

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2017 AND 2016

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

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 consolidated balance sheets of WPG Holdings Limited and its subsidiaries (the “Group”) as at December 31, 2017 and 2016, 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, 2017 and 2016, 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.

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2017 are outlined as follows:

Impairment assessment of goodwill

Description

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(13)(14) 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 evaluates 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

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)(15) 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

Refer to Note 4(12) for accounting policy on recognition of purchase discounts and allowances.

The Group is engaged in operating sales channel for various electronic components. In line with industry practice, the Group has entered into purchase discounts and allowances agreements with suppliers for various kinds and quantities of inventories. The Group calculates and recognizes the amount of purchase discounts and allowances in accordance with the agreement. The Group negotiates the amount with the supplier, and after receiving credit note from supplier, the Group pays the net amount.

The discounts and allowances from supplier are calculated either automatically by the system or manually. The Group has to gather a lot of information to input in the system, such as the items subject to discount and corresponding discount rate, etc. Given that the Group has a large volume of purchases, and has entered into various purchase discounts and allowances agreements with terms and conditions that vary with each argument, we consider the recognition of purchase discounts and allowances a key audit matter.

How our audit addressed the matter

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

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

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of WPG Holdings Limited as at and for the years ended December 31, 2017 and 2016.

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

Management is responsible for the preparation and fair presentation of the consolidated financial

statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and

are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chou Tseng, Hui-Chin

Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 2018

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

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	6(1)	\$ 7,097,914	4	\$ 8,456,912	5
Financial assets at fair value through profit or loss - current	6(2)	2,539	-	38,458	-
Available-for-sale financial assets - current	6(3)	25,508	-	23,107	-
Notes receivable, net	6(4)	4,088,566	2	7,573,363	4
Accounts receivable, net	6(5)	87,020,143	49	84,973,871	47
Accounts receivable - related parties, net	7(3)	274,728	-	229,918	-
Other receivables	6(7)	5,711,413	3	11,199,852	6
Other receivables - related parties	7(3)	2,046	-	23,419	-
Current income tax assets		35,079	-	213,314	-
Inventory	6(8)	57,473,653	32	49,927,165	28
Prepayments		1,492,698	1	1,260,716	1
Other current assets	8	630,261	1	1,350,639	1
		163,854,548	92	165,270,734	92
Non-current assets					
Available-for-sale financial assets - non-current	6(3) and 8	495,766	-	331,974	-
Financial assets carried at cost - non-current	6(9)	585,837	-	508,479	-
Investments accounted for under equity method	6(10)	1,253,615	1	1,132,325	1
Property, plant and equipment	6(11) and 8	5,042,824	3	4,278,658	3
Investment property - net	6(12) and 8	1,184,367	1	1,217,131	1
Intangible assets	6(13)	5,571,769	3	5,599,944	3
Deferred income tax assets	6(31)	351,043	-	347,333	-
Other non-current assets	6(15) and 8	327,857	-	328,368	-
		14,813,078	8	13,744,212	8
TOTAL ASSETS		\$ 178,667,626	100	\$ 179,014,946	100

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WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
<u>Current liabilities</u>					
Short-term borrowings	6(16)	\$ 53,773,607	30	\$ 52,854,073	29
Short-term notes and bills payable	6(17)	3,887,605	2	4,202,919	2
Financial liabilities at fair value through profit or loss - current	6(2)	24,765	-	5,686	-
Notes payable		214,347	-	415,080	-
Accounts payable		48,909,622	27	47,829,951	27
Accounts payable - related parties	7(3)	1,312	-	12,679	-
Other payables		5,040,757	3	4,542,499	3
Current income tax liabilities		751,276	1	670,663	-
Other current liabilities	6(18)(19)	5,559,204	3	11,753,868	7
		<u>118,162,495</u>	<u>66</u>	<u>122,287,418</u>	<u>68</u>
Non-current liabilities					
Long-term borrowings	6(19)	7,238,010	4	5,196,441	3
Deferred income tax liabilities	6(31)	414,200	-	432,481	-
Other non-current liabilities		797,483	1	781,157	1
		<u>8,449,693</u>	<u>5</u>	<u>6,410,079</u>	<u>4</u>
Total Liabilities		<u>126,612,188</u>	<u>71</u>	<u>128,697,497</u>	<u>72</u>
<u>Equity Attributable to Owners of Parent</u>					
Capital	1 and 6(21)				
Common stock		18,250,618	10	17,238,954	10
Certificates of bond conversion		-	-	2,938	-
Capital reserve	6(22)				
Capital reserve		19,569,525	11	16,901,053	9
Retained earnings	6(23)				
Legal reserve		4,544,073	3	4,012,785	2
Unappropriated earnings	6(31)	13,279,694	7	10,734,088	6
Other equity interest					
Other equity interest	6(24)	(4,124,937)	(2)	908,063	1
Total equity attributable to owners of parent		51,518,973	29	49,797,881	28
Non-controlling interest		<u>536,465</u>	<u>-</u>	<u>519,568</u>	<u>-</u>
Total equity		<u>52,055,438</u>	<u>29</u>	<u>50,317,449</u>	<u>28</u>
Significant contingent liabilities and unrecognized contract commitments	9				
Significant events after the balance sheet day	11				
<u>TOTAL LIABILITIES AND EQUITY</u>		<u>\$ 178,667,626</u>	<u>100</u>	<u>\$ 179,014,946</u>	<u>100</u>

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

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

Items	Notes	2017		2016	
		Amount	%	Amount	%
Sales revenue	6(25) and 7(3)	\$ 532,509,958	100	\$ 536,918,813	100
Operating costs	6(8) and 7(3)	(510,358,864)	(96)	(514,322,994)	(96)
Gross profit		<u>22,151,094</u>	<u>4</u>	<u>22,595,819</u>	<u>4</u>
Operating expenses	6(29)(30) and 7(3)				
Selling and marketing		(8,762,789)	(1)	(8,256,394)	(2)
General and administrative		(3,435,107)	(1)	(6,363,532)	(1)
Total operating expenses		(12,197,896)	(2)	(14,619,926)	(3)
Operating income		<u>9,953,198</u>	<u>2</u>	<u>7,975,893</u>	<u>1</u>
Non-operating income and expenses					
Other income	6(26)	372,430	-	363,975	-
Other gains and losses	6(27)	321,627	-	(161,360)	-
Finance costs	6(28)	(1,841,661)	-	(1,554,035)	-
Share of profit of associates and joint ventures accounted for under equity method		<u>74,527</u>	<u>-</u>	<u>63,751</u>	<u>-</u>
Total non-operating income and expenses		(1,073,077)	-	(1,287,669)	-
Income before income tax		8,880,121	2	6,688,224	1
Income tax expense	6(31)	(1,513,686)	(1)	(1,337,626)	-
Consolidated net income		<u>\$ 7,366,435</u>	<u>1</u>	<u>\$ 5,350,598</u>	<u>1</u>

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

Items	Notes	2017		2016	
		Amount	%	Amount	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(20)	(\$ 67,036)	-	(\$ 82,437)	-
Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss		(74)	-	(109)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	11,396	-	14,015	-
Components of other comprehensive loss that will not be reclassified to profit or loss		(55,714)	-	(68,531)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		(5,162,384)	(1)	(1,701,788)	-
Unrealised gain (loss) on available-for-sale financial assets	6(24)	139,396	-	10,886	-
Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(35,227)	-	(9,440)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(31)	(1,194)	-	45,869	-
Components of other comprehensive loss that will be reclassified to profit or loss		(5,059,409)	(1)	(1,654,473)	-
Total other comprehensive loss		(\$ 5,115,123)	(1)	(\$ 1,723,004)	-
Total comprehensive income		\$ 2,251,312	-	\$ 3,627,594	1
Consolidated net income attributable to:					
Owners of parent		\$ 7,307,987	1	\$ 5,312,875	1
Non-controlling interest		58,448	-	37,723	-
		\$ 7,366,435	1	\$ 5,350,598	1
Comprehensive income attributable to:					
Owners of parent		\$ 2,222,421	-	\$ 3,601,246	1
Non-controlling interest		28,891	-	26,348	-
		\$ 2,251,312	-	\$ 3,627,594	1
Earnings per share	6(32)				
Basic earnings per share		\$ 4.10		\$ 3.18	
Diluted earnings per share		\$ 4.01		\$ 2.96	

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent										
		Capital			Retained Earnings			Other Equity Interest				
			Certificates of bond conversion	Capital reserve	Legal reserve	Unappropriated earnings	Exchange differences of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
	Notes	Common stock										
<u>2016</u>												
Balance at January 1, 2016		\$ 16,557,092	\$ -	\$ 15,187,178	\$ 3,470,739	\$ 10,002,877	\$ 2,574,750	(\$ 20,974)	(\$ 1,242)	\$ 47,770,420	\$ 547,338	\$ 48,317,758
Distribution of retained earnings for 2015	6(23)											
Legal reserve appropriated		-	-	-	542,046	(542,046)	-	-	-	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	(3,973,702)	-	-	-	(3,973,702)	-	(3,973,702)
Changes in capital reserve	6(22)	-	-	158	-	-	-	-	-	158	-	158
Disposal of company's share by subsidiaries recognized as treasury share transactions	6(22)	-	-	(5)	-	-	-	-	1,242	1,237	-	1,237
Exercise of convertible bonds	6(34)	681,862	2,938	1,713,722	-	-	-	-	-	2,398,522	-	2,398,522
Total consolidated profit		-	-	-	-	5,312,875	-	-	-	5,312,875	37,723	5,350,598
Net other comprehensive income (loss)	6(24)	-	-	-	-	(65,916)	(1,656,599)	10,886	-	(1,711,629)	(11,375)	(1,723,004)
Effect of changes in consolidated entities		-	-	-	-	-	-	-	-	-	(37,521)	(37,521)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(16,597)	(16,597)
Balance at December 31, 2016		<u>\$ 17,238,954</u>	<u>\$ 2,938</u>	<u>\$ 16,901,053</u>	<u>\$ 4,012,785</u>	<u>\$ 10,734,088</u>	<u>\$ 918,151</u>	<u>(\$ 10,088)</u>	<u>\$ -</u>	<u>\$ 49,797,881</u>	<u>\$ 519,568</u>	<u>\$ 50,317,449</u>
<u>2017</u>												
Balance at January 1, 2017		\$ 17,238,954	\$ 2,938	\$ 16,901,053	\$ 4,012,785	\$ 10,734,088	\$ 918,151	(\$ 10,088)	\$ -	\$ 49,797,881	\$ 519,568	\$ 50,317,449
Distribution of retained earnings for 2016	6(23)											
Legal reserve appropriated		-	-	-	531,288	(531,288)	-	-	-	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	(4,178,311)	-	-	-	(4,178,311)	-	(4,178,311)
Exercise of convertible bonds	6(22)(34)	1,011,664	(2,938)	2,556,419	-	-	-	-	-	3,565,145	-	3,565,145
Changes in capital reserve	6(22)	-	-	112,053	-	-	-	-	-	112,053	-	112,053
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(33)	-	-	-	-	(216)	-	-	-	(216)	(11,994)	(12,210)
Total consolidated profit		-	-	-	-	7,307,987	-	-	-	7,307,987	58,448	7,366,435
Net other comprehensive income (loss)	6(24)	-	-	-	-	(52,566)	(5,172,430)	139,430	-	(5,085,566)	(29,557)	(5,115,123)
Balance at December 31, 2017		<u>\$ 18,250,618</u>	<u>\$ -</u>	<u>\$ 19,569,525</u>	<u>\$ 4,544,073</u>	<u>\$ 13,279,694</u>	<u>(\$ 4,254,279)</u>	<u>\$ 129,342</u>	<u>\$ -</u>	<u>\$ 51,518,973</u>	<u>\$ 536,465</u>	<u>\$ 52,055,438</u>

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

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2017	2016
Cash flows from operating activities			
Income before income tax		\$ 8,880,121	\$ 6,688,224
Adjustments			
Income and expenses			
Depreciation	6(29)	206,730	237,547
Amortisation	6(13)(29)	25,679	36,978
(Reversal of provision) provision for bad debts	6(26)	(113,698)	2,824,552
Interest expense	6(28)	1,630,134	1,272,903
Net loss on financial assets or liabilities at fair value	6(27)		
through profit or loss		40,762	(6,527)
Interest income	6(26)	(30,143)	(33,221)
Dividend income	6(26)	(31,766)	(43,262)
Share of profit of associates and joint ventures			
accounted for under equity method	(	74,527)	(63,751)
Loss on disposal of property, plant and equipment	6(27)	1,306	18,567
Gain on disposal of investments	6(27)	(18,530)	(16,017)
Impairment loss	6(27)	49,768	120,099
Amortisation of bond discount	6(18)(28)	20,723	72,461
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss -			
current		14,236	9,302
Notes receivable, net		3,392,813	(1,061,387)
Accounts receivable, net	(	1,840,590)	(2,562,373)
Accounts receivable - related parties, net	(	44,810)	89,140
Other receivables		5,488,774	(2,032,530)
Other receivables - related parties		21,373	91,840
Inventories	(	7,548,977)	310,728
Prepayments	(	231,982)	1,539,898
Other current assets	(	9,901)	44,216
Changes in liabilities relating to operating activities			
Notes payable	(	200,733)	(312,614)
Accounts payable		1,079,671	3,469,500
Accounts payable - related parties	(	11,367)	10,320
Other payables		470,068	(429,362)
Other current liabilities	(	336,229)	48,719
Other non-current liabilities	(	38,006)	(17,732)
Cash inflow generated from operations		10,790,899	10,306,218
Interest paid	(	1,605,247)	(1,343,353)
Income tax paid	(	1,249,450)	(1,505,631)
Interest received		29,808	34,054
Dividends received		82,103	97,680
Net cash provided by operating activities		8,048,113	7,588,968

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2017	2016
Cash flows from investing activities			
Acquisition of financial assets carried at cost - non-current		(\$ 117,062)	(\$ 120,423)
Acquisition of available-for-sale financial assets - non-current		(85,348)	-
Proceeds from disposal of available-for-sale financial assets - current		-	14,786
Proceeds from disposal of available-for-sale financial assets - non-current		33,155	-
Proceeds from capital reduction of available-for-sale financial assets		5,665	9,182
Proceeds from disposal of financial assets carried at cost - non-current		10,178	30,825
Proceeds from prepayments of investments in debt instruments without active market		-	5,000
Acquisition of investments accounted for under equity method	7(3)	(49,000)	(610,051)
Acquisition of property, plant and equipment, investment property and intangible assets	6(34)	(981,021)	(150,623)
Proceeds from disposal of property, plant and equipment		5,733	6,270
Disposal of subsidiaries	6(34)	-	(34,111)
Increase in refundable deposits		(25,436)	(10,817)
Decrease in refundable deposits		21,830	68,116
Decrease (increase) in other financial assets - current		730,279	(108,627)
Increase in other financial assets - non-current		(42,129)	(23,094)
Decrease in other financial assets - non-current		52,356	-
Decrease in other non-current assets		1,523	29,528
Proceeds from capital reduction of investments accounted for using equity method		27,211	50,389
Increase in prepayments for investments		(21,722)	-
Acquisition of subsidiaries	6(33)	(12,210)	(3,498)
Net cash used in investing activities		(445,998)	(847,148)
Cash flows from financing activities			
Increase in short-term borrowings		668,743,615	611,741,862
Decrease in short-term borrowings		(667,824,081)	(613,422,676)
Increase in long-term borrowings (including current portion of long-term liabilities)		13,368,536	2,870,852
Decrease in long-term borrowings (including current portion of long-term liabilities)		(13,636,079)	(3,725,200)
Decrease in non-controlling interests		-	(16,597)
Increase in short-term notes and bills payable		34,398,525	48,565,320
Decrease in short-term notes and bills payable		(34,713,839)	(48,070,598)
Increase in guarantee deposit received		200,055	21,183
Decrease in guarantee deposit received		(206,794)	(19,275)
Shareholders' cash dividends paid	6(23)	(4,178,311)	(3,973,702)
Repayment of convertible bonds		(4,900)	-
Net cash used in financing activities		(3,853,273)	(6,028,831)
Effect of exchange rate changes on cash and cash equivalents		(5,107,840)	(1,702,719)
Net decrease in cash and cash equivalents		(1,358,998)	(989,730)
Cash and cash equivalents at beginning of year		8,456,912	9,446,642
Cash and cash equivalents at end of year		<u>\$ 7,097,914</u>	<u>\$ 8,456,912</u>

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

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

1. HISTORY AND ORGANIZATION

- (1) WPG Holdings Limited (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date. After restructuring, Richpower Electronic Devices Co., Ltd. became the Company's subsidiary on January 1, 2008. The Company acquired Pernas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology Co., Ltd. by exchanging shares of common stock on July 16, 2008, February 6, 2009, November 15, 2010 and March 1, 2012, respectively. After the Company's organisation restructuring on January 1, 2014, World Peace Industrial Co., Ltd., Silicon Application Corp. and Yosun Industrial Corp. acquired 100% shares in AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. through share exchange, and consequently, AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. became indirectly owned subsidiaries. The Company originally evaluated Genuine C&C, Inc. using equity method. The Company acquired partial stocks of Genuine C&C, Inc. on April 8, 2015 and completed the purchase on April 15, 2015. After the purchase, the Company held 60.5% shares of Genuine C&C, Inc. which became the Company's directly owned subsidiary. On September 1, 2017, the stock swap between Trigold Holdings Limited (Trigold) and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. On the same day, Trigold was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC. The Company owned 60.5% equity of Trigold after the stock swap. The Company and the subsidiaries included in these consolidated financial statements are collectively referred as the "Group".
- (2) The Company was organized 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 authorized common

stock is 2 billion shares (including 50 million shares of warrant, warrant preferred stock and warrant bond conversion). As of December 31, 2017, the Company has issued capital of \$18,250,618 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 27, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are

as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	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 financial performance based on the Group's assessment.

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 recognize 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.

- (c) When adopting the new standards endorsed by the FSC effective from 2018, the Group will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. The significant effects of applying the standard as of January 1, 2018 are summarised below.
 - i. In line with the regulations under IFRS 9 on provision for impairment, the quantitative impact on accounts receivable is immaterial.
 - ii. In accordance with IFRS 9, the Group expects to reclassify available-for-sale financial assets and financial assets at cost in the amounts of \$521,274 and \$585,837, respectively, by increasing financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and retained earnings in the amounts of \$1,075,076, \$32,035 and \$120,501, respectively, and decreasing other equity interest in the amount of \$120,501.

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

- (a) IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognized 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 recognizes 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 recognizes 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: Recognize 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.

- (b) When adopting the new standards endorsed by the FSC effective from 2018, the Group expects to adopt IFRS 15 using the modified retrospective approach. The significant effects of applying the standard as of January 1, 2018 are summarised

below.

In line with IFRS 15 requirements, the Group expects to change the presentation of certain accounts in the balance sheet as follows:

Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognized as contract liabilities, but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet.

As of January 1, 2018, the balance would amount to \$2,701,510.

(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 endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

A. Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The gain or loss resulting from a transaction that involves sales or contribution of assets between an investor and its associates or joint ventures is recognized either in full or partially depending on the nature of the assets sold or contributed:

- If sales or contributions of assets constitute a 'business', the full gain or loss is recognized;
- If sales or contributions of assets do not constitute a 'business', the partial gain or loss is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

B. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize 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.

C. Amendments to IAS 28, 'Long-term interests in associates and joint ventures'

The amendment clarifies that, for any long-term interest that, in substance, form part of the entity's net investment in an associate or joint venture, an entity should apply IFRS 9 to such interests before it applies IAS 28 to recognize losses

D. IFRIC 23, 'Uncertainty over income tax treatments'

This Interpretation clarifies when there is uncertainty over income tax treatments, an entity shall recognize and measure its current or deferred tax asset or liability applying the requirements in IAS 12, 'Income taxes' based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

E. Annual improvements to IFRSs 2015-2017 cycle

(a) Amendments to IAS 12, 'Income taxes'

The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends.

(d) Amendments to IAS 23, 'Borrowing costs'

The amendments clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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 recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized 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 recognized 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 recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2017</u>	<u>December 31, 2016</u>	
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.	"	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.	"	0.00	100.00	Note 7
WPG Holdings Limited	Genuine C&C Inc.	Sales of computer and its peripherals	0.00	44.21	Notes 2 and 8
WPG Holdings Limited	Trigold Holdings Limited	Holding company	60.50	0.00	Note 8
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
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	0.00	16.29	Note 2
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.	"	0.00	100.00	Note 16
World Peace International (BVI) Ltd.	Prime Future Technology Limited	Holding company	100.00	100.00	
Prime Future Technology Limited	World Peace International Pte. Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Agent and sales of electronic / electrical components	80.00	80.00	
World Peace International Pte. Ltd.	WPG Americas Inc.	"	4.31	4.31	Note 3
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.	"	0.00	100.00	Note 13
World Peace International (South Asia) Pte Ltd.	World Peace International (India) Pvt., Ltd.	Agent and sales of electronic / electrical components	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 4
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
WPI Investment Holding (BVI) Company Ltd.	WPI International (Hong Kong) Limited	Agent and sales of electronic / electrical components	100.00	100.00	
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	
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	Agent and sales of electronic / electrical components	100.00	100.00	
Long-Think International (Hong Kong) Limited	Long-Think International (Shanghai) Limited	"	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	Pernas Electronic Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	"	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	International investment	0.00	100.00	Note 11
Pernas Enterprise (Samoa) Limited	World Components Agent (Shanghai) Inc.	Sales of electronic / electrical products	0.00	100.00	Note 17
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 3
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	100.00	60.00	Note 12
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	
WPG International (Hong Kong) Limited	WPG China (SZ) Inc.	Sales of computer software and electronic products	100.00	100.00	
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 6

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
WPG South Asia Pte. Ltd.	WPG India Electronics Pvt. Ltd.	Agent and sales of electronic / electrical components	99.99	99.99	Note 9
WPG South Asia Pte. Ltd.	WPG Electronics (Philippines) Inc.	"	100.00	100.00	Note 5
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 9
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	Investment company	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 components	100.00	100.00	
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	"	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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
Sertek Incorporated	Sertek Limited	Sales of electronic / electrical components	100.00	100.00	
Suntop Investments Limited	Yosun Hong Kong Corp. Ltd.	Sales of electronic / electrical products	100.00	100.00	
Suntop Investments Limited	Yosun Singapore Pte Ltd.	"	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Giatek 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 components	100.00	100.00	
Yosun Singapore Pte Ltd.	Yosun India Private Ltd.	"	100.00	100.00	
Trigold Holdings Limited	Genuine C&C Inc.	Sales of computer and its peripherals	100.00	0.00	Note 8
Trigold Holding Limited	Trigold (Hong Kong) Company Limited	Holding company	100.00	0.00	Note 14
Trigold (Hong Kong) Company Limited	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Sales of electronic /electrical products	55.00	0.00	Note 15
Genuine C&C, Inc.	Hoban Inc.	General investment and retail of groceries	100.00	100.00	Notes 2 and 18
Genuine C&C, Inc.	Taibao Creation Co., Ltd.	Retail of groceries	100.00	100.00	Note 2
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	100.00	Note 2
Genuine C&C Holding Inc. (Seychelles)	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Sales of electronic /electrical products	0.00	55.00	Notes 2 and 15
Peng Yu (Shanghai) Digital Technology Co., Ltd.	Peng Yu International Limited	Sales of electronic/electrical products	100.00	0.00	Note 10

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

Note 2: The Company directly held 44.21% equity of Genuine C&C, Inc. plus the

16.29% equity of Genuine C&C, Inc. held by the wholly owned subsidiary, World Peace Industrial Co., Ltd., the total shareholding ratio was 60.50%. In July 2017, the Company's ownership of Genuine C&C, Inc. reached 60.50% after acquiring the 16.29% equity from World Peace Industrial Co., Ltd.

- Note 3: World Peace Industrial Co., Ltd. totally held 4.31% of shares of WPG Americas Inc. through World Peace International Pte Ltd. and WPI International (Hong Kong) Limited. Along with shares of WPG Americas Inc. held by WPG International (CI) Limited, the total shareholding ratio is 100%.
- Note 4: Due to restriction of local regulations, the Company holds 51% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.
- Note 5: Due to restriction of local regulations, the Company holds 62% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.
- Note 6: Due to restriction of local regulations, the Company holds 61% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.
- Note 7: It was liquidated in December 2017.
- Note 8: On the effective date of September 1, 2017, the stock swap between Trigold Holdings Limited and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. On the same day, Trigold Holdings Limited was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC.
- Note 9: WPG South Asia Pte. Ltd. and WPG Malaysia Sdn. Bhd. separately holds 99.99% and 0.01% of shares of the subsidiary, and both companies together hold 100% of shares of the subsidiary.
- Note 10: The subsidiary was set up in July 2017.
- Note 11: It was liquidated in September 2017.
- Note 12: WPG International (CI) Limited acquired 40% equity of WPG Gain Tune Ltd. from non-controlling interests in November 2017.
- Note 13: It was liquidated in March 2017.
- Note 14: The subsidiary completed registration of incorporation in November 2017.
- Note 15: Trigold (Hong Kong) Company Limited acquired 55% equity of Peng Yu (Shanghai) Digital Technology Co., Ltd. from Genuine C&C Holding Inc. (Seychelles) in November 2017.
- Note 16: It was liquidated in June 2017.
- Note 17: It was liquidated in May 2017.

Note 18: It was formerly known as Hat-Trick Co., Ltd. and was renamed in April 2017.

- 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, 2017 and 2016, the non-controlling interest amounted to \$536,465 and \$519,568, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2017		December 31, 2016	
		Amount	Ownership	Amount	Ownership
Trigold Holdings Limited and its subsidiaries (Note)	Taiwan	\$ 438,690	39.5%	\$ 417,404	39.5%

Note: The Company originally held 60.5% equity of Genuine C&C, Inc. On the effective date of September 1, 2017, the stock swap between Trigold Holdings Limited and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. On the same day, Trigold Holdings Limited was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC.

Summarised financial information of the subsidiaries:

(a) Balance sheets

	<u>Trigold Holdings Limited and its subsidiaries</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Current assets	\$ 3,011,190	\$ 2,693,783
Non-current assets	101,779	113,039
Current liabilities	(1,875,916)	(1,641,941)
Non-current liabilities	(64,284)	(56,032)
Total net assets	1,172,769	1,108,849
Less: Non-controlling interest	(62,169)	(52,135)
Equity attributable to owners of the parent company	<u>\$ 1,110,600</u>	<u>\$ 1,056,714</u>

(b) Statements of comprehensive income

<u>Trigold Holdings Limited and its subsidiaries</u>		
<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>
Revenue	\$ 9,887,666	\$ 10,762,427
Profit before tax	156,279	81,185
Income tax expense	(32,884)	(20,328)
Profit for the year	123,395	60,857
Other comprehensive loss, net of tax	(7,421)	(13,762)
Total comprehensive income	<u>\$ 115,974</u>	<u>\$ 47,095</u>
Total comprehensive loss attributable to non-controlling interest	(\$ 4,919)	(\$ 1,501)
Dividends paid to non-controlling interests	<u>\$ 18,229</u>	<u>\$ 15,715</u>

(c) Statements of cash flows

<u>Trigold Holdings Limited and its subsidiaries</u>		
<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>
Net cash provided by operating activities	\$ 135,733	\$ 50,997
Net cash provided by investing activities	6,026	12,793
Net cash provided by (used in) financing activities	113,850	(288,659)
Effect of exchange rates on cash and cash equivalents	(11,582)	(7,781)
Increase (decrease) in cash and cash equivalents	244,027	(232,650)
Cash and cash equivalents, beginning of year	188,421	421,071
Cash and cash equivalents, end of year	<u>\$ 432,448</u>	<u>\$ 188,421</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange

differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized 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 recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains or losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) The operating results and financial position of all the overseas branches that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
 - iii. Accounts with head office and working capital are translated using the historical exchange rates; and
 - iv. Exchange differences denominated in NTD arising from translation of overseas branches' financial statements are recorded as 'other equity – exchange differences on translation of foreign financial statements' under shareholders' equity,
- (c) When a foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately

reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

- (d) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (e) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.
- B. On a regular way purchase or sale basis, financial assets held for trading are recognized and derecognized using trade date accounting. Derivatives are recognized and derecognized using settlement date accounting.
- C. Financial assets at fair value through profit or loss are initially recognized 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 recognized in profit or loss.

(8) Available-for-sale financial assets

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

(9) Loans and receivables

A. Accounts receivable

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

B. Investments in debt instruments without active market

- (a) Investments in debt instruments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:

- i. Not designated on initial recognition as at fair value through profit or loss;
 - ii. Not designated on initial recognition as available-for-sale;
 - iii. Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.
- (b) On a regular way purchase or sale basis, investments in debt instruments without active market are recognized and derecognized using trade date accounting.
 - (c) Investments in debt instruments without active market are initially recognized 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 recognized in profit or loss.

(10) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
 - (a) Significant financial difficulty of the issuer or debtor;
 - (b) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - (c) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (d) The disappearance of an active market for that financial asset because of financial difficulties;
 - (e) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
 - (f) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or
 - (g) A significant or prolonged decline in the fair value of an investment in an equity

instrument below its cost.

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

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized 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 recognized, the previously recognized 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 recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost less any principal repayment and amortisation and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized 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 derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the

financial asset.

- C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has not retained control of the financial asset.

(12) Inventories

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

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

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize 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 do not arise from 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 recognizes 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 recognized 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 recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized 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 recognized 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 recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized 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. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. 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.

E. 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 recognized in profit or loss on a straight-line basis over the lease term.

(16) Investment property

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

(17) Intangible assets

A. Goodwill

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

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

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized 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 recognized.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized 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 recognized 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 recognized 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 recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable which are non-interest bearing are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading except for derivatives which are categorised as financial liabilities held for trading unless they are designated as hedges.
- B. Financial liabilities at fair value through profit or loss are initially recognized 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 recognized in profit or loss.

(22) Derecognition of financial liabilities

A financial liability is derecognized 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 recognized 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 recognized 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 recognized in 'capital surplus - stock warrants' at the residual amount of total issue price less amounts of 'bonds payable - net' as stated above. Conversion options are not subsequently remeasured.
- C. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- D. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus – stock warrants.

(25) Derivative financial instruments

Derivatives are initially recognized 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 recognized as expenses in that period when the employees render service.

B. Pensions

a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized 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 recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plans are recognized 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 recognized 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 recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 recognized, 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 recognized 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, unrecognized and recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 in its financial statements for the year ended December 31, 2017, being the transfer of the accumulated fair value adjustments recognized 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 recognized as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognized representing commissions earned.

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

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

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(13) for the information on goodwill impairment.

B. Assessing uncollectible accounts for doubtful receivables

In the process of assessing uncollectible accounts, the Group must use judgements and assumptions to determine the collectability of accounts receivable. The collectability is affected by various factors: customers' financial conditions, the Company's internal credit

ratings, historical experience, current economic conditions, etc. When sales are not expected to be collected, the Group recognizes a specific allowance for doubtful receivables after the assessment. The assumptions and estimates of allowance for uncollectible accounts are based on concerning future events as that on the balance sheet date. Assumptions and estimates may differ from the actual results which may result in a material adjustment. Please refer to Note 6(5) for the information on assessing uncollectible accounts for doubtful receivables.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Cash on hand and petty cash	\$ 4,579	\$ 2,945
Checking accounts deposits	2,175,037	1,786,628
Demand deposits	4,770,422	6,496,436
Time deposits	147,876	170,903
	<u>\$ 7,097,914</u>	<u>\$ 8,456,912</u>

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. There were no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Current items:		
Financial assets held for trading		
Derivatives	\$ 2,539	\$ 17,721
Domestic open-end fund	-	20,266
	<u>2,539</u>	<u>37,987</u>
Valuation adjustment of financial assets held for trading	-	471
	<u>\$ 2,539</u>	<u>\$ 38,458</u>
Current items:		
Financial liabilities held for trading		
Derivatives	\$ 24,765	\$ 5,686

A. The Group recognized net (loss) gain of (\$40,762) and \$6,527 on financial assets and liabilities held for trading for the years ended December 31, 2017 and 2016, respectively.

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

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

Derivative instruments	December 31, 2017			December 31, 2016		
	Contract amount (notional principal) (Note)	Contract period		Contract amount (notional principal) (Note)	Contract period	
Forward foreign exchange contracts						
- Sell	USD	2,000	2017.12.08~ 2018.01.16	USD	1,500	2016.12.02~ 2017.01.16
	EUR	3,750	2017.11.15~ 2018.04.16	EUR	500	2016.11.02~ 2017.02.23
- Sell-SWAP	USD	8,200	2017.12.06~ 2018.01.22	USD	12,900	2016.12.12~ 2017.01.26
- Buy	USD	30,353	2017.04.19~ 2018.04.20	USD	27,506	2016.04.20~ 2017.06.21
	EUR	1,000	2017.12.08~ 2018.01.12	EUR	3,000	2016.12.09~ 2017.01.12

Note: expressed in thousands.

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

(3) Available-for-sale financial assets

<u>Investee company</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Current items:		
Farglory FTZ Investment Holding Co., Ltd.	\$ 13,799	\$ 13,799
Dimerco Express Corporation	8,748	8,748
	22,547	22,547
Adjustment of available-for-sale financial assets	2,961	560
	25,508	23,107
Non-current items:		
Nichidenbo Corporation	231,990	231,990
Vitec Holdings Co., Ltd.	85,348	-
Promaster Technology Corp.	49,605	49,605
Apollo Electronics Group Ltd.	-	34,938
Murad Chia Jei Biotechnology Co., Ltd.	19,107	19,107
Hua-Jie (Taiwan) Corp.	10,500	10,500
Others	14,339	19,091
	410,889	365,231
Valuation adjustment	111,540	(25,456)
Accumulated impairment	(26,663)	(7,801)
	495,766	331,974
	\$ 521,274	\$ 355,081

A. The Group recognized \$139,396 and \$11,261 in other comprehensive income (loss) for fair value change of current and non-current available-for-sale financial assets and reclassified

\$0 and \$375 from equity to profit or loss for the years ended December 31, 2017 and 2016, respectively.

- B. The Group had no investment in debt instruments that was classified as available-for-sale financial assets.
- C. Please refer to Note 6(14) for the impairment of non-current available-for-sale financial assets.
- D. As of December 31, 2017 and 2016, the Group pledged available-for-sale financial assets as guarantees for purchases. Please refer to Note 8 for details.

(4) Notes receivable

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Notes receivable	\$ 4,180,550	\$ 7,573,363
Less: Allowance for uncollectible accounts	(91,984)	-
	<u>\$ 4,088,566</u>	<u>\$ 7,573,363</u>

Except for the following, the notes receivable are mostly checks collected from counterparties or from financial institutions which have good credit quality so the Group does not expect a default.

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

	<u>2017</u>	<u>2016</u>
	<u>Individual provision</u>	<u>Individual provision</u>
At January 1	\$ -	\$ -
Provision for impairment	92,690	-
Effects of foreign exchange	(706)	-
At December 31	<u>\$ 91,984</u>	<u>\$ -</u>

(5) Accounts receivable

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Accounts receivable	\$ 87,816,552	\$ 88,220,742
Less: Allowance for doubtful accounts	(796,409)	(3,246,871)
	<u>\$ 87,020,143</u>	<u>\$ 84,973,871</u>

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Group 1	\$ 32,366,221	\$ 45,903,680
Group 2	49,880,142	35,084,851
	<u>\$ 82,246,363</u>	<u>\$ 80,988,531</u>

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

Group 2: Customers not belonging to Group 1.

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
0 to 30 days	\$ 2,769,938	\$ 2,158,300
31 to 60 days	1,537,441	1,990,180
61 to 90 days	314,133	514,933
91 to 120 days	126,855	1,117,178
121 to 150 days	26,105	455,740
151 to 180 days	14,333	495,027
Over 181 days	781,384	500,853
	<u>\$ 5,570,189</u>	<u>\$ 7,232,211</u>

The above ageing analysis was based on past due date.

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

	<u>2017</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 2,920,322	\$ 326,549	\$ 3,246,871
(Reversal of) provision for impairment	(191,709)	21,153	(170,556)
Write-offs during the year	(1,601,468)	(67,617)	(1,669,085)
Effects of foreign exchange	(172,278)	(12,676)	(184,954)
Others (Note)	(417,587)	(8,280)	(425,867)
At December 31	<u>\$ 537,280</u>	<u>\$ 259,129</u>	<u>\$ 796,409</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 (\$428,494) and \$2,627, respectively.

	<u>2016</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 353,584	\$ 465,233	\$ 818,817
Provision for impairment (Note)	2,742,677	75,916	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>\$ 2,920,322</u>	<u>\$ 326,549</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.

(6) Transfer of financial assets

Transferred financial assets that are derecognized 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 derecognized 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, 2017 and 2016, outstanding accounts receivable were as follows:

December 31, 2017						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognized	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	\$ 1,359,321	\$ 1,359,321	USD 47,500	\$ 1,359,321	2.00%~2.65%	Note 1
Mega International Commercial Bank	4,345,605	4,345,605	USD 166,900	4,191,246	1.53%~2.81%	Note 2
CTBC Bank	2,153,391	2,153,391	\$ 590,000			
			USD 20,000	1,788,656	1.69%~3.02%	Note 3
			\$ 3,000,000			
E. SUN Commercial Bank	3,459,933	3,459,933	USD 180,500	2,977,084	1.15%~2.72%	Note 4
			\$ 20,000			
Taipei Fubon Commercial Bank	615,462	615,462	\$ 1,474,300	338,700	1.10%~2.89%	Note 5
Yuanta Commercial Bank	388,144	388,144	USD 25,000	244,000	2.39%~2.92%	Note 6
The Hong Kong and Shanghai Banking Corporation Limited	1,488,626	1,488,626	USD 82,500	1,429,213	1.90%~3.40%	Note 7
Ta Chong Bank	226,921	226,921	USD 6,500	123,009	2.47%~2.84%	Note 8
			\$ 820,000			
Standard Chartered Bank	31,991	31,991	USD 4,520	-	-	None
Taishin International Bank	5,044,780	5,044,780	USD 15,000	2,741,648	2.22%~2.80%	Note 9
			\$ 9,000,000			
Bank SinoPac	786,843	786,843	USD 58,900	697,601	2.00%~2.48%	Note 10
Far Eastern International Bank	249,766	249,766	USD 19,000	122,221	2.14%~2.95%	Note 11
			\$ 400,000			
Chang Hwa Bank	2,117,330	2,117,330	USD 146,600	1,994,213	2.01%~2.84%	Note 12
DBS Bank	4,116,393	4,116,393	USD 224,500	3,819,847	1.53%~2.50%	Note 13
Shin Kong Bank	-	-	USD 300	-	-	Note 14
Taiwan Cooperative Bank	16,128	16,128	USD 3,000	15,321	2.12%	Note 15
Hang Seng Bank	1,636,541	1,636,541	USD 128,000	1,502,489	1.73%~2.52%	Note 16
KGI Bank	674,933	674,933	\$ 2,150,000	550,900	2.00%~2.40%	Note 17
ANZ Bank	707,834	707,834	USD 30,000	707,834	2.11%~2.13%	None

December 31, 2017

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognized	Facilities (In thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Sumitomo Mitsui Banking Corporation	\$ 234,068	\$ 234,068	USD 15,000	\$ 234,068	2.13%~2.19%	None
Bank of Taiwan	-	-	USD 7,000	-	-	None

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 \$640,000 that were pledged to others as collateral.

Note 3: The Group has signed commercial papers amounting to USD 20 million and \$327,600 that were pledged to others as collateral.

Note 4: The Group has signed commercial papers amounting to USD 183 million and \$20,000 that were pledged to others as collateral.

Note 5: The Group has signed commercial papers amounting to \$45,000 that were pledged to others as collateral.

Note 6: The Group has signed commercial papers amounting to USD 25 million that were pledged to others as collateral.

Note 7: The Group has signed commercial papers amounting to USD 152,280 thousand that were pledged to others as collateral.

Note 8: The Group has signed commercial papers amounting to USD 6,500 thousand and \$820,000 that were pledged to others as collateral.

Note 9: The Group has signed commercial papers amounting to USD 15 million and \$9,000,000 that were pledged to others as collateral.

Note 10: The Group has signed commercial papers amounting to USD 55,500 thousand and \$600,000 that were pledged to others as collateral.

Note 11: The Group has signed commercial papers amounting to USD 19 million and \$400,000 that were pledged to others as collateral.

Note 12: The Group has signed commercial papers amounting to USD 84,600 thousand that were pledged to others as collateral.

Note 13: The Group has signed commercial papers amounting to USD 246,500 thousand that were pledged to others as collateral.

Note 14: The Group has signed commercial papers amounting to USD 30 thousand that were pledged to others as collateral.

Note 15: The Group has signed commercial papers amounting to USD 3 million that were pledged to others as collateral.

Note 16: The Group has provided demand deposits amounting to USD 140 thousand that were pledged to others as collateral.

Note 17: The Group has signed commercial papers amounting to \$890,000 that were pledged to others as collateral.

December 31, 2016							
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognized	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	-	-	\$ 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	\$ 3,582,000	2,551,250	1.05%~2.15%	Note 4	
Taipei Fubon Commercial Bank	1,815,351	1,815,351	USD 161,500	876,207	1.12%~2.18%	Note 5	
Industrial Bank of Taiwan	341,021	341,021	\$ 20,000	-	-	Note 6	
Yuanta Commercial Bank	647,253	647,253	USD 669,720	401,120	1.60%~1.75%	Note 7	
The Hong Kong and Shanghai Banking Corporation Limited	2,226,489	2,226,489	USD 25,000	2,214,364	1.42%	Note 8	
Ta Chong Bank	487,640	487,640	\$ 1,400,000	31,992	1.80%	Note 9	
Standard Chartered Bank	22,732	22,732	USD 914,215	18,918	1.44%~2.03%	None	
Taishin International Bank	5,917,168	5,917,168	USD 60,120	972,534	1.17%~2.00%	Note 10	
Bank SinoPac	459,475	459,475	\$ 44,050	418,008	1.85%	Note 11	
Far Eastern International Bank	150,502	150,502	USD 1,500	73,197	1.64%~2.38%	Note 12	
Chang Hwa Bank	793,082	793,082	USD 22,000	525,449	1.40%~2.18%	Note 13	
DBS Bank	958,014	958,014	USD 50,300	919,969	1.08%~2.05%	Note 14	
Shin Kong Bank	5,297	5,297	USD 92,000	-	-	Note 15	
Taiwan Cooperative Bank	67,739	67,739	\$ 10,000	-	-	Note 16	
Hang Seng Bank	2,142,961	2,142,961	USD 88,000	1,938,080	1.46%~1.81%	Note 17	
KGI Bank	305,003	305,003	\$ 850,000	301,922	1.40%~1.60%	Note 18	

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

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

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

- Note 4: The Group has signed commercial papers amounting to USD 164 million and \$20,000 that were pledged to others as collateral.
- Note 5: The Group has signed commercial papers amounting to \$203,500 that were pledged to others as collateral.
- Note 6: The Group has signed commercial papers amounting to \$669,720 that were pledged to others as collateral.
- Note 7: The Group has signed commercial papers amounting to USD 25 million and \$1,400,000 that were pledged to others as collateral.
- Note 8: The Group has signed commercial papers amounting to USD 135,630 thousand that were pledged to others as collateral.
- Note 9: The Group has signed commercial papers amounting to USD 7,700 thousand and \$1,500,000 that were pledged to others as collateral.
- Note 10: The Group has signed commercial papers amounting to \$9,000,000 that were pledged to others as collateral.
- Note 11: The Group has signed commercial papers amounting to USD 41 million and \$600,000 that were pledged to others as collateral.
- Note 12: The Group has signed commercial papers amounting to USD 22 million and \$400,000 that were pledged to others as collateral.
- Note 13: The Group has signed commercial papers amounting to USD 50,300 thousand that were pledged to others as collateral.
- Note 14: The Group has signed commercial papers amounting to USD 114 million that were pledged to others as collateral.
- Note 15: The Group has signed commercial papers amounting to USD 225 thousand and \$1,000 that were pledged to others as collateral.
- Note 16: The Group has signed commercial papers amounting to USD 3 million that were pledged to others as collateral.
- Note 17: The Group has provided demand deposits amounting to USD 140 thousand that were pledged to others as collateral.
- Note 18: The Group has signed commercial papers amounting to \$760,000 that were pledged to others as collateral.

(7) Other receivables

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Retention amount of factoring accounts receivable	\$ 4,816,640	\$ 10,448,677
VAT refund	292,840	348,744
Others	601,933	402,431
	<u>\$ 5,711,413</u>	<u>\$ 11,199,852</u>

(8) Inventories

December 31, 2017			
	Cost	Allowance for valuation	Book value
Inventories	\$ 53,884,984	(\$ 872,265)	\$ 53,012,719
Inventories in transit	4,460,934	-	4,460,934
	<u>\$ 58,345,918</u>	<u>(\$ 872,265)</u>	<u>\$ 57,473,653</u>

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>

The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2017	2016
Cost of goods sold	\$ 510,162,463	\$ 513,738,577
Loss on price decline in inventory	184,703	580,147
Loss on physical inventory	11,698	4,270
Cost of goods sold	<u>\$ 510,358,864</u>	<u>\$ 514,322,994</u>

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

<u>Investee company</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Tyche Partners, LP.	\$ 138,217	\$ 138,217
Ability I Venture Capital Corporation	100,000	100,000
CDIB CME Fund Ltd.	100,000	100,000
Thche Partners II, LP.	54,026	-
Ability xisia Capital Corporation	50,000	25,000
Nanjing Sunlord Electronics Corporation Ltd.	45,057	45,570
Silicon Line GmbH	40,851	40,851
DIGITIMES Inc.	33,035	-
M Cube Inc.	30,365	30,365
Chlen Hwa Coating Technology Inc.	20,000	20,000
GEC Technology Hong Kong Company Limited	19,994	19,994
Bettery Energy Technology Inc.	18,000	18,000
Fantasy Story Inc.	15,047	15,047
Liefco Optical Inc.	15,000	15,000
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
FineMat Applied Materials Co., Ltd.	-	11,941
Others	59,158	56,803
	<u>781,850</u>	<u>679,888</u>
Less: Accumulated impairment	(<u>196,013</u>)	(<u>171,409</u>)
	<u>\$ 585,837</u>	<u>\$ 508,479</u>

- A. As of December 31, 2017 and 2016, no financial assets measured at cost held by the Group were pledged to others.
- B. Based on the Group's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as these stocks are not traded in active market, and sufficient industry information of companies similar to the investee or the investee's financial information cannot be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets measured at cost'.
- C. There was no impairment on financial assets measured as cost - non-current for the years ended December 31, 2017 and 2016. Details are provided in Note 6(14).

(10) Investments accounted for under the equity method

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

<u>Investee company</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
CECI Technology Co., Ltd.	\$ 722,384	\$ 583,371
ChainPower Technology Corp.	155,935	152,983
Sunrise Technology Co., Ltd.	66,960	80,331
Eesource Corp.	72,995	82,758
Suzhou Xinning Bonded Warehouse Co., Ltd.	62,695	54,439
Adivic Technology Co., Ltd.	54,557	32,446
Yosun Japan Corp.	9,735	37,828
Suzhou Xinning Logistics Co., Ltd.	33,082	33,633
Gain Tune Logistics (Shanghai) Co., Ltd.	32,944	34,400
VITEC WPG Limtied	40,419	39,708
Others	1,909	428
	<u>\$ 1,253,615</u>	<u>\$ 1,132,325</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, 2017 and 2016, the carrying amount of the Group's individually immaterial associates amounted to \$1,253,615 and \$1,132,325, respectively.

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Profit for the year from continuing operations	\$ 74,527	\$ 63,751
Other comprehensive loss - net of tax	(35,301)	(9,549)
Total comprehensive income	<u>\$ 39,226</u>	<u>\$ 54,202</u>

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

(11) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Construction in progress and equipment to be tested</u>	<u>Total</u>
<u>At January 1, 2017</u>								
Cost	\$2,281,371	\$2,103,545	\$ 18,809	\$ 526,282	\$ 499,499	\$ 210,204	\$ 2,688	\$5,642,398
Accumulated depreciation	-	(451,224)	(11,322)	(423,925)	(300,335)	(164,588)	-	(1,351,394)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,279,789</u>	<u>\$1,641,557</u>	<u>\$ 7,487</u>	<u>\$ 102,357</u>	<u>\$ 199,164</u>	<u>\$ 45,616</u>	<u>\$ 2,688</u>	<u>\$4,278,658</u>
<u>Year ended December 31, 2017</u>								
Opening net book amount	\$2,279,789	\$1,641,557	\$ 7,487	\$ 102,357	\$ 199,164	\$ 45,616	\$ 2,688	\$4,278,658
Additions	-	2,291	3,629	46,516	7,112	10,646	899,108	969,302
Disposals	-	-	(1,686)	(2,136)	(92)	(321)	(2,404)	(6,639)
Transfer (Note)	-	352	-	2,137	-	-	-	2,489
Depreciation charge	-	(67,184)	(2,621)	(43,569)	(47,797)	(21,903)	-	(183,074)
Effect due to changes in exchange rates	(2,308)	(9,057)	(305)	(4,326)	(3,256)	2,001	(661)	(17,912)
Closing net book amount	<u>\$2,277,481</u>	<u>\$1,567,959</u>	<u>\$ 6,504</u>	<u>\$ 100,979</u>	<u>\$ 155,131</u>	<u>\$ 36,039</u>	<u>\$ 898,731</u>	<u>\$5,042,824</u>
<u>At December 31, 2017</u>								
Cost	\$2,279,063	\$2,095,661	\$ 19,487	\$ 472,432	\$ 443,549	\$ 208,089	\$ 898,731	\$6,417,012
Accumulated depreciation	-	(516,938)	(12,983)	(371,453)	(288,418)	(172,050)	-	(1,361,842)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,277,481</u>	<u>\$1,567,959</u>	<u>\$ 6,504</u>	<u>\$ 100,979</u>	<u>\$ 155,131</u>	<u>\$ 36,039</u>	<u>\$ 898,731</u>	<u>\$5,042,824</u>

Note: Inventories and other non-current assets amounting to \$2,137 and \$352 were transferred to property, plant and equipment, respectively.

	Land	Buildings and structures	Transportation equipment	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be tested	Total
<u>At January 1, 2016</u>								
Cost	\$2,291,275	\$2,365,315	\$ 20,894	\$ 535,144	\$ 528,154	\$ 199,322	\$ 458	\$5,940,562
Accumulated depreciation	-	(414,810)	(14,282)	(393,552)	(301,006)	(148,246)	-	(1,271,896)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,289,693</u>	<u>\$1,939,741</u>	<u>\$ 6,612</u>	<u>\$ 141,592</u>	<u>\$ 227,148</u>	<u>\$ 51,076</u>	<u>\$ 458</u>	<u>\$4,656,320</u>
<u>Year ended December 31, 2016</u>								
Opening net book amount	\$2,289,693	\$1,939,741	\$ 6,612	\$ 141,592	\$ 227,148	\$ 51,076	\$ 458	\$4,656,320
Additions	-	7,065	4,775	28,107	53,304	20,202	2,269	115,722
Disposals	-	(1,956)	(500)	(3,734)	(18,441)	(206)	-	(24,837)
Transfer (Note)	(9,295)	(154,674)	(443)	524	-	-	-	(163,888)
Decrease in consolidated entities	-	-	-	(2,093)	-	-	-	(2,093)
Depreciation charge	-	(75,610)	(2,620)	(59,310)	(55,002)	(24,276)	-	(216,818)
Effect due to changes in exchange rates	(609)	(73,009)	(337)	(2,729)	(7,845)	(1,180)	(39)	(85,748)
Closing net book amount	<u>\$2,279,789</u>	<u>\$1,641,557</u>	<u>\$ 7,487</u>	<u>\$ 102,357</u>	<u>\$ 199,164</u>	<u>\$ 45,616</u>	<u>\$ 2,688</u>	<u>\$4,278,658</u>
<u>At December 31, 2016</u>								
Cost	\$2,281,371	\$2,103,545	\$ 18,809	\$ 526,282	\$ 499,499	\$ 210,204	\$ 2,688	\$5,624,398
Accumulated depreciation	-	(451,224)	(11,322)	(423,925)	(300,335)	(164,588)	-	(1,351,394)
Accumulated impairment	(1,582)	(10,764)	-	-	-	-	-	(12,346)
	<u>\$2,279,789</u>	<u>\$1,641,557</u>	<u>\$ 7,487</u>	<u>\$ 102,357</u>	<u>\$ 199,164</u>	<u>\$ 45,616</u>	<u>\$ 2,688</u>	<u>\$4,278,658</u>

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

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2017	2016
Amount capitalised	\$ 6,296	\$ -
Range of the interest rates for capitalisation	1.04%~1.09%	-

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

(12) Investment property

	Land	Buildings and structures	Total
<u>At January 1, 2017</u>			
Cost	\$ 354,128	\$ 1,023,373	\$ 1,377,501
Accumulated depreciation	-	(160,370)	(160,370)
	<u>\$ 354,128</u>	<u>\$ 863,003</u>	<u>\$ 1,217,131</u>
<u>Year ended December 31, 2017</u>			
Opening net book amount	\$ 354,128	\$ 863,003	\$ 1,217,131
Additions	-	190	190
Depreciation charge	-	(23,656)	(23,656)
Others	(94)	-	(94)
Effect due to changes in exchange rates	-	(9,204)	(9,204)
Closing net book amount	<u>\$ 354,034</u>	<u>\$ 830,333</u>	<u>\$ 1,184,367</u>
<u>At December 31, 2017</u>			
Cost	\$ 354,034	\$ 1,013,552	\$ 1,367,586
Accumulated depreciation	-	(183,219)	(183,219)
	<u>\$ 354,034</u>	<u>\$ 830,333</u>	<u>\$ 1,184,367</u>

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

Note: Investment property amounting to \$163,969 for the year ended December 31, 2016 was transferred to property, plant and equipment. Please refer to Note 6(11).

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

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Rental revenue from investment property	<u>\$ 67,220</u>	<u>\$ 42,541</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 17,977</u>	<u>\$ 13,703</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ 5,679</u>	<u>\$ 7,026</u>

- B. The fair value of the investment property held by the Group as of December 31, 2017 and 2016 was \$1,624,967 and \$1,590,508, respectively. The fair value as of December 31, 2017 and 2016 was based on independent appraisers' valuation, which was made using comparative method and income approach. Comparison method is to compare the valuation target with similar property which is traded around the valuation period. Valuations were made using the income approach with key assumptions as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Discount rate	2%~2.75%	2%~2.75%
Growth rate	0%~1%	0%~1%
Gross margin	1.87%~2.88%	1.87%~2.67%

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

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

(13) Intangible assets

	<u>Operating right</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2017</u>					
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>
<u>Year ended December 31, 2017</u>					
Opening net book amount	\$ 1,571	\$ 42,380	\$ 5,551,660	\$ 4,333	\$5,599,944
Additions-acquired separately	-	14,832	-	-	14,832
Disposals	-	-	-	(400)	(400)
Amortisation charge	(1,571)	(20,458)	-	(3,650)	(25,679)
Effect due to changes in exchange rates	-	(111)	(16,591)	(226)	(16,928)
Closing net book amount	<u>\$ -</u>	<u>\$ 36,643</u>	<u>\$ 5,535,069</u>	<u>\$ 57</u>	<u>\$5,571,769</u>
<u>At December 31, 2017</u>					
Cost	\$ 285,526	\$ 228,039	\$ 5,656,517	\$ 61,668	\$6,231,750
Accumulated amortisation and impairment	(285,526)	(191,396)	(121,448)	(61,611)	(659,981)
	<u>\$ -</u>	<u>\$ 36,643</u>	<u>\$ 5,535,069</u>	<u>\$ 57</u>	<u>\$5,571,769</u>
	<u>Operating right</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2016</u>					
Cost	\$ 356,692	\$ 197,776	\$ 5,691,164	\$ 70,730	\$6,316,362
Accumulated amortisation and impairment	(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>
<u>Year ended December 31, 2016</u>					
Opening net book amount	\$ 7,225	\$ 34,706	\$ 5,617,518	\$ 11,705	\$5,671,154
Additions-acquired separately	-	31,482	-	400	31,882
Effect of consolidated entity's movement	-	-	(1,718)	-	(1,718)
Amortisation charge	(6,934)	(23,386)	-	(6,274)	(36,594)
Impairment loss	-	-	(59,231)	-	(59,231)
Effect due to changes in exchange rates	1,280	(422)	(4,909)	(1,498)	(5,549)
Closing net book amount	<u>\$ 1,571</u>	<u>\$ 42,380</u>	<u>\$ 5,51,660</u>	<u>\$ 4,333</u>	<u>\$5,599,944</u>
<u>At December 31, 2016</u>					
Cost	\$ 308,230	\$ 228,230	\$ 5,683,269	\$ 69,970	\$6,289,699
Accumulated amortisation and impairment	(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>

The details of amortisation charge are as follows:

	Years ended December 31,	
	2017	2016
Selling and marketing expenses	\$ 5,387	\$ 16,466
General and administrative expenses	20,292	20,512
	<u>\$ 25,679</u>	<u>\$ 36,978</u>

The amortisation charge above includes amortisation of deferred expenses accounted as 'Other non-current asset' for the year ended December 31, 2016.

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Yosun subgroup	\$ 3,643,587	\$ 4,711,379
World Peace subgroup	1,647,199	595,998
Others	244,283	244,283
	<u>\$ 5,535,069</u>	<u>\$ 5,551,660</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 subsidiaries - Long-Think International (Shanghai) Limited and Genuine C&C (South Asia) Pte Ltd. which incurred impairment loss of \$59,231 as the estimated recoverable amount was lower than the carrying amount, in 2016, the remaining goodwill was not impaired as the recoverable amount calculated using the value-in-use exceeded the carrying amount. The key assumptions used for value-in-use calculations are gross margin, growth rate and discount rate.

Management determined budgeted gross margin based on past performance and its expectations of market development. The assumptions used for weighted average growth rates are based on past historical experience and expectations of industry; the assumption used for discount rate is the weighted average capital cost of the Group. As of December 31, 2017 and 2016, the key valuations used for pre-tax discount rate were 5.93% and 5.55%, respectively.

C. Impairment information about the intangible assets is provided in Note 6(14).

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

The Group recognized impairment loss amounting to \$49,768 and \$120,099 for the years ended December 31, 2017 and 2016, respectively. Details of such loss are as follows:

	Years ended December 31,			
	2017		2016	
	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
Impairment loss - financial assets carried at cost - non-current	\$ 30,661	\$ -	\$ 60,868	\$ -
Impairment loss-available-for-sale financial assets - non -current	19,107	-	-	-
Impairment loss - goodwill	-	-	59,231	-
	<u>\$ 49,768</u>	<u>\$ -</u>	<u>\$ 120,099</u>	<u>\$ -</u>

(15) Overdue receivables (shown as “other non-current assets”)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Overdue receivables	\$ 1,016,375	\$ 718,231
Less: Allowance for doubtful accounts	(1,004,043)	(718,231)
	<u>\$ 12,332</u>	<u>\$ -</u>

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

	<u>2017</u>	<u>2016</u>
	<u>Individual provision</u>	<u>Individual provision</u>
At January 1	\$ 718,231	\$ 648,790
(Reversal of) provision for impairment	(35,832)	5,809
Write-off of bad debts	(51,883)	(111,769)
Transferred from accounts receivable	428,494	188,342
Effect due to changes in exchange rates	(54,967)	(12,941)
At December 31	<u>\$ 1,004,043</u>	<u>\$ 718,231</u>

(16) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Loans for overseas purchases	\$ 22,021,829	\$ 26,322,079
Short-term loans	31,751,778	26,531,994
	<u>\$ 53,773,607</u>	<u>\$ 52,854,073</u>
Annual interest rates	<u>0.90%~4.7%</u>	<u>0.95%~5.00%</u>

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

(17) Short-term notes and bills payable

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Commercial papers payable	\$ 3,890,000	\$ 4,205,000
Less: Unamortised discount	(2,395)	(2,081)
	<u>\$ 3,887,605</u>	<u>\$ 4,202,919</u>
Annual interest rates	<u>0.48%~1.16%</u>	<u>0.46%~1.41%</u>

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

(18) Bonds payable

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Bonds payable	\$ -	\$ 3,575,800
Less: Discount on bonds payable	-	(26,476)
	-	3,549,324
Less: Current portion of bonds payable (shown as "other current liabilities")	-	(3,549,324)
	<u>\$ -</u>	<u>\$ -</u>

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

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

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

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

(c) The conversion price (\$42.8 (in dollars) per share) of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. Before maturity, the conversion price was \$35.4.

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

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$232,800 were separated from the liability component and were recognized in 'capital surplus-stock warrants' in accordance with IAS 32. As of July 25, 2017, the maturity date, the balance of capital surplus, share options was \$0 after the bondholder exercised conversion right.

C. As of July 25, 2017, the maturity date, convertible bonds with face value of \$5,995,100 had been converted to 169,353 thousand ordinary shares. As for the other unconverted

bonds totaling \$4,900 at face value, the Company redeemed the bonds in cash accordingly.

D. The amortisation of discount on bonds payable was \$20,723 and \$72,461 for the years ended December 31, 2017 and 2016, respectively.

(19) Long-term borrowings

Type of borrowings	Borrowing period / repayment term	December 31, 2017	December 31, 2016
Secured bank borrowings (Note 1 and Note 2)	2012.01.02~ 2027.01.02	\$ 485,990	\$ 541,079
Unsecured bank borrowings (Note 3~ Note 12)	2014.01.10~ 2020.09.14	11,854,736	12,052,500
		12,340,726	12,593,579
Less : Discount on long-term borrowings (shown as deduction to "long-term borrowings")	(	10,480)	-
Less : Current portion of long-term borrowings (shown as other current liabilities)	(	5,092,236)	(7,397,138)
		\$ 7,238,010	\$ 5,196,441
Interest rate range		1.32%~3.14%	1.20%~2.05%

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

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

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

(c) The interest rate is the index interest rate plus 0.21% from the borrowing day to January 2, 2013, plus 0.25% from January 2, 2013, plus 0.25% from January 2, 2014, plus 0.35% from January 2, 2015, plus 0.42% from January 2, 2016 and plus 0.44% from January 2, 2017, plus 1.5% from January 2, 2018.

Note 2: AIT Japan Inc., the Company's indirect subsidiary, had entered into a long-term loan agreement for a period of ten years with the Daiwa Bank, Limited on March 28, 2012, and the facility is JPY 250,000,000. The pledged assets are land, and furniture and fixtures, which amount to \$66,668 and \$67,133, 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 syndicated borrowing agreement with E. SUN Commercial Bank and other financial institutions on December 26, 2013. The terms and conditions of the contract were as

follows:

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

The contract was settled on January 10, 2017, Richpower Electronic Devices Co., Ltd. and Richpower Electronic Devices Co., Limited did not violate the financial commitments in the contract period. Richpower Electronic Devices Co., Ltd. and its subsidiary, Silicon Application Corporation, met all the financial commitments stated in the contract.

Note 4: Silicon Application Corporation, the Company's subsidiary, had entered into a syndicated borrowing agreement with Mega International Commercial Bank and other financial institutions on November 27, 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: 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.

The loan was settled on August 28, 2017. During the contract term, Silicon Application Corporation did not violate any provision from the aforementioned loan covenant.

Note 5: Silicon Application Corporation, the Company's subsidiary, had entered into a syndicated borrowing agreement with Bank of Taiwan and other financial institutions on May 16, 2017. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility is \$2,600,000, 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.

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

Note 6: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), had entered into a syndicated borrowing agreement with E. SUN Commercial Bank, KGI Commercial Bank, Mizuho Corporate Bank, First Commercial Bank and other financial institutions on September 22, 2014. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown.
- (b) Facility and drawdown: This pertains to a revolving loan facility of World Peace Industrial Co. Ltd., the Company's subsidiary, wherein the principal amount can

be renewed after the corresponding interest is paid, and payment of the existing loan can be repaid by the new loan. If the amounts equal, then the banks would not make a procedure of remittance and loan.

- (c) Repayment: For each drawdown, the principal and interest must be repaid in full at the end of each drawdown's term. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. Based on the credit term in the contract, all or part of the loan will be re-utilized. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and loan, as if the borrower has actually received the loan, and uses the loan contract as proof of receipt. The amount of re-utilization of the revolving loan shall be repaid based on the contract.
- (d) Loan covenant: The subsidiary - World Peace Industrial Co., Ltd. (WPI) is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$7,500,000. If the covenants are not met, WPI's right to drawdown is immediately terminated, and the lead bank can decide to take the following actions:
 - a. Rescind part or all of the undrawn facility;
 - b. Demand WPI to immediately repay all drawn principals, interest payable and other related payables as specified in the contract;
 - c. Demand all rights of the promissory note as obtained from signing of the contract.

The contract was settled on September 30, 2017. During the contract term, WPI did not violate any provision from the aforementioned loan covenant.

Note 7: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), had entered into a syndicated borrowing agreement with Hua Nan Commercial Bank, Mizuho Corporate Bank, E. SUN Commercial Bank, Taiwan Cooperative Bank, Chang Hwa Commercial Bank, Far Eastern International Bank and other financial institutions on August 31, 2017. 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 30 or 180 days: One month at the least and six months at the most.
- (c) Repayment: For each drawdown, the principal and interest must be repaid in full

at the end of each drawdown's term. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. Based on the credit term in the contract, all or part of the loan will be re-utilized. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and loan, as if the borrower has actually received the loan, and uses the loan contract as proof of receipt.

- (d) Loan covenant: World Peace Industrial Co., Ltd. is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 250%, 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 8: 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.

The contract was settled in April 2017. During the contract term, Asian Information Technology Inc. did not violate any provision from the loan covenant.

Note 9: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), had entered into a long-term loan agreement with Taipei Fubon Commercial Bank, E. SUN Commercial Bank, Mizuho Corporate Bank, Bank of Taiwan and other financial institutions on October 26, 2015. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown.
- (b) Facility and drawdown: The facility must be less than \$7,200,000. Each drawdown amount must be no less than \$100,000 or USD 3 million. The repayment period could be 60, 90 or 180 days, and six months at the most.
- (c) Repayment: For each drawdown, the principal and interest must be repaid in full

at the end of each drawdown's term. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. Based on the credit term in the contract, all or part of the loan will be re-utilized. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and loan, as if the borrower has actually received the loan, and uses the loan contract as proof of receipt.

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

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

Note 10: 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 \$700,000,000. 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 divided by earnings before interest, taxes, depreciation and amortization (EBITDA) should not be higher than 10. If the covenants are not met, right to drawdown is immediately terminated, and the lead bank can decide to take the following actions:
 - a. Rescind part or all of the undrawn facility;

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

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

Note 11: On June 12, 2017, WPG Korea Co., Ltd. entered into a long-term loan agreement with Kookmin Bank for a loan of KRW 2 billion until March 15, 2020. The principal is payable in 10 quarterly installments of KRW 200 million each starting from December 15, 2017. The interest is payable quarterly.

Note 12: On June 12, 2017, WPG Korea Co., Ltd. entered into a long-term loan agreement with Kookmin Bank for a loan of KRW 1 billion until June 15, 2020. The principal is payable in 10 quarterly installments of KRW 100 million each starting from March 15, 2018. The interest is payable quarterly.

(20) 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 recognized in the balance sheet are as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Present value of defined benefit obligations	\$ 1,024,641	\$ 965,066
Fair value of plan assets	(371,161)	(343,785)
Net defined benefit liability	<u>\$ 653,480</u>	<u>\$ 621,281</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2017</u>			
Balance at January 1	\$ 965,066	(\$ 343,785)	\$ 621,281
Current service cost	9,145	-	9,145
Interest expense (income)	<u>13,093</u>	<u>(5,033)</u>	<u>8,060</u>
	<u>987,304</u>	<u>(348,818)</u>	<u>638,486</u>
Remeasurements:			
Return on plan assets	-	814	814
Change in financial assumptions	34,280	-	34,280
Experience adjustments	<u>31,478</u>	<u>464</u>	<u>31,942</u>
	<u>65,758</u>	<u>1,278</u>	<u>67,036</u>
Paid pension	(22,016)	22,016	-
Direct payments charged to Company's account	(6,405)	-	(6,405)
Pension fund contribution	<u>-</u>	<u>(45,637)</u>	<u>(45,637)</u>
	<u>(28,421)</u>	<u>(23,621)</u>	<u>(52,042)</u>
Balance at December 31	<u>\$ 1,024,641</u>	<u>(\$ 371,161)</u>	<u>\$ 653,480</u>

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

- (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 and its domestic subsidiaries are 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, 2017 and 2016 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,	
	2017	2016
Discount rate	<u>1.1%~1.3%</u>	<u>1.4%~1.7%</u>
Future salary increases	<u>2.00%~4.00%</u>	<u>2.00%~4.00%</u>

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

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
<u>December 31, 2017</u>				
Effect on present value of defined benefit obligation	<u>(\$ 108,447)</u>	<u>\$ 112,617</u>	<u>\$ 92,489</u>	<u>(\$ 89,700)</u>
<u>December 31, 2016</u>				
Effect on present value of defined benefit obligation	<u>(\$ 95,063)</u>	<u>\$ 97,145</u>	<u>\$ 86,045</u>	<u>(\$ 83,337)</u>

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 are \$15,918.
- (g) As of December 31, 2017, the weighted average duration of that retirement plan is 11~17 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, 2017 and 2016 were \$326,999 and \$344,893, respectively.

(21) Share capital

As of December 31, 2017, the Company's authorized capital was \$20,000,000 (including \$500,000 for stock options, convertible preferred stock and convertible bonds), and the paid-in capital was \$18,250,618 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, 2017 and 2016 are as follows:

	2017	2016
At January 1	1,723,895	1,655,670
Convertible bonds converted to shares	101,167	68,186
Disposal of Company's share by subsidiaries	-	39
At December 31	<u>1,825,062</u>	<u>1,723,895</u>

(22) 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 options are provided in Note 6 (18).

	2017					
	<u>Share premium</u>	<u>Treasury share transaction</u>	<u>Recognized changes in subsidiaries' equity</u>	<u>Changes in associates' net equity</u>	<u>Stock options</u>	<u>Total</u>
January 1	\$ 16,694,715	\$ 45,177	\$ 431	\$ 21,989	\$138,741	\$ 16,901,053
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	112,053	-	112,053
Convertible bonds converted to shares	2,695,160	-	-	-	(138,741)	2,556,419
December 31	<u>\$ 19,389,875</u>	<u>\$ 45,177</u>	<u>\$ 431</u>	<u>\$ 134,042</u>	<u>\$ -</u>	<u>\$ 19,569,525</u>

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

(23) Retained earnings

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

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

- B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2016 and 2015 had been resolved at the stockholders' meeting on June 19, 2017 and June 22, 2016, respectively. Details are summarized below:

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

The above appropriations of earnings for 2016 and 2015 as resolved by the shareholders are the same with the amounts resolved by the Board of Directors.

E. As of March 27, 2018, the appropriation of earnings for the year ended December 31, 2017 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(30).

(24) Other equity items

	2017		
	Available-for-sale investment	Currency translation	Total
At January 1	(\$ 10,088)	\$ 918,151	\$ 908,063
Revaluation - gross	139,396	-	139,396
Revaluation - associates	34	-	34
Cumulative translation differences:			
- Group	- (5,135,975)	(5,135,975)	
- Tax on Group	- (1,194)	(1,194)	
- Associates	- (35,261)	(35,261)	
At December 31	<u>\$ 129,342</u>	<u>(\$ 4,254,279)</u>	<u>(\$ 4,124,937)</u>

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

(25) Operating revenue

	Years ended December 31,	
	2017	2016
Sales revenue	\$ 532,353,095	\$ 536,898,150
Service revenue	156,863	20,663
	<u>\$ 532,509,958</u>	<u>\$ 536,918,813</u>

(26) Other income

	Years ended December 31,	
	2017	2016
Bad debts transferred to revenue	\$ 113,698	\$ -
Rental revenue	70,630	59,574
Dividend income	31,766	43,262
Interest income	30,143	33,221
Other income	126,193	227,918
	<u>\$ 372,430</u>	<u>\$ 363,975</u>

(27) Other gains and losses

	Years ended December 31,	
	2017	2016
Gain on disposal of investments	\$ 18,530	\$ 16,017
(Loss) gain on financial assets and liabilities at fair value through profit or loss	(40,762)	6,527
Loss on disposal of property, plant and equipment	(1,306)	(18,567)
Currency exchange gain	442,060	67,925
Impairment loss	(49,768)	(120,099)
Other losses	(47,127)	(113,163)
	<u>\$ 321,627</u>	<u>(\$ 161,360)</u>

(28) Finance costs

	Years ended December 31,	
	2017	2016
Interest expense:		
Bank borrowings	\$ 1,636,430	\$ 1,272,903
Convertible bonds	20,723	72,461
Less: Capitalization of qualifying assets	(6,296)	-
Others	190,804	208,671
	<u>\$ 1,841,661</u>	<u>\$ 1,554,035</u>

(29) Additional information of expenses by nature

	Years ended December 31,	
	2017	2016
Employee benefit expense	<u>\$ 7,539,465</u>	<u>\$ 6,929,362</u>
Depreciation charges on property and equipment (including investment property)	<u>\$ 206,730</u>	<u>\$ 237,547</u>
Amortisation charges on intangible assets and other non-current assets	<u>\$ 25,679</u>	<u>\$ 36,978</u>

(30) Employee benefit expense

	Years ended December 31,	
	2017	2016
Wages and salaries	\$ 6,621,815	\$ 5,982,991
Labor and health insurance fees	335,341	333,281
Pension costs	344,204	365,394
Other personnel expenses	238,105	247,696
	<u>\$ 7,539,465</u>	<u>\$ 6,929,362</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, 2017 and 2016, employees' compensation was accrued at \$24,392 and \$20,892, respectively; while directors' and supervisors' remuneration was accrued at \$42,000 and \$30,000, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the profit of current year distributable for the year ended December 31, 2017 and the percentage as prescribed by the Company's Articles of Incorporation. As of March 27, 2018, the amount has not yet been resolved by the Board of Directors. Abovementioned employees' compensation will be distributed in the form of cash.

The difference between employees' compensation of \$11,080 and directors' and supervisors' remuneration of \$30,000 as resolved by the Board of Directors on April 25, 2017 and employees' compensation of \$20,892 and directors' and supervisors' remuneration of \$30,000 recognized in the 2016 financial statements by \$9,812 had been adjusted in the profit or loss of the first quarter in 2017. The employees' compensation was distributed in the form of cash.

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

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current tax		
Current tax on profits for the year	\$ 1,470,536	\$ 1,183,638
Tax on undistributed surplus earnings	53,736	76,807
Prior year income tax underestimation	<u>1,203</u>	<u>39,187</u>
Total current tax	<u>1,525,475</u>	<u>1,299,632</u>
Deferred tax		
Origination and reversal of temporary differences	(<u>11,789</u>)	<u>37,994</u>
Income tax expense	<u>\$ 1,513,686</u>	<u>\$ 1,337,626</u>

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

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Currency translation differences	\$ 1,194	(\$ 45,869)
Remeasurement of defined benefit obligations	(<u>11,396</u>)	(<u>14,015</u>)
	<u>(\$ 10,202)</u>	<u>(\$ 59,884)</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 3,669,684	\$ 2,568,249
Effects from items disallowed by tax regulation	(2,226,121)	(1,354,883)
Prior year income tax underestimate	1,203	39,187
Additional 10% tax on undistributed earnings	53,736	76,807
Others	<u>15,184</u>	<u>8,266</u>
Tax expense	<u>\$ 1,513,686</u>	<u>\$ 1,337,626</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	Year ended December 31, 2017				
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Effect from adjustments in entities</u>	<u>December 31</u>
- Deferred tax assets:					
Temporary differences					
Unrealised allowance for inventory obsolescence	\$ 34,291	\$ 3,793	\$ -	\$ -	\$ 38,084
Unrealised sales discount	54,964	(6,072)	-	-	48,892
Bad debts expense	58,438	(26,523)	-	-	31,915
Unrealised expense	31,520	5,552	-	-	37,072
Investment loss	13,356	(1,924)	-	-	11,432
Pensions	88,299	(9,466)	12,447	-	91,280
Accumulated investment adjustments	14,095	-	(3,946)	-	10,149
Others	49,119	(366)	-	-	48,753
Tax losses	<u>3,251</u>	<u>30,215</u>	<u>-</u>	<u>-</u>	<u>33,466</u>
	<u>347,333</u>	<u>(4,791)</u>	<u>8,501</u>	<u>-</u>	<u>351,043</u>
- Deferred tax liabilities:					
Temporary differences					
Investment income	(344,802)	(5,175)	-	-	(349,977)
Reserve for building increment	(23,905)	-	-	-	(23,905)
Land revaluation increment tax	(30,156)	-	-	-	(30,156)
Pensions	(6,260)	4,516	(1,051)	-	(2,795)
Cumulative translation adjustments	(2,997)	-	2,752	-	(245)
Others	(24,361)	17,239	-	-	(7,122)
	<u>(432,481)</u>	<u>16,580</u>	<u>1,701</u>	<u>-</u>	<u>(414,200)</u>
	<u>(\$ 85,148)</u>	<u>\$ 11,789</u>	<u>\$ 10,202</u>	<u>\$ -</u>	<u>(\$ 63,157)</u>

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

D. The amounts of deductible temporary differences and tax losses that were not recognized as deferred tax assets are as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Deductible temporary differences	<u>\$ 46,363</u>	<u>\$ 277,720</u>
Tax losses	<u>\$ 1,775,412</u>	<u>\$ 2,201,306</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 2013 have been assessed and approved by the Tax Authority.

- F. With the abolishment of the imputation tax system under the amendments to the Income Tax Act promulgated by the President of the Republic of China in February, 2018, the information on unappropriated retained earnings and the balance of the imputation credit account as of December 31, 2017, as well as the estimated creditable tax rate for the year ended December 31, 2017 is no longer disclosed.

Unappropriated retained earnings on December 31, 2016:

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

- G. As of December 31, 2016, the balance of the imputation tax credit account was \$861,957.
The creditable tax rate was 15.95% for the year ended December 31, 2016.

(32) Earnings per share

	<u>Year ended December 31, 2017</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 7,307,987</u>	<u>1,782,991</u>	<u>\$ 4.10</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 7,307,987	1,782,991	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	20,549	42,150	
Employees' compensation	<u>-</u>	<u>712</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 7,328,536</u>	<u>1,825,853</u>	<u>\$ 4.01</u>

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

(33) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

- A. In November 2017, the Group acquired additional 40% shares of WPG Gain Tune Ltd. (hereafter referred to as WPG Gain Tune) for a cash consideration totaling \$12,210. The carrying amount of non-controlling interests in WPG Gain Tune was \$11,994 at the acquisition date. This transaction resulted in a decrease in the non-controlling interests by \$11,994 and an increase in the equity attributable to owners of the parent by \$11,994. The effect of changes in interests in WPG Gain Tune on the equity attributable to owners of the parent for the year ended December 31, 2017 is shown below:

	Year ended December 31, 2017
Carrying amount of non-controlling interest acquired	\$ 11,994
Consideration paid to non-controlling interest	(12,210)
Capital surplus	
-difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount (shown as deduction to "retained earnings")	(\$ 216)

- B. On August 23, 2016, the Group acquired additional 25% shares of its subsidiary-Taibao Creation Co., Ltd. (abbreviated as Taibao) for a total cash consideration of \$3,498. The carrying amount of non-controlling interest in Taibao was \$3,498 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$3,498 and an increase in the equity attributable to owners of the parent by \$3,498. The effect of changes in interests in Taibao on the equity attributable to owners of the parent for the year ended

December 31, 2016 is shown below:

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

(34) Supplemental cash flow information

A. Partial payment of cash from investing activities

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Acquisition of property, plant and equipment, investment property and intangible assets	\$ 984,324	\$ 147,604
Add: Accounts payable at the beginning of year	-	3,019
Less: Accounts payable at the end of year	(<u>3,303</u>)	<u>-</u>
Cash paid during the year for property, plant and equipment	<u>\$ 981,021</u>	<u>\$ 150,623</u>

B. Financing activities with no cash flow effects

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Convertible bonds being converted to capital stocks	<u>\$ 3,565,145</u>	<u>\$ 2,398,522</u>

C. Information on the cash flows of subsidiary disposed:

	August 1, 2016 (Note 1)	January 1, 2016 (Note2)	Total
<u>Consideration received</u>			
Other receivables	\$ 22,229	\$ -	\$ 22,229
<u>Carrying amount of the assets and liabilities of the subsidiary</u>			
Cash	\$ 4,172	\$ 29,939	\$ 34,111
Other current assets	34,820	245,084	279,904
Property, plant and equipment	2,080	13	2,093
Other non-current assets	8,447	220	8,667
Short-term borrowings	(6,170)	(52,520)	(58,690)
Other current liabilities	(12,630)	(157,936)	(170,566)
Non-controlling interests	(5,121)	(32,400)	(37,521)
Total net assets	\$ 25,598	\$ 32,400	\$ 57,998

Note 1: As the Company sold all shares in Hubei Xinsheng Technology Investment Management Co., Ltd., the Company lost control over Hubei Xinsheng Technology Investment Management Co., Ltd.

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.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Chain Power Technology Corp.	Investee accounted for using equity method
Adivic Technology Co., Ltd.	"
Yosun Japan Corp.	"
VITEC WPG Limited	"
CECI Technology Co. Ltd.	"
Gain Tune Logistics (Shanghai) Co., Ltd.	"
Suzhou Xinning Logistics Co., Ltd.	"
Suzhou Xinning Bonded Warehouse Co., Ltd.	"
Eesource Corp.	"
CEAC Technology HK Limited	Subsidiary of investee accounted for using equity method

<u>Names of related parties</u>	<u>Relationship with the Group</u>
CEAC International Limited	Subsidiary of investee accounted for using equity method
P.T. WPG Electrindo Jaya	Stockholder of a Group's subsidiary accounted for using equity method
WPG Holdings Education Foundation	One third of paid-in-capital was granted by the Group
Wu Chih-Chiang	Key management of the subsidiary, Genuine C&C Inc.

(3) Significant transactions and balances with related parties

A. Operating revenues

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Sales of goods		
Others	\$ 753,466	\$ 843,089
Associates	<u>325,440</u>	<u>252,614</u>
	<u>\$ 1,078,906</u>	<u>\$ 1,095,703</u>

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

B. Purchases

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Purchases of goods		
Associates	<u>\$ 425,082</u>	<u>\$ 599,341</u>

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

C. Receivables from related parties

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Accounts receivable		
Others	\$ 257,511	\$ 205,629
Associates	<u>17,217</u>	<u>24,289</u>
	<u>\$ 274,728</u>	<u>\$ 229,918</u>

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

D. Other receivables

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Other receivables		
Others	\$ -	\$ 21,622
Associates	2,046	1,797
	<u>\$ 2,046</u>	<u>\$ 23,419</u>

Receivables from payments on behalf of others, purchase on behalf of others and receivables from disposal of subsidiary.

E. Payables to related parties

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Accounts payable		
Associates	\$ 1,312	\$ 12,679

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. Property transactions — acquisition of financial assets

			<u>Year ended December 31, 2017</u>
	<u>Recorded item</u>	<u>No. of shares (shares in thousands)</u>	<u>Transaction object</u>
Associates	Investments accounted for using equity method	4,900	Stocks
			<u>\$ 49,000</u>

G. Endorsements and guarantees provided to related parties

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Associates		
VITEC WPG Limited	\$ 66,960	\$ 72,562

H. Others

The Group's donations to WPG Holding Education Foundation were \$5,900 and \$5,700 for the years ended December 31, 2017 and 2016, respectively.

(4) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Salaries and other short-term employee benefits	\$ 232,817	\$ 186,017
Post-employment benefits	2,686	3,094
	<u>\$ 235,503</u>	<u>\$ 189,111</u>

8. PLEDGED ASSETS

<u>Pledged assets (Note 1)</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Purpose of Collateral</u>
Other current assets and other non-current assets			
-Time deposits	\$ 86,867	\$ 110,395	Security for purchases and deposits for litigation
Available-for-sale financial assets - non-current (Note 2)	4,507	9,014	Security for purchases
Property, plant and equipment (including investment property)			
-Land	1,381,359	1,384,236	Long-term and short-term borrowings guarantee and security for purchases
-Buildings and structures	627,562	649,986	"
	<u>\$ 2,100,295</u>	<u>\$ 2,153,631</u>	

Note 1: The Company held 100% of shares of WPG Investment Co., Ltd., in which 8,999 thousand shares have been pledged for purchases as of December 31, 2017 and 2016.

Note 2: As of December 31, 2017 and 2016, the subsidiary - Silicon Application Corporation held 566 thousand and 1,133 thousand shares of Kingmax Technology Inc., respectively, which have been pledged for purchases.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

(1) Contingencies

None.

(2) Commitments

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Property, plant and equipment and intangible assets	<u>\$ 5,560,734</u>	<u>\$ 6,454,010</u>

B. Operating lease

The future aggregate minimum payments under operating leases are as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Not later than one year	\$ 374,960	\$ 444,336
Later than one year but not later than five years	425,944	680,762
Later than five years	2,003	465
	<u>\$ 802,907</u>	<u>\$ 1,125,563</u>

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
\$	569,998	\$ 811,408
USD	103,368,000	USD 81,708,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. This will increase the Company's deferred tax assets and deferred tax liabilities by \$39,984 and \$53,413, respectively, which will be adjusted in the first quarter of 2018.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or manage operating capital effectively to reduce debt.

(2) Financial instruments

A. Fair value information of financial instruments

(a) 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 borrowings - current portion, bonds payable, long-term borrowings 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).

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

Convertible debentures payable: Regarding the convertible bonds issued by the Group, the coupon rate is approximate to the current market rate. Therefore, the fair value is estimated using the present value of the expected cash flows and approximate to the book value.

B. Financial risk management policies

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

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

December 31, 2017			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	\$ 499,674	29.76	\$ 14,870,295
USD : RMB	16,143	6.52	480,405
USD : HKD	6,144	7.82	182,832
USD : KRW	17,977	1,058.32	534,998
USD : JPY	16,260	112.64	483,907
USD : INR	7,682	64.03	288,618
HKD : USD	69,517	0.13	264,653
EUR : USD	3,812	1.20	134,455
<u>Non-monetary items</u>			
RMB : USD	28,197	0.15	128,721
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	463,625	29.76	13,797,493
USD : RMB	92,409	6.52	2,750,099
USD : KRW	31,557	1,058.32	939,123
USD : JPY	15,702	112.64	467,284
HKD : USD	83,409	0.13	317,539

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

- 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, 2017 and 2016 amounted to \$442,060 and \$67,925, respectively.

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

Year ended December 31, 2017				
Sensitivity Analysis				
	Degree of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income	
Foreign currency: functional currency				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : TWD	1%	\$ 148,703	\$	-
USD : RMB	1%	4,804		-
USD : HKD	1%	1,828		-
USD : KRW	1%	5,350		-
USD : JPY	1%	4,839		-
USD : INR	1%	2,286		-
HKD : USD	1%	2,647		-
HKD : USD	1%	1,345		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : TWD	1%	137,975		-
USD : RMB	1%	27,501		-
USD : KRW	1%	9,391		-
USD : JPY	1%	4,673		-
HKD : USD	1%	3,175		-

Year ended December 31, 2016				
Sensitivity Analysis				
	Degree of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income	
Foreign currency: functional currency				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : TWD	1%	\$ 161,407	\$	-
USD : RMB	1%	5,296		-
USD : HKD	1%	11,898		-
USD : KRW	1%	5,571		-
USD : JPY	1%	3,257		-
HKD : USD	1%	4,573		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : TWD	1%	114,146		-
USD : RMB	1%	34,474		-
USD : KRW	1%	6,949		-
USD : JPY	1%	3,215		-
USD : MYR	1%	1,493		-
HKD : USD	1%	3,411		-
EUR : USD	1%	1,115		-

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, 2017 and 2016 would have increased/decreased by \$0 and \$207, 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 \$5,213 and \$3,551 as a result of gains/losses on equity securities classified as available-for-sale, respectively.

Interest rate risk

- The Group's interest rate risk arises from short-term and long-term borrowings

(including long-term liabilities due within a year), short-term notes and bills payable and bonds payable. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings were mainly in fixed rate instruments. During the years ended December 31, 2017 and 2016, the Group's borrowings at variable rate were mainly denominated in the NTD and USD.

- At December 31, 2017 and 2016, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year ended December 31, 2017 and 2016 would have been \$148,779 and \$167,808 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only rated parties with good ratings are accepted.
- ii. No credit limits were exceeded during the years ended December 31, 2017 and 2016, and management does not expect any significant losses from non-performance by these counterparties.
- iii. The credit quality information of financial assets that are neither past due nor impaired is provided in Notes 6(5)A. and 7(3)C.
- iv. The ageing analysis of financial assets that were past due is provided in Note 6(5)B.
- v. The individual analysis of financial assets that had been impaired is provided in Notes 6(5)C. and 6(15).

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group. Each treasury department monitors rolling forecasts of the liquidity requirements to

ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2017</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 53,895,301	\$ -	\$ -	\$ -
Short-term notes and bills payable	3,890,000	-	-	-
Financial liabilities measured at fair value through profit or loss	24,765	-	-	-
Notes payable	214,347	-	-	-
Accounts payable	48,909,622	-	-	-
Accounts payable - related parties	1,312	-	-	-
Other payables	5,040,757	-	-	-
Long-term borrowings (including current portion)	5,015,620	647,368	6,960,155	211,361

Non-derivative financial liabilities:

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

Derivative financial liabilities:

As of December 31, 2017 and 2016, derivative financial liabilities that the Group entered into are all due within a year.

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

(3) Fair value information

- A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(12).
- B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived

from prices). The fair value of the Group's investment in emerging stocks, publicly traded equity investment, forward exchange and swap contracts is included in Level 2.

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

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2017 and 2016 is as follows:

December 31, 2017	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 2,539	\$ -	\$ 2,539
Available-for-sale financial assets				
Equity securities	<u>479,063</u>	<u>31,020</u>	<u>11,191</u>	<u>521,274</u>
	<u>\$ 479,063</u>	<u>\$ 33,559</u>	<u>\$ 11,191</u>	<u>\$ 523,813</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 24,765</u>	<u>\$ -</u>	<u>\$ 24,765</u>
December 31, 2016	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 20,737	\$ -	\$ -	\$ 20,737
Forward exchange contracts	-	17,721	-	17,721
Available-for-sale financial assets				
Equity securities	<u>282,387</u>	<u>22,058</u>	<u>50,636</u>	<u>355,081</u>
	<u>\$ 303,124</u>	<u>\$ 39,779</u>	<u>\$ 50,636</u>	<u>\$ 393,539</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 5,686</u>	<u>\$ -</u>	<u>\$ 5,686</u>

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

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

- | | | |
|---------------------|---------------|--|
| | Listed shares | |
| Market quoted price | Closing price | |
- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques widely accepted in financial management.
- (c) When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) Forward exchange contracts are usually valued based on the current forward exchange rate.
- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. Because the trading amount of the investment in Sunlux Energy Corporation was assessed to be unsteady and underperforming, the Group transferred the fair value from Level 1 to Level 2 in the first quarter of 2017.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2017 and 2016:
- | | | |
|----------------------------|-----------|-----------|
| | 2017 | 2016 |
| At January 1 | \$ 50,636 | \$ 63,112 |
| Capital reduction | (4,507) | - |
| Disposals | (32,944) | - |
| Effect of foreign exchange | (1,994) | (12,476) |
| At December 31 | \$ 11,191 | \$ 50,636 |
- G. For the years ended December 31, 2017 and 2016, there was no transfer into or out from Level 3.
- H. Finance and accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of

financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and frequently reviewed.

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

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

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Equity investment without active market	\$ 11,191	Net asset value method	Net asset value		- The higher the net asset value, the higher the fair value

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Equity investment without active market	\$ 50,636	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, 2017			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 112	\$ 112

			December 31, 2016			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 506	\$ 506

13. SUPPLEMENTARY DISCLOSURES

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

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Aggregate purchases or sales of the same securities reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Derivative financial instruments undertaken during the reporting periods: Please see Notes 6(2)C. and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investee companies

Names, locations and other information of investee companies (including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

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

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Information on significant transactions of the Company and subsidiary and investee company in Mainland China as of and for the year ended December 31, 2017 is provided in Note(1)J.

14. OPERATING SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

(3) Reconciliation for segment income (loss)

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

B. The segment information of the reportable segments provided to the chief operating decision-maker for the years ended December 31, 2017 and 2016 is as follows:

Year ended December 31, 2017:

	World Peace Industrial Co., Ltd. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Asian Information Technology Inc. and its subsidiaries	Yosun Industrial Corp. and its subsidiaries	Trigold Holdings Limited (Note)	Others	Eliminations	Total
Revenue from external customers	\$ 246,167,482	\$ 71,299,990	\$ 70,898,876	\$ 81,959,655	\$ 9,381,460	\$ 52,802,495	\$ -	\$ 532,509,958
Revenue from internal customers	12,982,070	4,756,557	1,975,695	7,420,167	506,207	2,807,486	(30,448,182)	-
Total revenue	<u>\$ 259,149,552</u>	<u>\$ 76,056,547</u>	<u>\$ 72,874,571</u>	<u>\$ 89,379,822</u>	<u>\$ 9,887,667</u>	<u>\$ 55,609,981</u>	<u>(\$ 30,448,182)</u>	<u>\$ 532,509,958</u>
Segment profit	<u>\$ 5,900,739</u>	<u>\$ 1,723,540</u>	<u>\$ 1,789,269</u>	<u>\$ 1,628,868</u>	<u>\$ 333,853</u>	<u>\$ 806,857</u>	<u>\$ 1,205,179</u>	<u>\$ 13,388,305</u>
Net income	<u>\$ 3,552,896</u>	<u>\$ 806,996</u>	<u>\$ 1,147,823</u>	<u>\$ 998,105</u>	<u>\$ 123,395</u>	<u>\$ 8,172,113</u>	<u>(\$ 7,434,893)</u>	<u>\$ 7,366,435</u>

Note: On September 1, 2017, the stock swap between Trigold Holdings Ltd. (Trigold) and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. On the same day, Trigold was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC.

Year ended December 31, 2016:

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

(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,	
	2017	2016
Core components	\$ 163,320,100	\$ 164,719,037
Analog IC and mixed signal component	94,451,293	90,896,355
Discrete, logic IC	67,413,372	62,432,227
Memory	126,220,009	87,000,597
Optical components	33,992,470	44,750,072
Passive component, connector and magnetic component	15,446,113	25,187,982
Others	31,666,601	61,932,543
	<u>\$ 532,509,958</u>	<u>\$ 536,918,813</u>

(5) Geographical information

Information about geographic areas for the years ended December 31, 2017 and 2016 were as follows:

	Years ended December 31,			
	2017		2016	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 86,806,019	\$ 9,858,903	\$ 79,862,429	\$ 8,864,032
Mainland China	360,488,961	1,534,054	386,313,252	1,740,020
Others	85,214,978	444,540	70,743,132	522,311
	<u>\$ 532,509,958</u>	<u>\$ 11,837,497</u>	<u>\$ 536,918,813</u>	<u>\$ 11,126,363</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, 2017 and 2016.

WPG Holdings Limited and Subsidiaries

Loans to others

Year ended December 31, 2017

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 10)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2017	December 31, 2017							Item	Value			
1	Apache Korea Corp.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	\$ 61,864	\$ 61,864	\$ 61,864	2.50	2	\$ -	Operation	\$ -	None	-	\$ 77,352	\$ 77,352	Note 1
2	Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	1,071,360	160,704	160,704	2.25	2	-	Operation	-	None	-	162,835	162,835	Note 4
3	Richpower Electronic Devices Pte., Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	386,880	193,440	193,440	2.48-2.65	2	-	Operation	-	None	-	419,639	419,639	Note 8
4	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	1,964,160	1,368,960	386,880	3.79	2	-	Operation	-	None	-	5,660,585	5,660,585	Note 3
4	World Peace International (South Asia) Pte Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	595,200	297,600	-	0.00	2	-	Operation	-	None	-	5,660,585	5,660,585	Note 3
4	World Peace International (South Asia) Pte Ltd.	WPG China Inc.	Other receivables - related parties	Y	595,200	297,600	297,600	3.20	2	-	Operation	-	None	-	5,660,585	5,660,585	Note 3
4	World Peace International (South Asia) Pte Ltd.	SAC Components (South Asia) Pte. Ltd.	Other receivables - related parties	Y	29,760	29,760	-	0.00	2	-	Operation	-	None	-	5,660,585	5,660,585	Note 3
4	World Peace International (South Asia) Pte Ltd.	WPG C&C Thailand Co., Ltd.	Other receivables - related parties	Y	29,760	29,760	17,856	3.12	2	-	Operation	-	None	-	5,660,585	5,660,585	Note 3
4	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	Other receivables - related parties	Y	1,190,400	1,190,400	1,190,400	2.65	2	-	Operation	-	None	-	5,660,585	5,660,585	Note 3
5	World Peace International Pte Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	119,040	119,040	113,088	2.65	2	-	Operation	-	None	-	2,227,803	2,227,803	Note 3

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 10)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2017	December 31, 2017							Item	Value			
6	WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	Other receivables - related parties	Y	\$ 148,800	\$ 148,800	\$ 29,760	2.65	2	\$ -	Operation	\$ -	None	-	\$ 1,274,883	\$ 1,274,883	Note 3
6	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	297,600	297,600	148,800	4.03	2	-	Operation	-	None	-	1,274,883	1,274,883	Note 3
6	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	Y	595,200	446,400	357,120	2.65	2	-	Operation	-	None	-	1,274,883	1,274,883	Note 3
7	Yosun Hong Kong Corp. Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	1,666,560	1,488,000	-	0.00	2	-	Operation	-	None	-	4,511,043	4,511,043	Note 7
7	Yosun Hong Kong Corp. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	148,800	148,800	148,800	3.08	2	-	Operation	-	None	-	4,511,043	4,511,043	Note 7
7	Yosun Hong Kong Corp. Ltd.	Peng Yu International Limited	Other receivables - related parties	Y	59,520	59,520	44,640	2.42	2	-	Operation	-	None	-	4,511,043	4,511,043	Note 7
8	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	300,000	150,000	69,600	1.55	2	-	Operation	-	None	-	418,080	418,080	Note 2
9	AECO Electronics Co., Ltd.	WPG C&C Limited	Other receivables - related parties	Y	714,240	714,240	714,240	2.12	2	-	Operation	-	None	-	749,084	749,084	Note 7
9	AECO Electronics Co., Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	714,240	-	-	0.00	2	-	Operation	-	None	-	749,084	749,084	Note 7
10	WPG China Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Other receivables - related parties	Y	77,605	-	-	0.00	2	-	Operation	-	None	-	945,001	2,362,503	Note 7
11	WPG Cloud Service Limited	WPG International (CI) Limited	Other receivables - related parties	Y	14,880	14,880	12,202	2.07	2	-	Operation	-	None	-	44,514	44,514	Note 7
12	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	114,125	114,125	114,125	2.80	2	-	Operation	-	None	-	206,513	206,513	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 10)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2017	December 31, 2017							Item	Value			
12	Yosun South China Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	\$ 68,475	\$ 68,475	\$ 68,475	2.80	2	\$ -	Operation	\$ -	None	-	\$ 206,513	\$ 206,513	Note 7
13	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	187,165	187,165	187,165	2.80	2	-	Operation	-	None	-	366,450	366,450	Note 7
13	Yosun Shanghai Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	146,080	146,080	146,080	2.80	2	-	Operation	-	None	-	366,450	366,450	Note 7
14	WPG Investment Co., Ltd.	WPG Holdings Limited	Other receivables - related parties	Y	150,000	150,000	110,000	1.16	2	-	Operation	-	None	-	168,803	168,803	Note 2
15	WPI International (Hong Kong) Limited	WPG C&C Limited	Other receivables - related parties	Y	1,815,360	1,577,280	-	0.00	2	-	Operation	-	None	-	14,305,918	14,305,918	Note 7
15	WPI International (Hong Kong) Limited	Long-Think International (Hong Kong) Limited	Other receivables - related parties	Y	148,800	44,640	44,640	2.70	2	-	Operation	-	None	-	14,305,918	14,305,918	Note 7
15	WPI International (Hong Kong) Limited	WPG China Inc.	Other receivables - related parties	Y	357,120	-	-	0.00	2	-	Operation	-	None	-	14,305,918	14,305,918	Note 7
16	World Peace Industrial Co., Ltd.	Long-Think International Co., Ltd.	Other receivables - related parties	Y	89,280	44,640	19,493	2.15	2	-	Operation	-	None	-	4,330,527	8,661,054	Note 6
16	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	2,976,000	1,488,000	-	0.00	2	-	Operation	-	None	-	4,330,527	8,661,054	Note 6
17	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Other receivables - related parties	Y	150,000	150,000	150,000	1.37	2	-	Operation	-	None	-	216,555	216,555	Note 2
18	Silicon Application (BVI) Corporation	Silicon Application Corp.	Other receivables - related parties	Y	1,160,640	1,160,640	1,160,640	1.25-1.3	2	-	Operation	-	None	-	1,219,039	3,047,599	Note 7
18	Silicon Application (BVI) Corporation	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	119,040	119,040	119,040	1.70	2	-	Operation	-	None	-	3,047,599	3,047,599	Note 7

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 10)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2017	December 31, 2017							Item	Value			
19	Silicon Application Company Limited	Silicon Application Corp.	Other receivables - related parties	Y	\$ 654,720	\$ 654,720	\$ 654,720	1.30	2	\$ -	Operation	\$ -	None	-	\$ 682,518	\$ 1,706,294	Note 7
19	Silicon Application Company Limited	Dstar Electronic Company Limited	Other receivables - related parties	Y	20,832	-	-	0.00	2	-	Operation	-	None	-	1,706,294	1,706,294	Note 7
19	Silicon Application Company Limited	WPG Electronics (HK) Limited	Other receivables - related parties	Y	59,520	-	-	0.00	2	-	Operation	-	None	-	1,706,294	1,706,294	Note 7
19	Silicon Application Company Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	505,920	208,320	208,320	1.45-1.7	2	-	Operation	-	None	-	1,706,294	1,706,294	Note 7
19	Silicon Application Company Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	297,600	297,600	297,600	2.70	2	-	Operation	-	None	-	1,706,294	1,706,294	Note 7
19	Silicon Application Company Limited	WPG Americas Inc.	Other receivables - related parties	Y	446,400	267,840	267,840	3.43	2	-	Operation	-	None	-	1,706,294	1,706,294	Note 7
19	Silicon Application Company Limited	WPG SCM Limited	Other receivables - related parties	Y	238,080	238,080	238,080	1.70	2	-	Operation	-	None	-	1,706,294	1,706,294	Note 7
20	Sertek Limited	WPG Americas Inc.	Other receivables - related parties	Y	410,688	-	-	0.00	2	-	Operation	-	None	-	424,587	424,587	Note 7
20	Sertek Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	416,640	416,640	416,640	1.70	2	-	Operation	-	None	-	424,587	424,587	Note 7
21	Sertek Incorporated	Richpower Electronic Devices Co., Ltd	Other receivables - related parties	Y	497,600	497,600	497,600	20.5-2.27	2	-	Operation	-	None	-	581,790	581,790	Note 2
22	Apache Communication Inc.	Frontek Technology Corporation	Other receivables - related parties	Y	200,000	200,000	200,000	1.33	2	-	Operation	-	None	-	420,668	673,069	Note 5
23	Frontek Technology Corporation	Asian Information Technology Inc.	Other receivables - related parties	Y	476,160	-	-	0.00	2	-	Operation	-	None	-	612,025	979,240	Note 5

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 10)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2017	December 31, 2017							Item	Value			
24	Genuine C&C Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Other receivables - related parties	Y	\$ 91,298	\$ 91,298	\$ -	0.00	2	\$ -	Operation	\$ -	None	-	\$ 447,078	\$ 447,078	Note 2
24	Genuine C&C Inc.	Hoban Inc.	Other receivables - related parties	Y	50,000	50,000	-	0.00	2	-	Operation	-	None	-	447,078	447,078	Note 2
24	Genuine C&C Inc.	Trigold Holdings Limited	Other receivables - related parties	Y	15,000	15,000	10,000	1.27	2	-	Operation	-	None	-	447,078	44,078	Note 2
25	Richpower Electronic Devices Co., Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	148,800	-	-	0.00	2	-	Operation	-	None	-	1,922,308	1,922,308	Note 7
25	Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	595,200	595,200	595,200	2.22-2.43	2	-	Operation	-	None	-	1,922,308	1,922,308	Note 7
26	Long-Think International (Shanghai) Limited	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	41,085	-	-	0.00	2	-	Operation	-	None	-	96,282	96,282	Note 7
27	Longview Technology Inc.	Long-Think International Co., Ltd.	Other receivables - related parties	Y	50,000	-	-	0.00	2	-	Operation	-	None	-	228,566	228,566	Note 2
28	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Yosun Shanghai Corp. Ltd.	Other receivables - related parties	Y	6,847	-	-	0.00	2	-	Operation	-	None	-	55,243	55,243	Note 9
28	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Hubei Xinsheng Technology Investment Management Co., Ltd.	Other receivables - related parties	N	22,825	-	-	0.00	2	-	Operation	-	None	-	55,243	55,243	Notes 9 and 11

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

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

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

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

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

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

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

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

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

- (2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 10% of the creditor's net assets.
- Note 5: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:
- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
 - (2) For short-term financing, financing activities to a single company should not be in excess of 25% of creditor's assets.
 - (3) The financing activities to an overseas company which is 100% directly or indirectly held by the creditor should not be restricted by (1) and (2).
- Note 6: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:
- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
 - (2) For short-term financing, financing activities to a single company should not be in excess of 20% of creditor's assets.
- Note 7: Accumulated financing activities to any company or person should not be in excess of 100% of creditor's net assets. Limit on loans to a single company is as follows:
- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
 - (2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.
- Note 8: Accumulated financing activities to any company or person should not be in excess of 200% of creditor's net assets. Limit on loans to a single company is as follows:
- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
 - (2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.
- Note 9: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:
- (1) For business transaction to the creditor, the individual limit should not exceed 10% of the Company's net assets and the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
 - (2) For short-term financing, financing activities to a single company should not be in excess of 40% of creditor's net assets. Limit on total loans to a single party is 40% of creditor's net assets.
- Note 10: The column of 'Nature of loan' shall fill in 1. 'Business transaction' or 2. 'Short-term financing'.
- Note 11: Genuine Trading (Hong Kong) Company Limited had disposed all shares of Hubei Xinsheng Technology Investment Management Co., Ltd. on August 1, 2016. Hubei Xinsheng Technology Investment Management Co., Ltd. wasn't non-related party until August 1, 2016.

WPG Holdings Limited and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2017

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2017	Outstanding endorsement/ guarantee amount at December 31, 2017	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	Note 1	\$ 25,759,486	\$ 164,622	\$ 75,953	\$ 75,953	\$ 75,953	0.15	25,759,486	Y	N	N	Notes 4 and 5
1	World Peace International Pte. Ltd.	WPG Americas Inc.	Note 3	6,340,891	178,560	178,560	153,695	-	5.63	6,340,891	N	N	N	Note 7
1	World Peace International Pte. Ltd.	WPG C&C Computers and Peripheral (India) Private Ltd.	Note 1	6,340,891	360,096	360,096	75,533	-	11.36	6,340,891	N	N	N	Note 7
1	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	6,340,891	3,154,560	2,946,240	1,218,659	-	92.93	6,340,891	N	N	N	Note 7
2	WPG South Asia Pte. Ltd.	WPG India Electronics Private Limited	Note 1	1,274,883	14,880	14,880	-	-	2.33	1,274,883	N	N	N	Note 11
3	Yosun Industrial Corp.	Yosun Singapore Pte. Ltd.	Note 1	10,252,473	1,511,808	1,273,728	534,473	-	12.42	20,504,945	N	N	N	Note 9
3	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	Note 1	10,252,473	2,351,040	1,636,800	293,158	-	15.96	20,504,945	N	N	N	Note 9
3	Yosun Industrial Corp.	Sertek Incorporated	Note 1	10,252,473	2,380,800	2,380,800	1,226,685	-	23.22	20,504,945	N	N	N	Note 9
3	Yosun Industrial Corp.	Richpower Electronic Devices Co., Limited	Note 1	10,252,473	700,000	350,000	301,350	-	3.41	20,504,945	N	N	N	Note 9
4	World Peace Industrial Co., Ltd.	Vitec WPG Limited	Note 3	10,826,318	66,960	66,960	62,496	-	0.31	17,322,109	N	N	N	Note 6
4	World Peace Industrial Co., Ltd.	WPI International Trading (Shanghai) Ltd.	Note 1	10,826,318	1,959,861	1,640,311	339,404	-	7.58	17,322,109	N	N	Y	Note 6
4	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	10,826,318	654,720	654,720	654,720	-	3.02	17,322,109	N	N	N	Note 6

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2017	Outstanding endorsement/ guarantee amount at December 31, 2017	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
4	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Note 1	\$ 10,826,318	\$ 2,742,682	\$ 1,871,904	\$ 506,034	\$ -	8.65	17,322,109	N	N	N	Note 6
4	World Peace Industrial Co., Ltd.	WPG China Inc.	Note 3	10,826,318	47,616	47,616	-	-	0.22	17,322,109	N	N	Y	Note 6
5	Frontek Technology Corporation	Asian Information Technology Inc.	Note 2	979,240	508,800	468,800	366,701	-	19.15	1,224,050	N	N	N	Note 8
6	Genuine C&C Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Note 3	447,078	182,600	91,300	-	-	8.17	558,848	N	N	Y	Note 10
7	Asian Information Technology Inc.	Frontek Technology Corporation	Note 1	1,963,404	1,387,850	802,170	112,164	-	16.34	2,454,255	N	N	N	Note 8
7	Asian Information Technology Inc.	WPG China Inc.	Note 3	1,963,404	14,880	14,880	-	-	0.30	2,454,255	N	N	Y	Note 8
7	Asian Information Technology Inc.	AIT Japan Inc.	Note 1	1,963,404	1,130,880	1,130,880	64,245	-	23.04	2,454,255	N	N	N	Note 8

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

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

Note 3: An affiliate.

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

Note 5: There are 8,999 thousand shares of WPG Investment Co., Ltd. which have been pledged for purchases for World Peace Industrial Co., Ltd. The book value of those pledged investments is \$75,953.

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

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

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

Note 9: The cumulative guarantee amount to others should not be in excess of 200% of guarantor and its subsidiaries' total net assets. The guarantee amount to a single company should not be in excess of 100% of guarantor and its subsidiaries' total net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The Company's guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the ultimate parent company should not exceed 10% of the ultimate parent company's net assets. The net asset value is based on the latest audited or reviewed financial statements.

Note 10: The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 30% of guarantor's net assets. However, guarantee amount to a single overseas affiliate should not be in excess of 40% of guarantor's net assets.

Note 11: The cumulative guarantee amount to others should not be in excess of 200% of the Company's net assets. The guarantee amount to a single company should not be in excess of 200% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets.

WPG Holdings Limited and Subsidiaries

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

Year ended December 31, 2017

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2017				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value (Note 1)	
WPG Holdings Limited	Vitec Holdings Co., Ltd., etc.	None	Available-for-sale financial assets - non-current, etc.	230	\$ 108,710	0.02	\$ 108,710	
WPG Holdings Limited	Tyche Partners L.P. - Funds	None	Financial assets at cost - non-current	-	138,217	-	138,217	
WPG Holdings Limited	CDIB CME Fund Ltd., etc. - Equity securities	None	Financial assets at cost - non-current	-	242,242	-	242,242	
Silicon Application Corp.	Kingmax Technology Inc., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	10,161	-	10,161	Note 2
World Peace Industrial Co., Ltd.	Silicon Line GmbH, Munich etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	25,940	-	25,940	
AECO Technology Co., Ltd.	Hua-Jie (Taiwan) Corp. - Equity securities	None	Available-for-sale financial assets - non-current	668	6,684	3.32	6,684	
Yosun Industrial Corp.	Fortend Taiwan Scientific Corp., etc. - Equity securities	None	Financial assets at cost - non-current	-	3,463	-	3,463	
Yosun Industrial Corp.	Nichidenbo Corporation - Equity securities	None	Available-for-sale financial assets - non-current	9,647	342,472	5.78	342,472	
Genuine C&C Inc.	Systemweb Technology - Equity securities	None	Financial assets at cost - non-current	700	8,800	9.90	8,800	
Richpower Electronic Devices Co., Ltd.	Promaster Technology Co., Ltd., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	25,113	-	25,113	
Mec Technology Co., Ltd.	Promaster Technology Co., Ltd. - Equity securities	None	Available-for-sale financial assets - non-current	1,368	9,702	4.00	9,702	
WPG Investment Co., Ltd.	DIGITIMES Inc. etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	133,415	-	133,415	
Silicon Application (BVI) Corp.	Actiontec Electronics Inc. etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	6,492	-	6,492	
Asian Information Technology Inc.	Phostek Inc. - Equity securities	None	Financial assets at cost - non-current	-	-	-	-	
Win-Win Systems Ltd.	Silicon Electronics Company(s) Pte. Ltd. - Equity securities	None	Financial assets at cost - non-current	180	-	-	-	

				As of December 31, 2017				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value	Ownership (%)	Fair value (Note 1)	Footnote
WPG South Asia Pte. Ltd.	ViMOS Technologies GmBH - Equity securities	None	Financial assets at cost - non-current	20	\$ 643	9.00	\$ 643	
WPG China Inc.	Nanjing Sunlord Electronics Corporation Ltd. - Equity securities	None	Financial assets at cost - non-current	897	45,057	1.70	45,057	

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

Note 2: There are 566 thousand shares of Kingmax Technology Inc. which have been pledged for purchases as of December 31, 2017.

WPG Holdings Limited and Subsidiaries

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

Year ended December 31, 2017

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2017		Addition		Disposal				Balance as at December 31, 2017	
					Number of shares (thousands)	Amount	Number of shares (thousands)	Amount	Number of shares (thousands)	Selling price	Book value	Gain (loss) on disposal	Number of shares (thousands)	Amount
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Note 1	World Peace Industrial Co., Ltd.	Subsidiary	981,100	\$ 20,412,332	116,152	\$ 1,227,885 (Note 2)	-	\$ -	\$ -	\$ -	1,097,252	\$ 21,640,217
WPG Holdings Limited	Genuine C&C Inc.	Note 1	Trigold Holdings Limited and World Peace Industrial Co., Ltd.	Subsidiary	35,175	505,693	12,964	193,059 (Note 3)	48,139	698,752	698,752	-	-	-
WPG Holdings Limited	Trigold Holdings Limited	Note 1	Trigold Holdings Limited	Subsidiary	-	-	48,139	722,912 (Note 4)	-	-	-	-	48,139	722,912

Note 1 : It was recognised at investments accounted for using equity method

Note 2 : The acquisition cost is \$2,487,285, inclusive of share of profit (loss) of associates accounted for using equity method, other equity and dividends received (\$1,259,400) for the period.

Note 3: On July 28, 2017, the Company acquired 12,964 thousand equity shares of subsidiary, Genuine C&C Inc., from another subsidiary, World Peace Industrial Co., Ltd., the acquisition cost was \$175,098, inclusive of share of profit (loss) of associates accounted for using equity method, other equity and dividends received \$17,961 for the period.

Note 4: The Company originally held 48,139 thousand shares of Genuine C&C Inc., however, on September 1, 2017, Trigold Holdings Limited exchanged equity shares with the shareholders of Genuine C&C Inc. at a ratio of 1:1, the acquisition cost was \$698,752, inclusive of share of profit (loss) of associates accounted for using equity method and other equity \$24,160 for the period.

WPG Holdings Limited and Subsidiaries
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
Year ended December 31, 2017

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
The Company	Office building A in Taipei City Nangang Dist. Jingmao section No.70, No. 70-1	2016.12 (Note 1)	\$ 4,533,954	\$ 623,419	Ji Tai Development Co., Ltd.	Non-related party	-	-	-	\$ -	It was appraised by Honda real estate appraising firm and China real estate appraising firm	Operation needs	None
The Company	Taipei City Nangang Dist. Jingmao section No.70, No. 70-1	2016.12 (Note 1)	1,063,114	146,178	Lee	Non-related party	-	-	-	-	It was appraised by Honda real estate appraising firm and China real estate appraising firm	Operation needs	None
The Company	Taipei City Nangang Dist. Jingmao section No.70, No. 70-1	2016.12 (Note 1)	843,765	116,018	Wang	Non-related party	-	-	-	-	It was appraised by Honda real estate appraising firm and China real estate appraising firm	Operation needs	None

Note 1: It was the date of contract.

WPG Holdings Limited and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2017

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

		Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Same parent company	Sales	(\$ 309,664)	(51.14)	Note 7	Note 7	Note 7	\$ 16,546	50.20	
"	Yosun Industrial Corp.	"	"	(105,719)	(17.46)	"	"	"	5,874	17.82	
World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte Ltd.	"	"	(150,650)	(0.15)	Note 3	Note 3	Note 3	8,668	0.04	
"	WPI International (Hong Kong) Limited	"	"	(6,076,697)	(6.06)	"	"	"	797,909	3.69	
"	AECO Technology Co., Ltd.	"	"	(451,107)	(0.45)	"	"	"	36,748	0.17	
"	WPG Electronics (HK) Limited	"	"	(941,095)	(0.94)	"	"	"	351,828	1.63	
"	Genuine C&C Inc.	"	"	(112,699)	(0.11)	"	"	"	15,115	0.07	
Genuine C&C (IndoChina) Pte Ltd.	P.T. WPG Electrindo Jaya	Investment under equity method	"	(498,422)	(78.02)	"	"	"	125,659	97.56	
World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	Same parent company	"	(332,080)	(1.25)	"	"	"	18,618	0.54	
"	Conuine C&C (IndoChina) Pte Ltd.	"	"	(199,860)	(0.75)	"	"	"	-	0.00	
"	WPG C&C (Malaysia) Sdn Bhd	"	"	(429,854)	(1.61)	"	"	"	17,340	0.51	
"	WPG C&C Computers And Peripheral (India) Private Limited	"	"	(1,258,026)	(4.72)	"	"	"	161,814	4.72	
"	WPI International (Hong Kong) Limited	"	"	(109,411)	(0.41)	"	"	"	5,873	0.17	
"	WPG SCM Limited	"	"	(6,171,529)	(23.17)	"	"	"	699,214	20.39	
"	P.T. WPG Electrindo Jaya	Investment under equity method	"	(255,044)	(0.96)	"	"	"	131,852	3.84	
"	WPG C&C (Thailand) Co., Ltd.	Same parent company	"	(157,820)	(0.59)	"	"	"	13,212	0.39	
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	"	(7,852,806)	(5.84)	"	"	"	874,508	4.27	

Differences in transaction terms compared to third party transactions											
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Notes/accounts receivable (payable)		Footnote		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term		Balance	Percentage of total notes/accounts receivable (payable)
WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	Same parent company	Sales	(\$ 2,570,985) (	1.91)	Note 3	Note 3	Note 3	\$ 100,362	0.49	
"	WPI International Trading (Shanghai) Ltd.	"	"	(328,800) (	0.24)	"	"	"	39,562	0.19	
"	WPG Electronics (HK) Limited	"	"	(532,153) (	0.40)	"	"	"	275,222	1.34	
"	WPG China (SZ) Inc.	"	"	(2,393,012) (	1.78)	"	"	"	489,175	2.39	
"	WPG China Inc.	"	"	(923,809) (	0.69)	"	"	"	331,484	1.62	
"	WPG SCM Limited	"	"	(828,798) (	0.62)	"	"	"	81,796	0.40	
"	WPG Korea Co., Ltd.	"	"	(196,268) (	0.15)	"	"	"	29,099	0.14	
"	Yosun Hong Kong Corp. Ltd.	"	"	(342,433) (	0.25)	"	"	"	10,144	0.05	
"	VITEC WPG Limited	Investee accounted for using equity method	"	(157,883) (	0.12)	"	"	"	10,043	0.05	
WPG C&C Limited	WPI International (Hong Kong) Limited	Same parent company	"	(536,359) (	7.23)	"	"	"	20,639	3.06	
"	WPI International Trading (Shanghai) Ltd.	"	"	(1,661,297) (	22.41)	"	"	"	322,106	47.83	
"	World Peace Industrial Co., Ltd.	"	"	(135,741) (	7.42)	"	"	"	19,299	6.12	
Longview Technology Inc.	WPI International (Hong Kong) Limited	"	"	(450,187) (	24.62)	"	"	"	35,646	11.30	
"	WPG Electronics (HK) Limited	"	"	(119,245) (	6.52)	"	"	"	36,351	11.52	
Long-Think International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	"	(214,149) (	14.03)	"	"	"	32,043	12.96	
"	WPI International (Hong Kong) Limited	"	"	(459,631) (	30.11)	"	"	"	26,869	10.87	
"	Longview Technology Inc.	"	"	(157,961) (	10.35)	"	"	"	10,327	4.18	
Silicon Application Corp.	WPI International (Hong Kong) Limited	"	"	(191,503) (	0.28)	30 days after monthly billings	Note 4	Note 4	3,891	0.03	
"	Pernas Electronics Co., Ltd.	"	"	(1,572,483) (	2.30)	"	"	"	190,313	1.51	
"	WPG Electronics (HK) Limited	"	"	(2,809,089) (	4.12)	90 days after monthly billings	"	"	981,367	7.76	
"	WPG China (SZ) Inc.	"	"	(929,710) (	1.36)	"	"	"	300,541	2.38	
"	WPG China Inc.	"	"	(139,515) (	0.20)	"	"	"	54,038	0.43	

Table 6, Page 14

							Differences in transaction terms compared to third party transactions				
		Relationship with the counterparty	Transaction						Notes/accounts receivable (payable)		Footnote
Purchaser/seller	Counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Silicon Application Corp.	WPG SCM Limited	Same parent company	Sales	(\$ 246,244) (	0.36)	30 days after monthly billings	Note 4	Note 4	\$ 39,513	0.31	
Pernas Electronics Co., Ltd.	Silicon Application Corp.	"	"	(287,924) (	4.09)	"	"	"	66,317	3.40	
"	Everwiner Enterprise Co., Ltd.	"	"	(255,692) (	3.63)	90 days after monthly billings	"	"	70,488	3.61	
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	"	(1,790,564) (	40.74)	"	"	"	626,993	56.57	
"	WPG China (SZ) Inc.	"	"	(189,995) (	4.32)	"	"	"	33,807	3.05	
Asian Information Technology Inc.	WPI International (Hong Kong) Limited	"	"	(673,494) (	1.89)	Note 2	Note 2	Note 2	6,403	0.14	
Asian Information Technology Inc.	Frontek Technology Corporation	"	"	(692,710) (	1.94)	"	"	"	94,408	2.00	
"	Apache Communication Inc.	"	"	(4,138,212) (	11.58)	"	"	"	41,894	0.89	
"	AIT Japan Inc.	"	"	(1,393,641) (	3.90)	"	"	"	290,429	6.16	
"	WPG Electronics (HK) Limited	"	"	(116,644) (	0.33)	"	"	"	25,504	0.54	
"	WPG China (SZ) Inc.	"	"	(150,114) (	0.42)	"	"	"	44,457	0.94	
Henshen Electric Trading Co., Ltd.	Asian Information Technology Inc.	"	"	(215,963) (	25.22)	"	"	"	11,592	8.53	
Frontek Technology Corporation	Asian Information Technology Inc.	"	"	(1,261,215) (	6.19)	"	"	"	394,475	9.45	
"	WPG Electronics (HK) Limited	"	"	(503,863) (	2.47)	"	"	"	199,916	4.79	
"	WPG China Inc.	"	"	(109,452) (	0.54)	"	"	"	34,689	0.83	
Apache Communication Inc.	Asian Information Technology Inc.	"	"	(128,961) (	0.58)	"	"	"	10,337	0.39	
AIT Japan Inc.	WPI International (Hong Kong) Limited	"	"	(168,361) (	6.19)	"	"	"	108,455	23.32	
"	Asian Information Technology Inc.	"	"	(1,107,709) (	40.70)	"	"	"	56,240	12.09	
WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	"	"	(183,437) (	2.27)	Note 7	Note 7	Note 7	-	0.00	
"	WPI International (Hong Kong) Limited	"	"	(260,311) (	3.23)	"	"	"	-	0.00	
"	Silicon Application Corp.	"	"	(137,074) (	1.70)	"	"	"	-	0.00	
"	Yosun Hong Kong Corp. Ltd.	"	"	(101,834) (	1.26)	"	"	"	-	0.00	
"	Peng Yu International Limited	"	"	(121,165) (	1.50)	Note 4	Note 4	Note 4	13,476	0.75	
WPG China (SZ) Inc.	WPG China Inc.	"	"	(130,393) (	1.82)	60 days after monthly billings	Note 5	Note 5	25,769	0.87	

Table 6, Page 15

							Differences in transaction terms compared to third party transactions				
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction						Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
WPG China Inc.	WPG China (SZ) Inc.	Same parent company	Sales	(\$ 243,571)	(3.24)	90 days after monthly billings	Note 5	Note 5	\$ 32,120	1.73	
WPG Americas Inc.	World Peace Industrial Co., Ltd.	"	"	(195,480)	(1.02)	30 days after monthly billings	Note 4	Note 4	20,750	0.99	
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	"	(477,009)	(79.46)	Note 7	Note 7	Note 7	-	0.00	
"	Yosun Singapore Pte Ltd.	"	"	(103,289)	(17.21)	"	"	"	-	0.00	
Yosun Industrial Corp.	WPG China (SZ) Inc.	"	"	(558,736)	(1.82)	Note 6	Note 6	Note 6	149,220	3.06	
"	WPG China Inc.	"	"	(517,718)	(1.69)	"	"	"	122,250	2.51	
"	Yosun Hong Kong Corp. Ltd.	"	"	(5,543,046)	(18.06)	Note 3	Note 3	Note 3	183,426	3.76	
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	"	"	(1,168,765)	(3.52)	Note 6	Note 6	Note 6	212,297	4.40	
"	WPG China Inc.	"	"	(2,527,949)	(7.62)	"	"	"	385,710	8.00	
"	WPG SCM Limited	"	"	(112,761)	(0.34)	"	"	"	10,403	0.22	
"	Yosun Industrial Corp.	"	"	(702,245)	(2.12)	Note 3	Note 3	Note 3	14,005	0.29	
"	Richpower Electronic Devices Co., Limited	"	"	(1,237,807)	(3.73)	"	"	"	20,308	0.42	
Yosun Singapore Pte Ltd.	WPG SCM Limited	"	"	(558,535)	(11.20)	Note 6	Note 6	Note 6	77,264	8.55	
"	Yosun Hong Kong Corp. Ltd.	"	"	(158,681)	(3.18)	Note 3	Note 3	Note 3	120	0.01	
Sertek Incorporated	Yosun Industrial Corp.	"	"	(489,781)	(3.62)	"	"	"	1,888	0.44	
"	Yosun Hong Kong Corp. Ltd.	"	"	(501,485)	(3.71)	"	"	"	22,202	5.13	
Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	"	"	(1,351,497)	(18.18)	Note 6	Note 6	Note 6	461,568	30.72	
"	WPG Korea Co., Ltd.	"	"	(189,718)	(2.55)	"	"	"	4,126	0.27	
"	Richpower Electronic Devices Co., Limited	"	"	(170,722)	(2.30)	Note 3	Note 3	Note 3	4,704	0.31	
Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	"	"	(1,010,901)	(11.85)	"	"	"	36,242	2.78	
"	Richpower Electronic Devices Co., Ltd	"	"	(129,914)	(1.52)	"	"	"	9,994	0.77	
Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPI International Trading (Shanghai) Ltd.	"	"	(128,268)	(8.11)	45 days after monthly billings	Note 4	Note 4	40,579	17.43	
"	WPG Electronics (HK) Limited	"	"	(422,726)	(26.73)	90 days after monthly billings	"	"	557	0.24	

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

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

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

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

Note 5: Similar to third parties.

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

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

WPG Holdings Limited and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2017

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2017 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same parent company	\$ 797,909	5.64	\$ -	-	\$ 797,909	\$ -
World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	"	351,828	2.44	-	-	154,739	-
Genuine C&C (IndoChina) Pte. Ltd.	P.T. WPG Electrindo Jaya	Investment under equity method	125,659	3.01	-	-	109,361	-
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Same parent company	161,814	6.04	-	-	161,814	-
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	"	699,214	4.98	-	-	699,214	-
World Peace International (South Asia) Pte Ltd.	P.T. WPG Electrindo Jaya	Investment under equity method	131,852	3.87	-	-	-	-
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	Same parent company	874,508	11.58	-	-	874,508	-
WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	"	100,362	11.41	-	-	100,362	-
WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	"	275,222	2.66	-	-	1,007	-
WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	"	489,175	3.50	-	-	489,175	-
WPI International (Hong Kong) Limited	WPG China Inc.	"	331,484	4.56	-	-	225,092	-
WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	"	322,106	4.80	-	-	124,228	-
Silicon Application Corp.	Pernas Electronics Co., Ltd.	"	190,313	14.83	-	-	190,313	-
Silicon Application Corp.	WPG Electronics (HK) Limited	"	981,367	3.21	-	-	755,736	-
Silicon Application Corp.	WPG China (SZ) Inc.	"	300,541	3.19	-	-	262,242	-
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	626,993	4.08	-	-	536,547	-
Asian Information Technology Inc.	AIT Japan Inc.	"	290,429	5.26	-	-	290,429	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2017 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
					Amount	Action taken		
Frontek Technology Corporation	Asian Information Technology Inc.	Same parent company	\$ 394,475	5.67	\$ -	-	\$ 394,475	\$ -
Frontek Technology Corporation	WPG Electronics (HK) Limited	"	199,916	2.59	-	-	108,492	-
AIT Japan Inc.	WPI International (Hong Kong) Limited	"	108,455	3.10	-	-	-	-
Yosun Industrial Corp.	WPG China (SZ) Inc.	"	149,220	4.57	-	-	143,494	-
Yosun Industrial Corp.	WPG China Inc.	"	122,250	4.68	-	-	121,998	-
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	"	183,426	27.78	-	-	183,426	-
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	"	212,297	4.27	-	-	212,297	-
Yosun Hong Kong Corp. Ltd.	WPG China Inc.	"	385,710	4.51	-	-	311,346	-
Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	"	461,568	3.04	-	-	380,983	-
WPG Holdings Limited	World Peace Industrial Co., Ltd.	"	103,473	0.00	-	-	-	-
World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte Ltd.	"	167,907	0.00	-	-	167,907	-
World Peace International Pte Ltd	World Peace International (South Asia) Pte Ltd.	"	113,346	0.00	-	-	-	-
World Peace International (South Asia) Pte Ltd.	WPG China Inc.	"	302,176	0.00	-	-	-	-
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	"	1,193,696	0.00	-	-	513,782	-
World Peace International (South Asia) Pte Ltd.	Americas Inc.	"	388,895	0.00	-	-	209,729	-
AECO Electronic Co., Ltd.	WPG C&C Limited	"	721,180	0.00	-	-	36,700	-
Silicon Application (BVI) Corp.	WPI International (Hong Kong) Limited	"	119,411	0.00	-	-	119,411	-
Silicon Application (BVI) Corp.	Silicon Application Corp.	"	1,169,735	0.00	-	-	-	-
Silicon Application Company Limited	WPI International (Hong Kong) Limited	"	210,801	0.00	-	-	210,801	-
Silicon Application Company Limited	Silicon Application Corp.	"	655,122	0.00	-	-	-	-
Silicon Application Company Limited	WPG SCM Limited	"	239,159	0.00	-	-	239,159	-
Silicon Application Company Limited	WPG Korea Co., Ltd.	"	303,292	0.00	-	-	303,292	-
Silicon Application Company Limited	WPG Americas Inc.	"	270,290	0.00	-	-	-	-
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	151,329	0.00	-	-	-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2017 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount	Action taken	Amount collected subsequent to the balance sheet date (Note 3)	Allowance for doubtful accounts
Apache Communication Inc.	Forntek Technology Corporation	Same parent company	\$ 200,102	0.00	\$	-	-	\$	-	\$ -
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	405,466	0.00	-	-	-	-	405,466	-
WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	"	149,316	0.00	-	-	-	-	60,752	-
Yosun Hong Kong Corp. Ltd.	WPG Korea Co., Ltd.	"	152,072	0.00	-	-	-	-	529	-
Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	"	187,374	0.00	-	-	-	-	-	-
Yosun Shanghai Corp. Ltd.	WPG China Inc.	"	146,080	0.00	-	-	-	-	-	-
Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	"	161,863	0.00	-	-	-	-	-	-
Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	"	114,400	0.00	-	-	-	-	748	-
Sertek Incorporated	Richpower Electronic Devices Co., Ltd.	"	502,423	0.00	-	-	-	-	203,302	-
Sertek Limited	WPI International (Hong Kong) Limited	"	417,014	0.00	-	-	-	-	-	-
Richpower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	"	605,270	0.00	-	-	-	-	605,270	-
Richpower Electronic Devices Pte Ltd	Yosun Singapore Pte Ltd.	"	193,881	0.00	-	-	-	-	411	-
WPG Investment Co., Ltd.	WPG Holdings Limited	"	110,750	0.00	-	-	-	-	-	-

Note 1: Balance as at December 31, 2017 includes other receivables that exceed \$100,000.

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

Note 3: The subsequent collections are amounts collected as of March 27, 2018.

WPG Holdings Limited and Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2017

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	1	Sales	\$ 309,664	Note 11	0.06
0	WPG Holdings Limited	Yosun Industrial Corp.	1	"	105,719	Note 11	0.02
1	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	150,650	Note 5	0.03
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	"	6,076,697	Note 5	1.14
1	World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	3	"	451,107	Note 5	0.08
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	941,095	Note 5	0.18
1	World Peace Industrial Co., Ltd.	Genuine C&C Inc.	3	"	112,699	Note 5	0.02
2	World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	3	"	332,080	Note 5	0.06
2	World Peace International (South Asia) Pte Ltd.	Genuine C&C (IndoChina) Pte Ltd.	3	"	199,860	Note 5	0.04
2	World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn. Bhd	3	"	429,854	Note 5	0.08
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	3	"	1,258,026	Note 5	0.24
2	World Peace International (South Asia) Pte Ltd.	WPI International (Hong Kong) Limited	3	"	109,411	Note 5	0.02
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	6,171,529	Note 5	1.16
2	World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	3	"	157,820	Note 5	0.03
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	7,852,806	Note 5	1.47
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	"	2,570,985	Note 5	0.48
3	WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	3	"	328,800	Note 5	0.06

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	Sales	\$ 532,153	Note 5	0.10
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	2,393,012	Note 5	0.45
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	"	923,809	Note 5	0.17
3	WPI International (Hong Kong) Limited	WPG SCM Limited	3	"	828,798	Note 5	0.16
3	WPI International (Hong Kong) Limited	WPG Korea Co., Ltd.	3	"	196,268	Note 5	0.04
3	WPI International (Hong Kong) Limited	Yosun Hong Kong Corp. Ltd.	3	"	342,433	Note 5	0.06
4	WPG C&C Limited	WPI International (Hong Kong) Limited	3	"	536,359	Note 5	0.10
4	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	"	1,661,297	Note 5	0.31
5	Longview Technology Inc.	World Peace Industrial Co., Ltd.	3	"	135,741	Note 5	0.03
5	Longview Technology Inc.	WPI International (Hong Kong) Limited	3	"	450,187	Note 5	0.08
5	Longview Technology Inc.	WPG Electronics (HK) Limited	3	"	119,245	Note 5	0.02
6	Long-Think International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	214,149	Note 5	0.04
6	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	"	459,631	Note 5	0.09
6	Long-Think International (Hong Kong) Limited	Longview Technology Inc.	3	"	157,961	Note 5	0.03
7	Silicon Application Corp.	WPI International (Hong Kong) Limited	3	"	191,503	Notes 9 and 11	0.04
7	Silicon Application Corp.	Pernas Electronics Co., Ltd.	3	"	1,572,483	Notes 9 and 11	0.30
7	Silicon Application Corp.	WPI International (Hong Kong) Limited	3	"	2,809,089	Notes 9 and 12	0.53
7	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	929,710	Notes 9 and 12	0.17
7	Silicon Application Corp.	WPG China Inc.	3	"	139,515	Notes 9 and 12	0.03
7	Silicon Application Corp.	WPG SCM Limited	3	"	246,244	Notes 9 and 11	0.05
8	Pernas Electronics Co., Ltd.	Silicon Application Corp.	3	"	287,924	Notes 9 and 11	0.05
8	Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	3	"	255,692	Notes 9 and 12	0.05
9	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	1,790,564	Notes 9 and 12	0.34
9	Everwiner Enterprise Co., Ltd.	WPG China (SZ) Inc.	3	"	189,995	Notes 9 and 12	0.04
10	Asian Information Technology Inc.	WPI International (Hong Kong) Limited	3	"	673,494	Note 4	0.13

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Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
10	Asian Information Technology Inc.	Frontek Technology Corporation	3	Sales	\$ 692,710	Note 4	0.13
10	Asian Information Technology Inc.	Apache Communication Inc.	3	"	4,138,212	Note 4	0.78
10	Asian Information Technology Inc.	AIT Japan Inc.	3	"	1,393,641	Note 4	0.26
10	Asian Information Technology Inc.	WPG Electronics (HK) Limited	3	"	116,644	Note 4	0.02
10	Asian Information Technology Inc.	WPG China (SZ) Inc.	3	"	150,114	Note 4	0.03
11	Henshen Electric Trading Co., Ltd.	Asian Information Technology Inc.	3	"	215,963	Note 4	0.04
12	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	1,261,215	Note 4	0.24
12	Frontek Technology Corporation	WPI International (Hong Kong) Limited	3	"	503,863	Note 4	0.09
12	Frontek Technology Corporation	WPG China Inc.	3	"	109,452	Note 4	0.02
13	Apache Communication Inc.	Asian Information Technology Inc.	3	"	128,961	Note 4	0.02
14	AIT Japan Inc.	WPI International (Hong Kong) Limited	3	"	168,361	Note 4	0.03
14	AIT Japan Inc.	Asian Information Technology Inc.	3	"	1,107,709	Note 4	0.21
15	WPG Electronics (HK) Limited	World Peace Industrial Co., Ltd.	3	"	183,437	Note 11	0.03
15	WPG Electronics (HK) Limited	WPI International (Hong Kong) Limited	3	"	260,311	Note 11	0.05
15	WPG Electronics (HK) Limited	Silicon Application Corp.	3	"	137,074	Note 11	0.03
15	WPG Electronics (HK) Limited	Yosun Hong Kong Corp. Ltd.	3	"	101,834	Note 11	0.02
15	WPG Electronics (HK) Limited	Peng Yu International Limited	3	"	121,165	Note 9	0.02
16	WPG China (SZ) Inc.	WPG China Inc.	3	"	130,393	Note 10	0.02
17	WPG China Inc.	WPG China (SZ) Inc.	3	"	243,571	Notes 9 and 12	0.05
18	WPG Americas Inc.	World Peace Industrial Co., Ltd.	3	"	195,480	Notes 9 and 11	0.04
19	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	477,009	Note 10	0.09
19	WPG South Asia Pte. Ltd.	Yosun Singapore Pte Ltd.	3	"	103,289	Note 10	0.02
20	Yosun Industrial Corp.	WPG China (SZ) Inc.	3	"	558,736	Note 8	0.10
20	Yosun Industrial Corp.	WPG China Inc.	3	"	517,718	Note 8	0.10
20	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	5,543,046	Note 5	1.04
21	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	1,168,765	Note 8	0.22
21	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	2,527,949	Note 8	0.47

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				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
21	Yosun Hong Kong Corp. Ltd.	WPG SCM Limited	3	Sales	\$ 112,761	Note 8	0.02
21	Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	3	"	702,245	Note 5	0.13
21	Yosun Hong Kong Corp. Ltd.	Richpower Electornic Devices Co., Limited	3	"	1,237,807	Note 5	0.23
22	Yosun Singapore Pte Ltd.	WPG SCM Limited	3	"	558,535	Note 8	0.10
22	Yosun Singapore Pte Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	158,681	Note 5	0.03
23	Sertek Incorporated	Yosun Industrial Corp.	3	"	489,781	Note 5	0.09
23	Sertek Incorporated	Yosun Hong Kong Corp. Ltd.	3	"	501,485	Note 5	0.09
24	Richpower Electronic Devices Co., Ltd.	WPI International (Hong Kong) Limited	3	"	1,351,497	Note 8	0.25
24	Richpower Electronic Devices Co., Ltd.	WPG Korea Co., Ltd.	3	"	189,718	Note 8	0.04
24	Richpower Electronic Devices Co., Ltd.	Richpower Electornic Devices Co., Limited	3	"	170,722	Note 5	0.03
25	Richpower Electornic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	3	"	1,010,901	Note 5	0.19
25	Richpower Electornic Devices Co., Limited	Richpower Electronic Devices Co., Ltd.	3	"	129,914	Note 5	0.02
26	Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPI International Trading (Shanghai) Ltd.	3	"	128,268	Notes 9 and 13	0.02
26	Peng Yu (Shanghai) Digital Technology Co., Ltd.	WPI International (Hong Kong) Limited	3	"	422,726	Notes 9 and 12	0.08
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Accounts receivable	797,909	Note 5	0.45
1	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	351,828	Note 5	0.20
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	3	"	161,814	Note 5	0.09
2	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	699,214	Note 5	0.39
3	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	874,508	Note 5	0.49
3	WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	3	"	100,362	Note 5	0.06
3	WPI International (Hong Kong) Limited	WPG Electronics (HK) Limited	3	"	275,222	Note 5	0.15
3	WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	3	"	489,175	Note 5	0.27
3	WPI International (Hong Kong) Limited	WPG China Inc.	3	"	331,484	Note 5	0.19
4	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	"	322,106	Note 5	0.18

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
5	Silicon Application Corp.	Pernas Electronics Co., Ltd.	3	Accounts receivable	\$ 190,313	Notes 9 and 11	0.11
5	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	981,367	Notes 9 and 12	0.55
5	Silicon Application Corp.	WPG China (SZ) Inc.	3	"	300,541	Notes 9 and 12	0.17
6	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	626,993	Notes 9 and 12	0.35
7	Asian Information Technology Inc.	AIT Japan Inc.	3	"	290,429	Note 4	0.16
8	Frontek Technology Corporation	Asian Information Technology Inc.	3	"	394,475	Note 4	0.22
8	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	199,916	Note 4	0.11
9	AIT Japan Inc.	WPI International (Hong Kong) Limited	3	"	108,455	Note 4	0.06
10	Yosun Industrial Corp.	WPG China (SZ) Inc.	3	"	149,220	Note 8	0.08
10	Yosun Industrial Corp.	WPG China Inc.	3	"	122,250	Note 8	0.07
10	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	183,426	Note 5	0.10
11	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	212,297	Note 8	0.12
11	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	385,710	Note 8	0.22
12	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	461,568	Note 8	0.26
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	1	Other receivables	103,473	Note 14	0.06
1	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	167,907	Note 15	0.09
2	World Peace International Pte Ltd	World Peace International (South Asia) Pte Ltd.	3	"	113,346	Note 7	0.06
3	World Peace International (South Asia) Pte Ltd.	WPG China Inc.	3	"	302,176	Note 7	0.17
3	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	1,193,696	Note 7	0.67
3	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	3	"	388,895	Note 7	0.22
4	AECO Electronic Co., Ltd.	WPG C&C Limited	3	"	721,180	Note 7	0.40
5	Silicon Application (BVI) Corp.	WPI International (Hong Kong) Limited	3	"	119,411	Note 7	0.07
5	Silicon Application (BVI) Corp.	Silicon Application Corp.	3	"	1,169,735	Note 7	0.65
6	Silicon Application Company Limited	WPI International (Hong Kong) Limited	3	"	210,801	Note 7	0.12

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Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
6	Silicon Application Company Limited	Silicon Application Corp.	3	Other receivables	\$ 655,122	Note 7	0.37
6	Silicon Application Company Limited	WPG SCM Limited	3	"	239,159	Note 7	0.13
6	Silicon Application Company Limited	WPG Korea Co., Ltd.	3	"	303,292	Note 7	0.17
6	Silicon Application Company Limited	WPG Americas Inc.	3	"	270,290	Note 7	0.15
7	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	151,329	Note 7	0.08
8	Apache Communication Inc.	Frontek Technology Corporation	3	"	200,102	Note 7	0.11
9	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	405,466	Note 7	0.23
9	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	3	"	149,316	Note 7	0.08
10	Yosun Hong Kong Corp. Ltd.	WPG Korea Co., Ltd.	3	"	152,072	Note 7	0.09
11	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	3	"	187,374	Note 7	0.10
11	Yosun Shanghai Corp. Ltd.	WPG China Inc.	3	"	146,080	Note 7	0.08
12	Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	161,863	Note 7	0.09
13	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	3	"	114,400	Note 7	0.06
14	Sertek Incorporated	Richpower Electronic Devices Co., Ltd.	3	"	502,423	Note 7	0.28
15	Sertek Limited	WPI International (Hong Kong) Limited	3	"	417,014	Note 7	0.23
16	Richpower Electornic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	3	"	605,270	Note 7	0.34
17	Richpower Electronic Devices Pte Ltd	Yosun Singapore Pte Ltd.	3	"	193,881	Note 7	0.11
18	WPG Investment Co., Ltd.	WPG Holdings Limited	2	"	110,750	Note 7	0.06

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

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

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

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

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

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

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

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

Note 7: Mainly accrued financing charges.

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

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

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

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

Note 12: The collection period is 90 days from the end of the month of sales.

Note 13: The collection period is 45 days from the end of the month of sales.

Note 14: The amount receivable arose from filing of consolidated tax return.

Note 15: The amount receivable pertains to receipts under custody.

WPG Holdings Limited and Subsidiaries
Information on investees
Year ended December 31, 2017

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2017			Net profit (loss) of the investee for the year ended December 31, 2017	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Taiwan	Sales of electronic components	\$ 15,971,669	\$ 13,484,384	1,097,252,407	100.00	\$ 21,640,217	\$ 3,551,378	\$ 3,528,548	Notes 4 and 9
WPG Holdings Limited	Asian Information Technology Inc.	Taiwan	Sales of electronic /electrical components	4,063,464	4,063,464	346,812,367	100.00	4,908,510	1,147,823	1,147,823	Note 4
WPG Holdings Limited	Silicon Application Corp.	Taiwan	Sales of computer software, hardware and electronic components	4,717,962	4,717,962	406,570,000	100.00	6,127,250	806,996	806,996	Note 4
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	14,735	14,735	3,920,000	100.00	48,711	9,593	9,593	Note 4
WPG Holdings Limited	WPG Korea Co., Ltd.	South Korea	Sales of electronic components	169,071	169,071	1,087,794	100.00	434,753	41,223	41,223	Note 4
WPG Holdings Limited	WPG International (CI) Limited	Cayman Islands	Holding company	3,783,583	3,783,583	124,442,727	100.00	4,393,820	827,301	827,301	Note 4
WPG Holdings Limited	Yosun Industrial Corp.	Taiwan	Sales of electronic /electrical components	13,644,406	16,131,691	512,074,400	100.00	14,017,253	998,105	994,589	Notes 4 and 9
WPG Holdings Limited	WPG Investment Co., Ltd.	Taiwan	Investment company	502,997	502,997	50,000,000	100.00	422,007	(34,186)	(31,125)	Note 4
WPG Holdings Limited	WPG Core Investment Co., Ltd.	Taiwan	Investment company	-	50,000	-	0.00	-	(501)	(501)	Notes 4 and 14
WPG Holdings Limited	Genuine C&C Inc.	Taiwan	Sales of computer and its peripheral equipment	-	510,041	-	0.00	-	117,786	38,680	Note 10
WPG Holdings Limited	Trigold Holdings Limited	Taiwan	Investment company	707,968	-	48,139,319	60.50	722,912	25,174	14,681	Notes 4 and 10
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	British Virgin Islands	Holding company	1,132,162	1,132,162	34,196,393	100.00	3,290,742	231,871	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	British Virgin Islands	Holding company	2,774,146	2,774,146	83,179,435	100.00	14,361,430	1,924,773	-	Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2017				Net profit (loss) of the investee for the year ended December 31, 2017	Investment income (loss) recognised by the Company for the year ended December 31, 2017 (Note 1)	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value				
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic components	\$ 364,290	\$ 364,290	33,900,000	100.00	\$ 571,891	\$ 92,340	\$ -	Notes 2 and 5	
World Peace Industrial Co., Ltd.	Chainpower Technology Corp.	Taiwan	Sales of electronic components	66,261	66,261	9,781,452	39.00	155,935	77,225	-	Notes 2 and 3	
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	Taiwan	Sales of electronic components	1,468,555	1,468,555	94,600,000	100.00	1,649,892	32,265	-	Notes 2 and 5	
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	Taiwan	Sales of computer and its peripheral equipment	-	149,130	-	0.00	-	117,786	-	Notes 2, 5 and 11	
Longview Technology Inc.	Longview Technology GC Limited	British Virgin Islands	Holding company	335,328	335,328	11,300,000	100.00	380,313	40,978	-	Notes 2 and 5	
Longview Technology Inc.	Long-Think International Co., Ltd.	Taiwan	Sales of electronic components	37,302	37,302	4,000,000	100.00	53,207	9,766	-	Notes 2 and 5	
AECO Technology Co., Ltd.	Teco Enterprise Holding (BVI) Co., Ltd.	British Virgin Islands	Investment company	436,280	436,280	12,610,000	100.00	749,223	26,792	-	Notes 2 and 5	
Silicon Application Corp.	Silicon Application (BVI) Corp.	British Virgin Islands	Holding company	706,402	706,402	22,000,000	100.00	3,047,599	45,656	-	Notes 2 and 5	
Silicon Application Corp.	Win-Win Systems Ltd.	British Virgin Islands	Holding company	24,015	24,015	765,000	100.00	24,474	258	-	Notes 2 and 5	
Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Singapore	Sales of computer software, hardware and electronic components	104,510	104,510	3,500,000	100.00	107,924	1,301	-	Notes 2 and 5	
Silicon Application Corp.	Pernas Electronics Co., Ltd.	Taiwan	Sales of electronic components	959,504	959,504	73,500,000	100.00	1,084,573	164,453	-	Notes 2 and 5	
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Taiwan	Sales of electronic components	343,959	343,959	28,000,000	100.00	733,650	86,263	-	Notes 2 and 5	
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	Samoa	International investment	-	33,287	-	0.00	- (	303)	-	Notes 2, 5 and 12
Asian Information Technology Inc.	Frontek Technology Corporation Inc.	Taiwan	Wholesale of electronic components	1,515,256	1,515,256	214,563,352	100.00	2,448,099	392,633	-	Notes 2 and 5	
Asian Information Technology Inc.	Apache Communication Inc.	Taiwan	Wholesale of electronic components	680,313	680,313	157,000,000	100.00	1,682,672	93,079	-	Notes 2 and 5	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2017				Net profit (loss) of the investee for the year ended December 31, 2017	Investment income (loss) recognised by the Company for the year ended December 31, 2017 (Note 1)	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value				
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	Taiwan	Wholesale of electronic components	\$ 124,521	\$ 124,521	10,000,000	100.00	\$ 120,641	\$ 10,566	\$ -	Notes 2 and 5	
Asian Information Technology Inc.	Adivic Technology Co., Ltd.	Taiwan	Import and export business for electronic components	206,200	157,200	11,760,000	49.00	54,557	(55,499)	-	Notes 2, 3 and 8	
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	British Virgin Islands	Investment company	155,558	155,558	4,703,107	100.00	303,944	13,304	-	Notes 2 and 5	
Frontek Technology Corporation	Frontek International Limited	British Virgin Islands	Investment company	101,862	101,862	2,970,000	100.00	117,514	1,505	-	Notes 2 and 5	
Yosun Industrial Corp.	Suntop Investments Limited	Cayman Islands	Investment company	1,812,188	1,812,188	50,700,000	100.00	4,856,800	291,166	-	Notes 2 and 5	
Yosun Industrial Corp.	Sertek Incorporated	Taiwan	Sales of electronic /electrical	1,616,722	1,616,722	94,828,100	100.00	1,749,895	213,935	-	Notes 2 and 5	
Yosun Industrial Corp.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	19,920	19,920	1,660,000	24.24	-	-	-	Notes 2 and 3	
Yosun Industrial Corp.	Eesource Corp.	Taiwan	Sales of electronic /electrical components, office machinery and equipment	11,520	11,520	1,080,000	20.00	36,539	28,160	-	Notes 2 and 3	
Yosun Industrial Corp.	Yosun Japan Corp.	Japan	Sales of electronic /electrical components	21,037	44,172	5,000	50.00	9,735	(1,606)	-	Notes 2, 3 and 6	
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Taiwan	Sales of electronic /electrical components	2,092,631	2,092,631	85,000,000	100.00	2,237,604	392,941	-	Notes 2 and 5	
Sertek Incorporated	Sertek Limited	Hong Kong	Sales of electronic /electrical	83,494	83,494	19,500,000	100.00	424,587	8,393	-	Notes 2 and 5	
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Hong Kong	Sales of electronic components	284,898	284,898	63,000,000	100.00	1,922,308	352,101	-	Notes 2 and 5	
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	Taiwan	Sales of electronic components	401,247	401,247	24,300,000	100.00	388,760	17,301	-	Notes 2 and 5	
Mec Technology Co., Ltd.	Mec Technology Co., Limited	Hong Kong	Sales of electronic components	1,092	1,092	25,000	100.00	6,617	(80)	-	Notes 2 and 5	
Mec Technology Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	Singapore	Sales of electronic components	1,988	1,988	10,000	100.00	209,819	4,296	-	Notes 2 and 5	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2017					Investment income (loss) recognised by the Company for the year ended December 31, 2017 (Note 1)	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2017			
WPG Investment Co., Ltd.	Eesource Corp.	Taiwan	Sales of electronic /electrical components, office machinery and equipment	\$ 11,520	\$ 11,520	1,080,000	20.00	\$ 36,456	\$ 28,160	\$ -	Notes 2 and 3	
WPG Investment Co., Ltd.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	17,800	17,800	1,565,218	22.86	-	-	-	Notes 2 and 3	
WPG Investment Co., Ltd.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	50,000	50,000	3,279,800	10.67	56,007	(19,090)	-	Notes 2 and 3	
Trigold Holdings Limited	Genuine C&C Inc.	Taiwan	Sales of computer, components and its peripheral equipment	1,093,697	-	79,569,450	100.00	1,117,696	117,786	-	Notes 2, 5 and 10	
Trigold Holdings Limited	Trigold (Hong Kong) Company Limited	Hong Kong	Holding company	768	-	0	100.00	2,316	364	-	Notes 2, 5 and 13	
Genuine C&C Inc.	Hoban Inc.	Taiwan	General investment and retail of groceries	79,999	79,999	8,000,000	100.00	20,418	(11,158)	-	Notes 2 and 5	
Genuine C&C Inc.	Genuine C&C Holding Inc. (Seychelles)	Seychelles	Holding company	193,870	163,400	6,500,000	100.00	125,354	11,318	-	Notes 2, 5 and 7	
Genuine C&C Inc.	Taibao Creation Co., Ltd.	Taiwan	Retail of groceries	26,995	26,995	4,000,000	100.00	13,983	17	-	Notes 2 and 5	
Genuine C&C Inc.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	12,636	12,636	1,682,151	5.47	10,953	(19,090)	-	Notes 2 and 3	

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

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

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

Note 4: A subsidiary.

Note 5: An indirect subsidiary.

Note 6: In March 2017, the associate reduced its capital.

Note 7: In March 2017, the subsidiary increased its capital.

Note 8: In April 2017, the associate increased its capital.

Note 9 : In April 2017, Yosun Industrial Corp. transferred the operations of Texas Instruments product line to World Peace Industrial Co., Ltd., and World Peace Industrial Co., Ltd. increased capital as consideration. Meanwhile, Yosun Industrial Corp. reduced its capital.

Note 10: The Company hold 48,139 thousand shares of Genuine C&C Inc. initially, and the Company recognised investment gains (losses) of Genuine C&C Inc. for the eight months ended August 31, 2017 and Trigold Holdings Limited for the year ended December 31, 2017 because Trigold Holdings Limited converted stock into shares with the original shareholders of Genuine C&C Inc. on September 1, 2017 and the conversion ratio is 1 share of Trigold Holdings Limited's common stock converted to 1 share of Genuine C&C Inc..

Note 11: On July 28, 2017, the Company's subsidiary, World Peace Industrial Co., Ltd., disposed 12,964 thousand shares of the sister company, Genuine C&C Inc., who is controlled by the same parent company, to the parent company, WPG Holdings Limited.

Note 12: In August 2017, the liquidation of the subsidiary has been completed.

Note 13: The subsidiary completed registration of incorporation in November 2017.

Note 14: In December 2017, the liquidation of the subsidiary has been completed.

WPG Holdings Limited and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2017

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee for the year ended December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017 (Note 7)	Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
WPG China Inc.	Sales of electronic /electrical components	\$ 1,727,611	1	\$ 1,736,137	\$ -	\$ -	\$ 1,736,137	\$ 229,113	100.00	\$ 295,644	\$ 2,363,606	\$ -	
WPG China (SZ) Inc.	Sales of computer software and electronic components	153,312	1	103,208	-	-	103,208	157,362	100.00	157,362	689,439	-	Note 4
Suzhou Xinning Bonded Warehouse Co., Ltd.	Warehousing services	37,753	1	27,924	-	-	27,924	21,937	49.00	10,507	62,695	-	
Gain Tune Logistics (Shanghai) Co., Ltd.	Sales of electronic components	45,650	1	14,748	-	-	14,748	11,155	40.00	3,532	32,944	-	
Suzhou Xinning Logistics Co., Ltd.	Warehousing services / extra work	68,475	1	18,295	-	-	18,295	17,970	29.40	5,323	33,082	-	
CECI Technology Co. Ltd.	Business e- commerce platform	2,601,708	1	-	-	-	-	269,555	6.49	56,231	722,384	-	Notes 8 and 11
WPI International Trading (Shanghai) Ltd.	Sales of electronic components	211,931	1	19,344	-	-	19,344	12,826	100.00	12,826	254,958	-	
AIO (Shanghai) Components Company Limited	Sales of electronic components	7,557	1	-	-	-	-	233	100.00	233	7,819	-	Note 3
Long-Think International (Shanghai) Limited	Sales of electronic components	15,115	1	143,490	-	-	143,490	(2,478)	100.00	(2,478)	96,282	-	Note 2

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee for the year ended December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017 (Note 7)	Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
AECO Electronic (Ningbo) Co., Ltd.	International trade of electronic components and products	\$ -	1	\$ 116,659	\$ -	\$ -	\$ 116,659	(\$ 18)	0.00	(\$ 18)	\$ -	\$ -	Note 9
Yosun Shanghai Corp. Ltd.	Sales of electronic components and warehousing services	286,755	1	229,152	-	-	229,152	5,887	100.00	5,887	366,450	-	
Yosun South China Corp. Ltd.	Sales of electronic /electrical components	146,393	1	-	-	-	-	3,567	100.00	3,567	206,513	-	
Qegoo Technology Co., Ltd.	Business e- commerce platform	55,056	1	4,771	-	-	4,771	-	15.00	-	4,771	-	
World Components Agent (Shanghai) Inc.	Sales of electronic components	-	1	6,343	-	(6,343)	-	(15)	0.00	(15)	-	-	Note 10
Peng Yu (Shanghai) Digital Technology Co., Ltd	Sales of electronic products	102,713	1	39,695	16,678	-	56,373	30,663	55.00	10,032	45,806	-	
Arise Component Corp.	Sales of electronic components	-	1	23,808	-	(23,808)	-	-	-	-	-	-	Note 12

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

Note 2: Long View Technology Inc. held investments in Mainland China 100% ownership of Long-Think International Trading (Shanghai) Limited through third district transfer investment of British Virgin Islands-Long Think International (HK) Limited as of August 31, 2012. The investment had been permitted by Investment Commission.

Note 3: WPI International (Hong Kong) Limited acquired AIO Components Company Limited as of July 1, 2010, and AIO (Shanghai) Company Limited became the Company's indirect subsidiary. The investment of USD 469 thousand in AIO (Shanghai) Company Limited had been permitted by Investment Commission.

Note 4: WPG International (Hong Kong) Limited invested in WPG (Shenzhen) Inc. in the amount of HKD 10 million, which is part of the distribution of earnings from WPG China Inc. The investment had been permitted by Investment Commission, and was excluded from the ceiling of investment amount in Mainland China.

Note 5: For paid-in capital, amount remitted from Taiwan to Mainland China/ amount remitted back to Taiwan for the year ended December 31, 2017, accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017, book value of investments in Mainland China as of December 31, 2017, accumulated amount of investment income remitted back to Taiwan as of December 31, 2017, etc., the exchange rates used were USD 1: NTD 29.76, HKD 1: NTD 3.807 and RMB 1: NTD 4.565.

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

Note 7: Investment income (loss) recognised for the year ended December 31, 2017 was based on the financial statements audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

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

Note 9: It has completed cancellation of registration in June 2017.

Note 10: It has completed cancellation of registration in May 2017.

Note 11: In December 2017, WPG China Inc. waived its right to participate in the investee's capital increase in proportion to its ownership and thus the ownership declined to 6.49%.

Note 12: It has completed cancellation of registration in December 2011.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
WPG Holdings Limited	\$ 1,971,370	\$ 2,076,192	\$ 31,233,263
World Peace Industrial Co., Ltd. and its subsidiaries	374,725	705,545	13,012,946
Silicon Application Corp. and its subsidiaries	12,796	45,314	3,676,350
Yosun Industrial Corp. and its subsidiaries	249,538	528,657	6,151,484
WPG Investment Co., Ltd.	4,771	14,535	253,204
Trigold Holdings Limited and its subsidiaries	149,023	149,436	703,661

(1) Exchange rates as of December 31, 2017 were USD 1: NTD 29.76, HKD 1 : NTD 3.807 and RMB 1 : NTD 4.565.

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