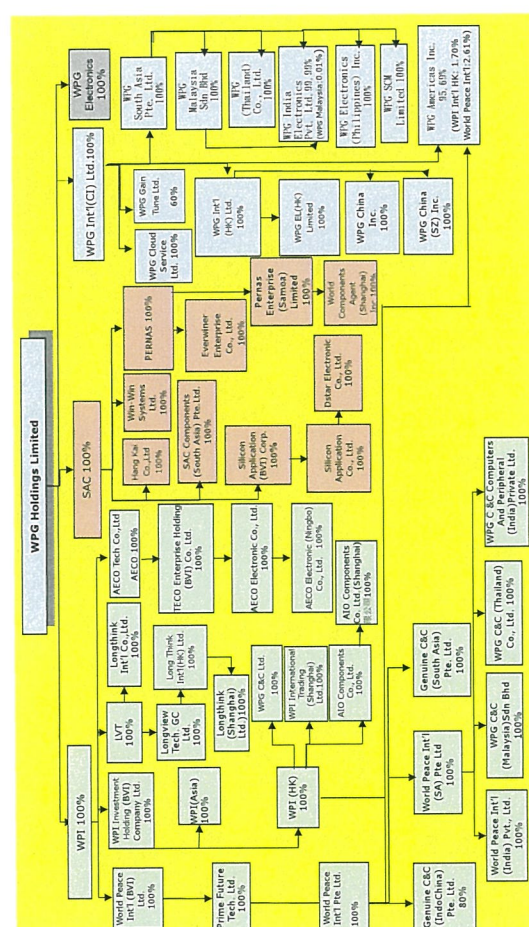
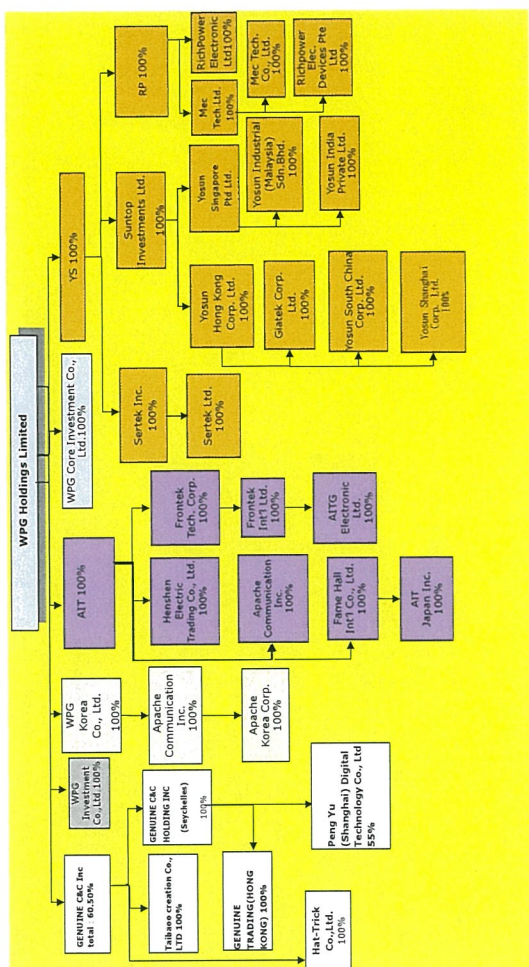
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7.6.13 Other important risks and responsive measures: WPG Holdings did not have other important risks in 2016 and as of the publication date of the annual report.

7.7 Other important matters:

Reference and foundation of evaluation for the appropriation of assets and liabilities

- 7.7.1 The allowance method of accounting for bad debts - account receivables: In the event of doubtful debts, they shall be individually evaluated to determine the possibility of collection and whether there is impairment loss with reference to the aging schedule (not the only reference). Evaluation shall be made to see whether there is objective evidence showing impairment loss.
- (1) The customer has serious financial problems.
 - (2) The customer does not pay upon expiry.
 - (3) It is highly possible that the customer will declare bankruptcy or financial restructuring.
- 7.7.2 Allowance for Inventory decline in market value policy : It is measured based on the cost and net realizable value to determine which is lower. The cost and net realizable value are compared item by item.



8 - Special Notes
8.1.2 Affiliates

Unit: NT\$ thousands, unless otherwise specified As of December 31st, 2016				
Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
World Peace Industrial Co., Ltd.	1981/6/3	8F, No.74, No.76, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	9,811,000	Sales of electronic /electrical components
Silicon Application Corporation	1987/1/21	18F, No.2, Jian 8th Rd, Zhonghe Dist., New Taipei City	4,065,700	Sales of computer software and electronic product
Richpower Electronic Devices Co., Ltd.	2005/1/13	4F, No.489, Sec. 2, Tiding Blvd., Nanhui Dist., Taipei City	850,000	Sales of electronic /electrical components
Pemas Electronics Co., Ltd.	1984/2/14	11F, No.258, Liancheng Rd., Zhonghe Dist., New Taipei City	735,000	Sales of electronic /electrical components
Asian Information Technology Inc.	1993/7/29	7F, No.439, Ruiguang Rd., Nanhui Dist., Taipei City	3,468,124	Sales of electronic / electrical components
Yesun Industrial Corp.	1980/2/30	9F, No.489, Sec. 2, Tiding Blvd., Nanhui Dist., Taipei City	6,496,500	Sales of electronic / electrical components
WPG Electronic Ltd.	2002/4/22	4F, No.70, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	39,200	Sales of electronic /electrical components
WPG Korea Co., Ltd.	2005/11/8	(Pangyo Innovation Valley) B-301, 253, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, 13486, Korea	KRW 5,438,970	Sales of electronic /electrical components
WPG International (CI) Limited	2007/3/1	4th Floor, Willow House,Cricknet Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands	USD 124,443	holding company
WPG Investment Co., Ltd.	1998/7/9	9F, No.489, Sec. 2, Tiding Blvd., Nanhui Dist., Taipei City	500,000	Investment company
GENUINE CSC INC.	1988/1/30 (R.O.C.)	No.36, Ln. 66, Ruiguang Rd., Nanhui Dist., Taipei City, Taiwan	795,695	Computers and computer equipments company

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Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
World Peace International (India) Pvt., Ltd.	1997/10/3	Unit No. 2144, 2nd Floor, Oberoi Garden Estate Off, Sak/vihar Road, Chandivall Mumbai, Maharashtra India - 400072	INR 3,575 thousand dollars	Sales of electronic /electrical components
WPG C&C Computers and Peripheral (India) Private Limited	2008/6/4	No.26, 2 nd Floor, Okha Industrial Estate, Phase-III, New Delhi-110020, India.	INR 484,200 thousand dollars	Sales of electronic /electrical components
WPG C&C (Malaysia) Sdn Bhd	2001/1/26	25-4 & 27-4 (Ground Floor) Block D1, Dataran Prima, Jalan PJU 1/4, 47301 P.J., Selangor	MYR 1,1250 thousand dollars	Sales of electronic /electrical components
WPG C&C (Thailand) Co., Ltd.	2006/2/23	No. 9/302-4 UM Tower, 30 th Floor, Ramkhamhaeng Road, Suanluang Sub-district, Suanluang District, Bangkok, Thailand	BAHT 25,750 thousand dollars	Agent and sales of information products
WPG C&C Limited	2002/7/19	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 6,500 thousand dollars	Agent and sales of information products
WPI International Trading (Shanghai) Ltd.	2005/1/13	No.3688, Jindu Road, Xinchuang Industrial Zone, Shanghai	USD 6,650 thousand dollars	Agent and sales of information products
AIO Components Company Limited	1992/10/15	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 1,382 thousand dollars	Sales of electronic /electrical components
AIO (Shanghai) Components Company Limited	2002/10/21	Unit 1135, 11F, Kaking Building, No.35, Rijing Road, Waigaoqiao Free Trade Zone, Shanghai	USD 200 thousand dollars	Sales of electronic /electrical components
Long-Think International Co., Ltd	2010/3/19	5F, No.76, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	40,000	Sales of electronic /electrical components
Longview Technology GC Limited	2012/5/10	Commence Chambers, P.O Box 2208, Road Town, Tortola, British Virgin Islands	USD 11,300 thousand dollars	Holding company
Long-Think International (Hong Kong) Limited	1991/5/14	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 10,000 thousand dollars	Sales of electronic /electrical components
Long-Think International (Shanghai) Limited	2002/10/21	Part H2, 5th Floor, Building 2, No.115, Fute west 1 Road, Waigaoqiao Free Trade Zone, Shanghai	USD 400 thousand dollars	Sales of electronic /electrical components
Silicon Application (BVI) Corp.	1997/6/17	Citico Building,P.O. Box 662,Road town,Tortola, British Virgin Islands	USD 22,000 thousand dollars	Holding company

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Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
AECO Technology Co., Ltd.	1975/8/8	6F, No.74, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	946,000	Sales of electronic /electrical components
WPI Investment Holding (BVI) Company Ltd.	1996/3/15	Commence Chambers, P.O Box 2208, Road Town, Tortola, British Virgin Islands	USD 83,179 thousand dollars	Holding company
World Peace International (BVI) Ltd.	1985/5/4	Commence Chambers, P.O Box 2208, Road Town, Tortola, British Virgin Islands	USD 34,196 thousand dollars	Holding company
Longview Technology Inc.	1992/1/24	3F, No.70, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	339,000	Sales of electronic /electrical components
WPG Gain Tune Ltd.	1986/2/18	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 1,000 thousand dollars	Sales of electronic /electrical components
World Peace International (Asia) Limited	2011/8/5	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 10 thousand dollars	Sales of electronic /electrical components
WPI International (Hong Kong) Limited	1996/4/16	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 85,545 thousand dollars	Sales of electronic /electrical components
Prima Future Technology Limited	2000/9/15	Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 36,448 thousand dollars	Holding company
World Peace International Pte Ltd	2000/6/29	No. 10 Upper Aljunied Link #/06-07, Singapore 367904	USD 30,390 thousand dollars	Holding company
WPG SCH Limited	2001/12/12	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 1,941 thousand dollars	Sales of electronic /electrical components
Genuine C&C (South Asia) Pte. Ltd.	2001/1/5	No. 10 Upper Aljunied Link #/06-07, Singapore 367904	USD 4,095 thousand dollars	Sales of electronic /electrical components
Genuine C&C (IndoChina) Pte. Ltd.	2002/5/23	No. 10 Upper Aljunied Link #/06-07, Singapore 367904	USD 5,000 thousand dollars	Sales of electronic /electrical components
World Peace International (South Asia) Pte Ltd	1995/5/17	No. 10 Upper Aljunied Link #/06-07, Singapore 367904	USD 21,774 thousand dollars	Sales of electronic /electrical components

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Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Silicon Application Company Limited	2000/2/14	Units07-11 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 100,000 thousand dollars	Sales of computer software and electronic product
Dsar Electronic Company Limited	2000/9/4	Units07-11 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 6,000 thousand dollars	Sales of computer software and electronic product
Win-Win Systems Ltd.	2000/6/20	The premises of Commonwealth trust Limited,Snailight House, Tortola, British Virgin Islands	USD 765 thousand dollars	Holding company
S&C Components (South Asia) Pte. Ltd.	2012/4/25	No. 10 Upper Aljunied Link #/06-07, Singapore 367904	USD 3,500 thousand dollars	Sales of electronic / electrical products
Mec Technology Co., Ltd.	1999/4/19	5F, No.489, Sec. 2, Tiding Blvd., Nanhui Dist., Taipei City	243,000	Sales of electronic / electrical products
Richpower Electronic Devices Co., Limited	1998/5/27	Units 07-11 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 8,125 thousand dollars	Sales of electronic / electrical products
Mec Technology Co., Limited	2004/7/13	Units 07-11 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 32 thousand dollars	Sales of electronic / electrical products
Richpower Electronic Devices Pte., Ltd.	2004/8/6	No. 10 Upper Aljunied Link #/06-07, Singapore 367904	USD 61 thousand dollars	Sales of electronic / electrical products
Everwiner Enterprise Co., Ltd.	1998/3/31	11F, No.268, Liancheng Rd., Zhonghe Dist., New Taipei City	280,000	Sales of electronic /electrical components
Pemas Enterprise (Samoa) Limited	2005/9/26	Offshore Chambers, P.O. BOX 217, Apia, Samoa	USD 1,000	Holding company
World Components Agent (Shanghai) Inc.	2006/2/5	Part M1 and C3, 4F, No.258, Fute North Road, Waigaoqiao Free Trade Zone, Shanghai	USD 200 thousand dollars	Sales of electronic / electrical products
Apache Communication Inc.	1998/3/19	7F, No.431, Ruiguang Rd., Nanhui Dist., Taipei City	1,570,000	Sales of electronic / electrical components
Henshen Electric Trading Co., Ltd.	1978/7/7	2F, No.441, Ruiguang Rd., Nanhui Dist., Taipei City	100,000	Sales of electronic / electrical components
Frontek Technology Corporation	1985/12/10	7F, No.435, Ruiguang Rd., Nanhui Dist., Taipei City	2,145,034	Sales of electronic / electrical components

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Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Fame Hail International Co., Ltd.	1998/12/7	Plum Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD 4,703 thousand dollars	Investment company
Frontek International Limited	2002/6/4	Jifia Building, 3rd Floor, 142 Main Street, Road Town, Tortola, British Virgin Islands	USD 2,970 thousand dollars	Investment company
AITC Electronic Limited	2002/9/9	Unit 1501-3, Far East Consortium Building, No.121, Des Voeux Road Center, Central District, Hong Kong	HKD 22,800 thousand dollars	Sales of electronic / electrical components
AIT Japan Inc.	2005/3/7	7F, Shinagawa-Goenyama Bldg.3-6-6, Kita Shinagawa, Shinagawa-ku, Tokyo 140-0001, Japan	JPY 300,050 thousand dollars	Sales of electronic / electrical products
Sertek Incorporated	1983/2/23	2F, No.489, Sec. 2, Tiding Blvd., Neliu Dist., Taipei City	948,281 thousand dollars	Sales of electronic / electrical components
Sertek Limited	1988/12/2	Room 901 Yip Fung Building, 2-12 D'Agular Street, Central, Hong Kong	USD 2,500 thousand dollars	Sales of electronic / electrical components
Suntop Investments Limited	1997/7/18	3rd Floor/Harbour Centre, P.O. Box 613 George Town, Grand Cayman,Cayman Island,British West Indies	USD 50,700 thousand dollars	Investment company
Yosun Hong Kong Corp.Ltd.	1995/4/13	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 37,855 thousand dollars	Sales of electronic / electrical components
Yosun Singapore Pte Ltd.	1991/2/14	No. 10 Upper Aljunied Link #106-07, Singapore 367904	USD 12,475 thousand dollars	Sales of electronic / electrical components
Yosun Industrial (Malaysia) Sdn. Bhd.	1991/12/3	Suite S-21-H,21st Floor,Menara Northam,55 Jalan Sultan Ahmad Shah,10050 Penang, Malaysia	MYR 400 thousand dollars	Sales of electronic / electrical components
Yosun India Private Ltd.	2008/12/19	No.26, 2nd Floor, Okhla Industrial Estate, Phase-II, NEW Delhi-110020, India.	INR 2,248 thousand dollars	Sales of electronic / electrical components
Gatek Corp. Ltd.	2004/10/5	Units07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 39,000 thousand dollars	Sales of electronic / electrical components

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Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
WPG India Electronics Pvt Ltd	2011/3/4	No.26, 2nd Floor, Okhla Industrial Estate, Phase-II, New Delhi-110020, India.	INR 159,100 thousand dollars	Sales of electronic / electrical components
WPG Electronics (Philippines) Inc.	1999/9/2	Unit 501 Richville Corporate Centre, #1314 Commerce Ave. Ext., Madrigal Business Park, Ayala Alabang, Muntinlupa, 1780 Philippines	PHP 1,000 thousand dollars	Sales of electronic / electrical components
Teco Enterprise Holding (BVI) Co., Ltd.	2002/4/19	Commerce Chambers P.O.Box 22018 Ruvid Seychelles	USD 12,610 thousand dollars	Investment company
AECO Electronic Co., Ltd.	2002/5/2	Units07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 12,600 thousand dollars	Distribution of semiconductor products
AECO Electronic (Ningbo) Co., Ltd.	2003/1/13	403-11 Honghai Commercial Building, Ningbo Free Trade Zone, Ningbo Municipality, Zhejiang Province	USD 3,920 thousand dollars	Trading of electronic / electrical products
WPG Core Investment Co., Ltd.	2014/2/2	3F, No.489, Sec. 2, Tiding Blvd., Neliu Dist., Taipei City	50,000	Investment company
GENUINE Commercial Net Co., Ltd	1999/4/10	3F, No.36, Ln. 66, Neliu Dist., Taipei City 114, Taiwan (R.O.C.)	80,000	Investment and food goods selling
GENUINE CMC HOLDING INC (Seychelles)	2011/6/22	No.24,Lesperance, Providence Industrial Estate, MAHE Seychelles	USD 5,500 thousand dollars	holding company
TaiBaiNet Co.,Ltd	2013/1/22	3F, No.36, Ln. 66, Neliu Dist., Taipei City 114, Taiwan (R.O.C.)	40,000	Food goods selling
GENUINE TRADING (HONG KONG) COMPANY LIMITED	2012/8/1	12F Jin Sheng Building, No.255-257 Des Voeux Road Central, Hong Kong	HKD 38,000 thousand dollars	holding company
Peng Yu (Shanghai) Digital Technology Co., Ltd.	2014/5/30	Room A63, Floor 3, No.473, Fube West 1st Road, Free Trade Testing Zone(Shanghai), China	RMB 15,500 thousand dollars	Electronic product selling

8.1.3 Shareholders in Common of WPG Holdings Limited and Its Subsidiaries with Deemed Control and Subordination: None.

8.1.4 Business Scope of WPG Holdings Limited and Its Subsidiaries

The Company and its subsidiaries are mainly engaged in the sales of electronic / electrical components, holding company, Investment and software design services.

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Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Yosun Shanghai Corp. Ltd.	2002/4/24	Unit 626, 6F., Hengshan International Commercial Building, No.38, Yinglin Road, Waigaoqiao Free Trade Zone, Shanghai	RMB 62,816 thousand dollars	Warehouse business and sales of electronic components
Yosun South China Corp. Ltd.	1999/10/12	Unit 903 and 904, 9F, Block 2, Kai Da Er Building, No.168 TongSha Road, Xili Town, Nanshan, Shenzhen	RMB 32,069 thousand dollars	Sales of electronic / electrical components
Apache Communication Inc.	2000/1/4	2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands	USD 2,795 thousand dollars	Investment company
Apache Korea Corp.	2003/9/8	(Pangyo Innvalley)B-301,253, Pangyo-ro, Bundang-gu, Songnam-si, Gyeonggi-do, 13486, Korea (13486)	KRW 1,054,910 thousand dollars	Sales of electronic / electrical components
WPG International (Hong Kong) Limited	2007/6/5	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 66,333 thousand dollars	Holding company
WPG Americas Inc.	2006/5/16	5285 Heliyer Ave Suite 150, San Jose, CA 95138	USD 66,100 thousand dollars	Sales of electronic / electrical components
WPG Cloud Service Limited	2012/9/4	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 2,157 thousand dollars	General trading
WPG Electronics (Hong Kong) Limited	1997/6/6	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 4,057 thousand dollars	Sales of electronic / electrical components
WPG China Inc.	1995/9/16	Part B, 6F., Jialai Building, No.191, Rijing Road, Waigaoqiao Free Trade Zone, Shanghai	USD 58,280 thousand dollars	Sales of electronic / electrical components
WPG China (SZ) Inc.	2000/7/7	1-8, 12-14F, Block 2, Kai Da Er Building, No.168 TongSha Road, Xili Town, Nanshan, Shenzhen	HKD 37,000 thousand dollars	Sales of computer software and electronic product
WPG South Asia Pte. Ltd.	2006/9/20	No. 10 Upper Aljunied Link #106-07, Singapore 367904	USD 15,690 thousand dollars	Sales of electronic / electrical components
WPG Malaysia Sdn Bhd	1995/10/18	25-4 & 27-4, Block D1, Dataran Prima, Jalan PJU 1/41, 47301 Petaling Jaya, Selangor, Malaysia.	MYR 1,011 thousand dollars	Sales of electronic / electrical components
WPG (Thailand) Co., Ltd.	1995/11/28	No. 9/302-4 UM Tower, 30th Floor, Ramkhamhaeng Road, Suanluang Sub-district, Suanluang District, Bangkok, Thailand	BAHT 10,372 thousand dollars	Sales of electronic / electrical components

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8.1.5 Rosters of Directors, Supervisors, and Presidents of Affiliates

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
World Peace Industrial Co., Ltd.	Chairman	Chang Jung Kang(Representative of WPG Holdings Limited)	WPG Holdings Limited holds 981,100,000 shares	100.00%
	Director	Hsu Chu Hung(Representative of WPG Holdings Limited)		
	Director	Huang Wei-Hsiang(Representative of WPG Holdings Limited)		
	Director	Hsu Ying Che(Representative of WPG Holdings Limited)		
	Director	Yeh Fu-Hai(Representative of WPG Holdings Limited)		
Silicon Application Corporation	Supervisor	Yuan Hsiang-Wen(Representative of WPG Holdings Limited)	WPG Holdings Limited holds 406,570,000 shares	100.00%
	Chairman	Chen Kou Yuan(Representative of WPG Holdings Limited)		
	Director	Huang Wei-Hsiang(Representative of WPG Holdings Limited)		
	Director and Chief	Chen Ming Chih (Representative of WPG Holdings Limited)		
	Director	Yeh Fu-Hai(Representative of WPG Holdings Limited)		
Richpower Electronic Devices Co., Ltd.	Executive Officer	Wang Yung-Yi(Representative of WPG Holdings Limited)	Yosun Industrial Corp. holds 85,000,000 shares	100.00%
	Supervisor	Yuan Hsiang-Wen(Representative of WPG Holdings Limited)		
	Chairman and President	Tsung Kuo Tung (Representative of Yosun Industrial Corp.)		
	Director	Jack Tseng Zhang Zhi Wen (Representative of Yosun Industrial Corp.)		
	Director	Huang Chiao Kou(Representative of Yosun Industrial Corp.)		
Pernas Electronics Co., Ltd.	Supervisor	Liu Hung-At(Representative of Yosun Industrial Corp.)	Silicon Application Corp. holds 73,500,000 shares	100.00%
	Chairman	Chen Kou Yuan(Representative of Silicon Application Corp.)		
	Director	Chen Ming Chih (Representative of Silicon Application Corp.)		
	Director	Wang Yung-Yi(Representative of Silicon Application Corp.)		
	General manager	Ting, Yui Hsin (Representative of Silicon Application Corp.) Wu Yong Chang		

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares	Investment Holding%	
Asian Information Technology Inc.	Chairman	Hsu Ning-Jen(Representative of WPG Holdings Limited)	WPG Holdings Limited holds 346,812,367 shares	100.00%	
	Director and President	Yeh Fu-Hai(Representative of WPG Holdings Limited)			
	Director	Yu Chang-Ching(Representative of WPG Holdings Limited)			
	Director	Huang Wei-Hsiang(Representative of WPG Holdings Limited)			
	Supervisor	Yuan Hsing-Wen(Representative of WPG Holdings Limited)			
Yosun Industrial Corp.	Chairman	Tsung Kuo-Tung(Representative of WPG Holdings Limited)	WPG Holdings Limited holds 649,650,000 shares	100.00%	
	Director	Huang Wei-Hsiang(Representative of WPG Holdings Limited)			
	Director	Huang Chiao-Kou(Representative of WPG Holdings Limited)			
	President/Director	Lin Da-San(Representative of WPG Holdings Limited)			
	Supervisor	Yeh Fu-Hai(Representative of WPG Holdings Limited)			
WPG Electronic Ltd.	Chairman	Huang Wei-Hsiang(Representative of WPG Holdings Limited)	WPG Holdings Limited holds 3,920,000 shares	100.00%	
	Director	Hsieh Chia-Chuan(Representative of WPG Holdings Limited)			
	Supervisor	Yuan Hsing-Wen(Representative of WPG Holdings Limited)			
WPG Korea Co., Ltd.	Representative Director	Kwak, Chong-Pyo	WPG Holdings Limited holds 1,087,794 shares	100.00%	
	Director	Huang Wei-Hsiang(Representative of WPG Holdings Limited)			
	Supervisor	Yuan Hsing-Wen			
WPG International (CI) Limited	Director	Huang Wei-Hsiang	WPG Holdings Limited holds 124,442,727 shares	100.00%	

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares	Investment Holding%	
WPG Investment Co., Ltd.	Chairman	Huang Wei-Hsiang (Representative of WPG Holdings Limited)	WPG Holdings Limited holds 50,000,000 shares	100.00%	
	Director	Lin Tsay-Lin (Representative of WPG Holdings Limited)			
	Director	Shaw Shung-Ho(Representative of WPG Holdings Limited)			
	Supervisor	Huang Hsing-Wen(Representative of WPG Holdings Limited)			
	Chairman	Huangwei Xiang (Representative of World Peace Industrial Co., Ltd.)	12,964,098 shares	16.29%	
GENUINE C&C INC.	Director	Zhang Kong Gang (Representative of World Peace Industrial Co., Ltd.)			
	Director	Lin Tsai Lin (Representative of WPG Holding Co., Ltd.)	35,175,221 shares	44.21%	
	Director	Yuan Hsing-Wen			
	Director	Ye Qi dong	2,684,039 shares	3.37%	
	Supervisor	Xiao Chong Ho	200,800 shares	0.25%	
	Supervisor	Xu ming Ran	900 shares		
	Supervisor	Wang Pengcheng (Representative of Co., Ltd.)	1,107,000 shares	1.39%	
	Supervisor	Xu Wei Investment Co., Ltd.)	50,500 shares	0.11%	
	Supervisor	Chung Pei-Yuan	57,814 shares	0.07%	
	Supervisor	Hong Yue Qing			
AECO Technology Co., Ltd.	Chairman	Hsu Chu Hung(Representative of World Peace Industrial Co., Ltd.)	World Peace Industrial Co., Ltd. holds 94,600,000 shares	100.00%	
	Director	Chang Jung Kung(Representative of World Peace Industrial Co., Ltd.)			
	Director	Hsu Ying Che(Representative of World Peace Industrial Co., Ltd.)			
	Supervisor	Wang Peng Cheng(Representative of World Peace Industrial Co., Ltd.)			
WPI Investment Holding (BVI) Company Ltd.	Director	World Peace Industrial Co., Ltd.	World Peace Industrial Co., Ltd. holds 83,179,435 shares	100.00%	
	Director	Chang Jung Kung			

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares	Investment Holding%	
World Peace International (BVI) Ltd.	Director	Chang Jung Kung	World Peace Industrial Co., Ltd. holds 34,196,393 shares	100.00%	
Longview Technology Inc.	Chairman and President	Hsu Chu Hung(Representative of World Peace Industrial Co., Ltd.)	World Peace Industrial Co., Ltd. holds 33,900,000 shares	100.00%	
	Director	Hsu Ying Che(Representative of World Peace Industrial Co., Ltd.)			
	Director	Yu Cheng Chang(Representative of World Peace Industrial Co., Ltd.)			
	Director	Wang Peng Cheng(Representative of World Peace Industrial Co., Ltd.)			
	Supervisor				
WPG Gain Tune Ltd.	Director	Chang Jung Kung	WPG International (CI) Ltd holds 46,500,000 shares	60.00%	
	Director	Ye Fu Hai	CT TECH GROUP LIMITED holds 31,000,000 shares	40.00%	
	Director	Yuan Xingwen			
	Director	He Wei Ping			
	Director	Han Yang Guang			
World Peace International (Asia) Limited	Director	Chang Jung Kung	WPI Investment holds 10,000 shares	100.00%	
	Director	Hsu Chu Hung			
	Director	Hsu Ying Che			
	Director	Chang Jung Kung	WPI Investment holds 4,087,084,000 shares	100.00%	
	Director	Hsu Chu Hung			
Prime Future Technology Limited	Director	Hsu Ying Che	World Peace Int'l (BVI) holds 36,448,096 shares	100.00%	
	Director	Chang Jung Kung	Prime Future Tech. holds 249,632,599 shares	100.00%	
World Peace International Pte Ltd	Director	Chai Kim Yin			
	Director	Chang Jung Kung			

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares	Investment Holding%	
Genuine C&C (South Asia) Pte. Ltd.	Director	Chai Kim Yin	World Peace Int'l holds 9,054,600 shares	100.00%	
	Director	Tan Sze Chuam			
	Director	Tan Yew Teck			
	Director	Tan Sze Chuam	World Peace Int'l holds 5,359,370 shares	80.00%	
	Director	Chai Kim Yin			
World Peace International (South Asia) Pte Ltd	Director	Tan Yew Teck	World Peace Int'l holds 34,314,692 shares	100.00%	
	Director	Chai Kim Yin			
	Director	Chang Jung Kung			
World Peace International (India) Pvt. Ltd.	Director	Chai Kim Yin	World Peace Int'l (SA) holds 3,575,058 shares	100.00%	
	Director	Rick Tan			
	Director	Jason Saw			
	Director	Kashinath Karekur			
WPG C&C Computers and Peripherals (India) Private Limited	Director	Tan Sze Chuam	World Peace Int'l SA holds 48,415,000 shares	99%	
	Director	Rajeev Bajpal	World Peace Int'l holds 5,000 shares	1%	
	Director	Chai Kim Yin			
WPG C&C (Malaysia) Sdn Bhd	Director	Tan Sze Chuam	World Peace Int'l SA holds 11,250,000 shares	100.00%	
	Director	Chai Kim Yin			
	Director	Wendy Tiong Siew Ling			
	Director	Hia Bun Chin			

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares	Investment Holding%	
WPG C&C (Thailand) Co., Ltd.	Director	Chai Kim Yin	1,000 shares	0.10%	100.00%
	Director	Tin Sze Chiann	1,000 shares	0.10%	
	Director	Sopanasat Sittavanon	360,000 shares	36.00%	
WPG C&C Limited	Director	Chang Jung Kang	World Peace Int'l SA holds 488,000 shares	48.80%	100.00%
	Director	Hsu Chu Hung	WPI International (Hong Kong) Limited holds 6,500,000 shares	100.00%	
	Director	Hsu Ying Che	— (Note 1)	—	
WPI International Trading (Shanghai) Ltd.	Director and authorized Representative	Ho, Hsiang-Chou	— (Note 1)	WPI International (Hong Kong) Limited holds 100.00%	100.00%
	Director	Shen, Wei-Chung			
	Director	Chen, Ting-Tsung			
ATO Components Company Limited	Director	Yang, Hung-Yeh	WPI International (Hong Kong) Limited holds 1,361,688 shares	100.00%	100.00%
	Supervisor	Wang Peng-Cheng			
	Director	Hsu Chu Hung			
ATO (Shanghai) Components Company Limited	Director and authorized Representative	Shen, Wei-Chung	— (Note 1)	ATO Components Company Limited holds 100.00%	100.00%
	Director	Chen, Ting-Tsung			
	Supervisor	Wang Peng-Cheng			
Long-Think International Co., Ltd	Chairman	Hsu Chu Hung	Longview Technology Inc. holds 4,000,000 shares	100.00%	100.00%
	Director	Yu Cheng Chang			
	Supervisor	Hsu Ying Che			

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares	Investment Holding%	
Mec Technology Co., Ltd.	Chairman	Wu Chang-Ching	Richpower Electronic Devices Co., Ltd. holds 24,300,000 shares	100.00%	100.00%
	Director	Liu Hung-An			
	Director	Chen Wei-Kuang			
	Supervisor	Cheng Cheng-Chuan			
Richpower Electronic Devices Co. Limited	Director	Huang Jiao Gou	Richpower Electronic Devices Co., Ltd. holds 63,000,000 shares	100.00%	100.00%
	Director	Ho Peng-Hsiung			
Mec Technology Co., Limited.	Director	Huang Jiao Gou	Mec Technology Co., Ltd. holds 25,000 shares	100.00%	100.00%
	Director	Ho Peng-Hsiung			
Richpower Electronic Devices Pte., Ltd.	Director	Huang Jiao Gou	Mec Technology Co., Ltd. holds 10,000 shares	100.00%	100.00%
	Director	Ho Peng-Hsiung			
	Director	Chai Kim Yin			
Everwin Enterprise Co., Ltd.	Chairman	Chen Kou Yuan	Pernias Electronics Co., Ltd. holds 28,000,000 shares	100.00%	100.00%
	Director	Chen Ming Chih			
	Supervisor	Wang Yung-Ti			
Pernias Enterprise (Samoa) Limited	General manager	Ting, Tzu Hsin	Pernias Electronics Co., Ltd. holds 1,000,000 shares	100.00%	100.00%
	Director	Wu Yong Chang			
World Components Agent (Shanghai) Inc.	Executive Director	Chen Kai-Lun	— (Note 1)	—	Pernias Enterprise
		Lee, Ching Shuen			

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares	Investment Holding%	
Longview Technology SC Limited	Director	Hsu Chu Hung	Longview Technology Inc. holds 11,300,000 shares	100.00%	100.00%
	Director	Hsu Chu Hung			
	Director	Hsu Ying Che			
Long-Think International (Hong Kong) Limited	Director	Yu Cheng Chang	Longview Technology GC holds 780,000,000 shares	100.00%	100.00%
	Director	Shen, Wei-Chung			
	Director	Tour Zhen Chang			
Long-Think International (Shanghai) Limited	Representative Director	Chen Chun Hong	— (Note 1)	Long-Think International (Hong Kong) Limited holds 100.00%	100.00%
	Director	Chung Pui-Yuan			
	Supervisor	Chen Kou Yuan			
Silicon Application (BVI) Corp.	Chairman	Chen Kou Yuan	Silicon Application Corp. holds 22,000,000 shares	100.00%	100.00%
	Director	Chen Kou Yuan			
	Director	Wang Yung-I			
SAC Components (South Asia) Pte. Ltd.	Director	Kam Lai Ka	Silicon Application Corp. holds 3,500,000 shares	100.00%	100.00%
	Director	Chai Kim Yin			
	Director	Chen Kou Yuan			
Silicon Application Company Limited	Director	Su Tein Yie	Silicon Application (BVI) Corp. holds 100,000,000 shares	100.00%	100.00%
	Director	Wang Yung-I			
	Director	Chen Kou Yuan			
Datar Electronic Company Limited	Director	Su Tein Yie	Silicon Application Company Limited holds 6,000,000 shares	100.00%	100.00%
	Director	Wang Yung-I			
	Chairman	Chen Kou Yuan			
Win-Win Systems Ltd.	Chairman	Chen Kou Yuan	Silicon Application Corp. holds 765,000 shares	100.00%	100.00%
	Director	Chen Kou Yuan			
	Director	Wang Yung-I			

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares	Investment Holding%	
Apache Communication Inc.	Chairman	Yeh Fu-Hai	Asian Information Technology Inc. holds 157,000,000 shares	100.00%	100.00%
	Director	Hsu Ming-Jen			
	Director	Wu Chang-Ching			
	Supervisor	Huang Shu-Ping			
Henshen Electric Trading Co., Ltd.	Chairman	Chang Wen-Chung	Asian Information Technology Inc. holds 10,000,000 shares	100.00%	100.00%
	President	Yeh Fu-Hai			
	Director	Hsu Ming-Jen			
	Director	Wu Chang-Ching			
Frontek Technology Corporation	Supervisor	Huang Shu-Ping	Asian Information Technology Inc. holds 214,563,352 shares	100.00%	100.00%
	Chairman	Wu Chang-Ching			
	Director	Yeh Fu-Hai			
	Director	Hsu Ming-Jen			
Frontek Technology Corporation	Supervisor	Huang Shu-Ping	Asian Information Technology Inc. holds 214,563,352 shares	100.00%	100.00%
	Chairman	Wu Chang-Ching			
	Director	Yeh Fu-Hai			
	Director	Hsu Ming-Jen			

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares		
Fame Hall International Co., Ltd	Director Director	Yeh Fu-Hai Huang Shu-Ping	Asian Information Technology Inc. holds 4,703,107 shares		100.00%
Frontek International Limited	Director Director	Yeh Fu-Hai Huang Shu-Ping	Frontek Technology Corporation holds 2,970,000 shares		100.00%
AITG Electronic Limited	Director Director Director	Yeh Fu-Hai Hsu Ming-jen Wu Chang-Ching	1 shares Frontek International holds 22,799,999 shares		100.00%
AIT Japan Inc.	Chairman Chairman Director Director Supervisor	Huang Guo Chen Masakumi Nakano Yeh Fu-Hai Hsu Ming-jen Huang Shu-Ping	Fame Hall International holds 6,001 shares		100.00%
Sertek Incorporated	Chairman Director President Supervisor Director Director	Tsung Kuo Tung(Representative of Yosun Industrial Corp.) Jiang Junhui (Representative of Yosun Industrial Corp.) Huang Chiao Kou(Representative of Yosun Industrial Corp.) Liu Hung-An(Representative of Yosun Industrial Corp.) Tsung Kuo Tung Huang Chiao Kou	Yosun Industrial Corp. holds 94,828,100 shares		100.00%
Sertek Limited	Director Director	Lu Chih-Cheng	Sertek Incorporated holds 19,500,000 shares		100.00%

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares		
Yosun South China Corp. Ltd.	Chairman and authorized Representative Director Director Director Supervisor	Ou Dong Guan Liang Kuo-Chen Lee Tao-Jui CP Kwak Peter Chang James Park Olivia Ko	— (Note 1)		Yosun HK holds 100.00%
Apache Communication Inc.	Representative Director Director Director Supervisor	WPG Korea Co., Ltd. CP Kwak Peter Chang James Park Olivia Ko	WPG Korea holds 2,795,000 shares		100.00%
WPG International (Hong Kong) Limited	Director Director	Huang Wei-Hsiang Yuan Hsiang-Wen	Apache Communication Inc. holds 210,982 shares		100.00%
WPG Americas Inc.	Director Director Director Director Director	Yao Su-Mei Chang Jung Kong Huang Wei-Hsiang Hsu Ying-Che Richard J. Davis	WPG International (CI) holds 514,796,483 shares		100.00%
WPG Cloud Service Limited	Director Director	Huang Wei-Hsiang Chang Jung Kong	World Peace Int'l holds 6,100,000 shares		2.60%
WPG Electronics (Hong Kong) Limited	Director Director Director	Yeh Fu-Hai Huang Wei-Hsiang Jaw Shin-Wei	WPI International (Hong Kong) Limited holds 4,000,000 shares		1.70%
			WPG International (CI) holds 224,000,000 shares		95.7%
			WPG International (CI) holds 2,157,130 shares		100.00%
			WPG International (HK) holds 31,640,000 shares		100.00%

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares		
Suntop Investments Limited	Director	Tsung Kuo Tung(Representative of Yosun Industrial Corp.)	Yosun Industrial Corp. holds 50,700,000 shares		100.00%
Yosun Hong Kong Corp. Ltd.	Director Director Director Director Director	Tsung Kuo Tung Huang Chiao Kou Tung Kuo Tung Huang Chiao Kou Chai Kim Yin	Suntop Investments holds 295,270,000 shares		100.00%
Yosun Singapore Pte Ltd.	Director Director Director President Director Director	Tan Yew Teck Chai Kim Yin Wong Boon Hee Huang Wei-Hsiang (Representative of WPG Holdings Limited) Tung Kuo Tung (Representative of WPG Holdings Limited) Lin Tsay-Lin(Representative of WPG Holdings Limited) Chen Kuo Yuan(Representative of WPG Holdings Limited)	Suntop Investments holds 20,600,000 shares		100.00%
Yosun Industrial (Malaysia) Sdn. Bhd.	Director and President Director	Tan Yew Teck Chai Kim Yin Wong Boon Hee	Yosun Singapore holds 400,000 shares		100.00%
WPG Core Investment Co., Ltd.	Chairman Director Director Supervisor Director and President Director	Huang Wei-Hsiang (Representative of WPG Holdings Limited) Tung Kuo Tung (Representative of WPG Holdings Limited) Lin Tsay-Lin(Representative of WPG Holdings Limited) Chen Kuo Yuan(Representative of WPG Holdings Limited) Tan Yaw Tuck Chai Kim Yin Rukoli Anura	WPG Holdings Limited holds 5,000,000 shares		100.00%
Yosun India Private Ltd.	Director Director	Tung Kuo Tung Cheng Kun-Mao	Yosun Singapore holds 224,812 shares		100%
Glaxo Corp. Ltd.	Chairman and authorized Representative Director	Tung Kuo Tung Cheng Kun-Mao	Yosun Industrial (Malaysia) holds 1 shares		100.00%
Yosun Shanghai Corp. Ltd.	Director Director	Chen Jian Zhong Chen Hang-Chi	Yosun HK holds 39,000,000 shares		100.00%

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares		
WPG China Inc.	Director and authorized Representative Director Director Supervisor	Jaw Shin-Wei Huang Wei-Hsiang Yeh Fu-Hai Yuan Hsiang-Wen	— (Note 1)		WPG International (HK) holds 100%
WPG China (SZ) Inc.	Director and authorized Representative Director Director Supervisor	Jaw Shin-Wei Huang Wei-Hsiang Yeh Fu-Hai Yuan Hsiang-Wen	— (Note 1)		WPG International (HK) holds 100%
WPG South Asia Pte. Ltd.	Director Director	Tan Say Chong Chai Kim Yin	WPG International (CI) holds 21,133,600 shares		100.00%
WPG Malaysia Sdn Bhd	Director Director Director Director	Chai Kim Yin Hia Eun Ching Tan Say Chong Wong Boon Hee	WPG South Asia holds 1,010,800 shares		100.00%
WPG (Thailand) Co., Ltd.	Director Director	Chai Kim Yin Sopaparat Sittavanon	WPG South Asia holds 40,451 shares		39.00%
WPG India Electronics Pvt Ltd	Director Director Director	Chai Kim Yin Tan Say Chong Kareekar Kashinath Arvind	WPG South Asia holds 15,009,990 shares		99.99%
			WPG Malaysia Sdn. Bhd. holds 10 shares		0.01%

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares		
WPG Electronics (Philippines) Inc.	Director	Tan Say Chong	100 shares		1.00%
	Director	Nelissa Senido	2,000 shares		20.00%
	Director	Eduardo R. Villanueva	2,000 shares		20.00%
	Director	Aquino, Eduardo Jr.	2,000 shares		20.00%
	Director	Chai Kim Yin	100 shares		1.00%
Teco Enterprise Holding (BVI) Co., Ltd.	Director	Hsu Chu Hung	WPG South Asia holds 3,800 shares		38.00%
	Director		AECO Technology Co., Ltd. holds 12,610,000 shares		100.00%
	Director		Teco Enterprise Holding(BVI) holds 98,279,999 shares		100.00%
AECO Electronic Co., Ltd.	Director	Hsu Chu Hung	12,610,000 shares		100.00%
	Director	Chung Pei-Yuan			
	Director	authorized	-(Note 1)		AECO
	Representative	Tsai Hung Chieh			Electronic Co.,
AECO Electronic (Ningbo) Co., Ltd.	Director	Luo Fu-Chia			Ltd. holds 100.00%
	Director	Jao You-Chuan			
	Director				
	Director	Ye Qi Dong (Representative of GENUINE C&C INC.)	8,000,000		100%
	Director	Guoshi tzuun			
	Director	(Representative of GENUINE C&C INC.)			
Geniue Commercial Net Co., Ltd.	Director	Xie Ming Shan (Representative of GENUINE C&C INC.)			
	Supervisor	Wang Hui Min			
	Director	Huang Wei Xiang (Representative of GENUINE C&C INC.)			
GENUINE C&C HOLDING INC (Seychelles)	Director	Ye Qi Dong (Representative of GENUINE C&C INC.)			100%
	Chairman	Ye Qi Dong (Representative of GENUINE C&C INC.)			
TaiBaulnet Co.,Ltd	Director	Ye Qi Dong (Representative of GENUINE C&C INC.)			100%

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8.1.6 Operational Highlights of Subsidiaries

Unit: M's thousands As of December 31st, 2016									
Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
World Peace Industrial Co., Ltd.	NTD	9,811,000	50,685,560	30,275,291	20,410,269	99,135,587	1,962,462	2,185,322	2.23
Silicon Application Corporation	NTD	4,065,700	25,765,664	19,418,626	6,347,038	56,146,246	624,726	589,802	1.44
Asian Information Technology Inc.	NTD	3,468,124	15,887,796	9,894,570	5,993,227	37,249,291	805,852	1,351,453	3.90
Yosun Industrial Corp.	NTD	6,496,500	20,773,200	8,474,072	12,299,128	33,112,541	238,533	1,140,408	1.76
WPG Electronic Ltd.	NTD	39,200	97,925	47,586	50,339	0	(151,654)	8,566	2.19
WPG Korea Co., Ltd	NTD	146,907	1,303,449	906,643	396,806	5,493,341	108,481	71,482	65.71
WPG International (CI) Limited	NTD	4,013,278	3,595,288	35,971	3,559,316	0	(146)	153,569	1.23
WPG Investment Co., Ltd.	NTD	500,000	461,118	3,782	457,335	0	(4,725)	(38,605)	(0.77)
WPI Investment Co., Ltd.	NTD	50,000	4,306	2,534	1,772	0	(11,994)	(11,947)	(2.39)
GENUINE C&C INC.	NTD	795,895	2,533,338	1,476,624	1,056,714	8,101,913	87,194	58,498	0.74
WPI Investment Holding (BVI) Company Ltd.	NTD	2,682,537	13,499,994	438	13,499,556	0	(199)	372,309	4.48
World Peace International (BVI) Ltd.	NTD	3,258,353	12,168,431	6,701,336	5,467,095	28,505,369	281,112	256,027	7.49
Longview Technology Inc.	NTD	339,000	1,355,812	779,144	576,668	3,968,306	154,540	63,533	1.87
WPG Gain Tune Ltd.	NTD	32,250	32,977	348	32,629	14,603	4,337	1,633	0.02
World Peace International (South Asia) Pte Ltd	NTD	702,209	5,707,647	6,829,339	2,878,308	28,100,407	274,415	257,530	7.59
WPI International (Hong Kong) Limited	NTD	2,758,938	38,232,751	24,788,370	13,444,382	156,008,905	743,429	364,634	0.09
Prime Future Technology Limited	NTD	1,175,451	1,182,707	0	1,182,707	0	(126)	(383)	(0.01)
World Peace International Pte Ltd	NTD	980,868	9,908,866	6,701,336	3,207,530	28,505,369	281,361	255,531	1.03

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Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares		
GENUINE TRADING (HONG KONG) COMPANY LIMITED	Director Supervisor	Cao Jun Jie			
		Guo Shi tzuun			
	Director	Ye Qi Dong (Representative of GENUINE C&C INC.)	51,704,433		100%
	Director	WU ZI Qiang (Representative of GENUINE C&C INC.)			
Peng Yu (Shanghai) Digital Technology Co., Ltd.	Chairman	Wang Peng Cheng (Representative of WPG C&C Limited)	-(Note 1)		GENUINE C&C HOLDING INC (Seychelles)
	Director	WU ZI Qiang(Representative of GENUINE C&C HOLDING INC (Seychelles))			
	Director	Huang Wei Xiang(Representative of GENUINE C&C HOLDING INC (Seychelles))			
	Director Supervisor	Cao Tai Sun			
	Director Supervisor	Chen Jian Li (Representative of GENUINE C&C HOLDING INC (Seychelles))			

Note 1 : Not applicable. Limited company do not issue shares

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Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
WPG SCM Limited	NTD	52,319	2,321,691	1,883,812	437,879	6,471,947	64,656	55,743	4.35
Geniue C&C (South Asia) Pte. Ltd.	NTD	132,064	0	0	0	0	(157)	370	0.04
Geniue C&C (IndoChina) Pte. Ltd.	NTD	161,250	262,264	77,382	184,882	1,070,604	6,672	6,222	0.93
World Peace International (Asia) Limited	NTD	41	0	81	(81)	0	(1)	(1)	(0.10)
World Peace International (India) Pvt. Ltd.	NTD	1,696	51,535	55,443	(3,909)	123,997	(46,304)	6,188	1.73
WPG C&C Computers and Peripherals (India) Private Limited	NTD	229,757	636,553	413,761	222,793	2,568,437	25,005	2,092	0.04
WPG C&C (Malaysia) Sdn Bhd	NTD	80,913	134,496	99,385	35,111	762,603	15,932	11,401	1.01
WPG C&C (Thailand) Co., Ltd.	NTD	23,081	39,838	26,768	12,070	150,327	810	1,652	1.65
WPG C&C Limited	NTD	209,625	1,111,915	929,894	192,021	7,836,022	16,561	(7,352)	(1.13)
WPI International Trading (Shanghai) Ltd.	NTD	214,345	1,362,988	1,118,267	244,721	8,120,990	(41,136)	(71,615)	0.00
AIO Components Company Limited	NTD	5,641	178,037	11,996	166,042	91,610	(27,851)	(27,022)	(19.84)
AIO (Shanghai) Components Company Limited	NTD	7,643	56,155	26	56,127	0	(110)	788	0.00
Long-Think International (Hong Kong) Limited	NTD	322,500	613,591	252,671	360,920	1,648,766	48,790	(22,203)	(0.03)
Longview Technology GC Limited	NTD	364,425	361,629	0	361,629	0	(123)	(22,326)	(1.98)
Long-Think International Co., Ltd	NTD	40,000	124,108	73,675	50,433	354,490	11,037	8,763	2.19
Long-Think International Limited	NTD	15,288	99,903	(15)	99,917	83,036	(1,912)	2,935	0.00
Silicon Application (BVI) Corp.	NTD	709,500	3,254,171	0	3,254,171	0	0	38,039	1.73
Silicon Application Company Limited	NTD	413,462	1,892,029	72,641	1,819,388	190,496	(67,738)	22,060	0.22

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Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
Sereik Incorporated	NTD	948,281	3,521,955	1,980,536	1,541,419	14,199,009	339,975	295,403	3.12
Sereik Limited	NTD	80,625	451,371	160	451,212	0	(119)	19,877	1.02
Suntop Investments Limited	NTD	1,635,075	4,917,098	0	4,917,098	0	(169)	365,750	7.21
Yousun Hong Kong Corp. Ltd.	NTD	1,253,699	8,423,476	3,793,101	4,630,375	33,822,727	449,925	325,933	1.10
Yousun Singapore Pte. Ltd.	NTD	402,332	1,484,351	1,272,893	210,458	4,727,624	57,755	38,495	1.87
Yousun Industrial (Malaysia) Sdn. Bhd.	NTD	2,877	4,405	236	4,169	0	(459)	(415)	(1.04)
Yousun India Private Ltd.	NTD	1,057	4,903	48	4,855	0	(260)	(259)	(1.15)
Yousun Shanghai Corp. (Shanghai) Ltd.	NTD	248,328	350,164	(14,429)	364,593	6	(1,627)	8,456	0.00
Gatek Corp. Ltd.	NTD	162,162	1,171,824	2,001	1,169,823	(31)	(226)	11,714	0.30
Yousun South China Corp. Ltd.	NTD	138,695	209,882	4,672	205,211	(444)	520	5,111	0.00
Apache Communication Inc.	NTD	90,139	86,188	0	86,188	0	0	1,158	0.41
Apache Korea Corp.	NTD	28,493	74,347	594	73,753	3,146	(92)	1,158	5.49
WPG International (Hong Kong) Limited	NTD	2,139,229	12,076,854	9,290,030	2,786,824	27,521,272	(2,178,897)	75,844	0.15
WPG Americas Inc.	NTD	2,131,725	5,920,063	5,923,586	(3,522)	8,501,712	25,536	(136)	(0.00)
WPG Cloud Service Limited	NTD	69,567	50,477	491	49,986	0	(2,987)	(3,048)	(1.41)
WPG Electronics (Hong Kong) Limited	NTD	130,840	2,558,812	2,438,818	119,994	8,104,974	(27,746)	17,202	0.54
WPG China Inc.	NTD	1,879,530	5,209,370	3,157,314	2,052,056	8,259,915	(941,900)	(48,739)	0.00
WPG China (S2) Inc.	NTD	153,846	4,407,960	3,871,897	536,063	12,025,733	(1,174,389)	91,803	0.00
WPG South Asia Pte. Ltd.	NTD	504,720	3,264,867	2,522,666	742,201	7,038,767	26,597	87,688	4.15
WPG Electronics (Philippines) Inc.	NTD	649	2,410	904	1,506	0	(4,970)	6	0.63

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8.1.7 Consolidated Financial Statements of Affiliates: please refer to page 120-258.

8.1.8 Affiliation Report: Not applicable. WPG Holdings Limited do not conforms to the definition of a subordinate company.

8.2 Private Placement Securities in 2016 and as of the Date of this Annual Report (shall report approval dates of shareholders' meeting or the board of directors, the quantity approved, the basis and reasonableness of the private placement price, the method for selecting the specific persons, the reasons for the necessity of conducting the private placement and the status of utilization of the funds and plan implementation progress): None.

8.3 Status of WPG Holdings Limited Common Shares Acquired, Disposed of, and Held by Subsidiaries in 2016 and as of the Date of this Annual Report: None.

8.4 Other Necessary Supplement: None.

8.5 Any Events in 2016 and as of the Date of this Annual Report that Had Significant Impacts on Shareholdershe Dat or Security Prices as Stated in Item 2 Paragraph 3 of Article 36 of Securities and Exchange Law of Taiwan:

Please refer to the important resolution approved by shareholder meetings and Board of Directors in 2016 and as of the Date of this Annual Report: Please refer to page 62 of this Annual Report.

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Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
Dstar Electronic Company Limited	NTD	24,904	79,978	34,606	45,372	133,362	4,302	3,671	0.61
Win-Win Systems Ltd.	NTD	24,671	26,248	0	26,248	0	0	52	0.07
SAC Components (South Asia) Pte. Ltd.	NTD	112,875	151,793	36,218	115,574	336,224	908	1,352	0.39
Ricpower Electronic Devices Co., Ltd.	NTD	850,000	5,089,052	2,922,417	2,166,635	7,256,243	18,011	187,997	2.21
Mec. Technology Co., Ltd.	NTD	243,000	994,671	608,112	386,559	2,422,860	65,108	52,581	2.16
Ricpower Electronic Devices Co., Limited	NTD	262,030	2,807,858	1,098,119	1,709,739	9,480,908	158,734	136,405	2.17
Mec. Technology Co., Limited	NTD	1,037	7,338	82	7,256	0	(3,592)	(3,426)	(137.03)
Ricpower Electronic Devices Pte., Ltd.	NTD	1,974	223,458	639	222,819	0	(346)	3,614	361.35
Pernas Electronics Co., Ltd.	NTD	735,000	3,011,480	1,974,307	1,037,173	3,878,968	77,335	141,632	1.93
Everwiner Enterprise Co., Ltd.	NTD	280,000	1,522,164	987,510	534,653	4,185,551	111,469	86,194	3.08
Pernas Enterprise (Samoa) Limited	NTD	32,250	3,247	0	3,247	0	0	(638)	(0.64)
World Components Agent (Shanghai) Inc.	NTD	7,402	3,239	14	3,225	0	(83)	(638)	0.00
Apache Communication Inc.	NTD	1,570,000	5,790,097	3,670,769	2,119,328	30,563,080	429,751	383,296	2.44
Henshen Electric Trading Co., Ltd.	NTD	100,000	334,655	212,553	122,103	569,059	16,336	13,364	1.34
Frontek Technology Corporation	NTD	2,145,534	7,780,795	5,209,909	2,570,886	21,037,852	214,563	175,367	0.82
Fame Hall International Co., Ltd.	NTD	151,675	304,914	0	304,914	0	(71)	26,103	5.98
Frontek International Limited	NTD	95,783	125,750	0	125,750	0	(71)	1,213	0.41
AITG Electronic Limited	NTD	94,278	115,438	322	115,115	978	(240)	1,282	0.06
AIT Japan Inc.	NTD	82,694	642,221	374,058	268,163	3,416,187	28,430	27,845	4,640.99

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Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
WPG (Thailand) Co., Ltd.	NTD	9,297	20,838	3,861	16,977	28,492	1,351	1,283	12.37
WPG Malaysia Sdn Bhd	NTD	7,270	23,487	11,532	11,954	46,043	656	1,171	1.16
WPG India Electronics Pvt Ltd	NTD	75,494	70,686	4,904	65,783	25,241	1,199	1,560	0.10
Teco Enterprise Holding (BVI) Co., Ltd.	NTD	406,673	796,128	0	796,128	0	0	12,367	0.98
AECO Technology Co., Ltd.	NTD	946,000	1,190,098	85,134	1,104,964	375,751	3,456	15,454	0.16
AECO Electronic Co., Ltd.	NTD	406,350	814,634	4,305	810,269	1,183	(122)	12,386	0.13
AECO Electronic (Ningbo) Co., Ltd.	NTD	138,996	56,174	(1,000)	57,174	0	(541)	(19)	0.00
GENUINE Commercial Co., Ltd	NTD	80,000	35,394	3,818	31,576	29,521	(7,331)	(7,150)	(0.89)
GENUINE CAC HOLDING INC (Seychelles)	NTD	177,375	93,107	6,307	86,799	0	(41)	(20,173)	(3.67)
TalBauNet Co., Ltd	NTD	40,000	13,992	26	13,966	0	(1,383)	(1,265)	(0.32)
GENUINE TRADING (HONG KONG) COMPANY LIMITED	NTD	158,004	26,747	2,055	24,692	4,938	(6,831)	(42,077)	(0.81)
Peng Yu (Shanghai) Digital Technology Co., Ltd.	NTD	71,564	379,736	263,880	115,856	1,700,267	59,020	40,645	0.00

Note 1 : Not applicable. Limited company do not issue share

Note 2 : Amounts are based on the latest audited or reviewed financial statements.

Note 3 : Foreign exchange rates are according to Bank of Taiwan.

Foreign exchange rates in 2016 for income statement amounts are as follows:

\$1 USD = \$32.25 NT, \$1 HKD = \$4.158 NT, \$1 KRW = \$0.02701 NT, \$1 USD = \$6.985055 RMB

Foreign exchange rates in 2016 for balance sheet amounts are as follows:

\$1 USD = \$32.238401 NT, \$1 HKD = \$4.152964 NT, \$1 KRW = \$0.028008785 NT, \$1 USD = \$6.657343 RMB

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WPG Holdings Limited

Chairman : Huang Wei-Hsiang