

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**AUDIT REPORT OF INDEPENDENT ACCOUNTANTS**  
**DECEMBER 31, 2015 AND 2014**

---

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

We have audited the accompanying consolidated balance sheets of WPG Holdings Limited and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WPG Holdings Limited and subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of WPG Holdings Limited as of and for the years ended December 31, 2015 and 2014, and have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 29, 2016

---

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 audit 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 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, 2015, DECEMBER 31, 2014, AND JANUARY 1, 2014**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

ASSETS	Notes	December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014	
		Amount	%	Amount	%	Amount	%
<u>Current Assets</u>							
Cash and cash equivalents	6(1)	\$ 9,446,642	5	\$ 11,184,859	7	\$ 9,458,603	7
Financial assets at fair value through profit or loss - current	6(2)					30,818	
		62,266	-	15,713	-		-
Available-for-sale financial assets - current	6(3)	35,786	-	45,157	-	94,158	-
Financial assets carried at cost - current		-	-	3,497	-	6,897	-
Notes receivable, net	6(4)	6,511,976	4	3,228,163	2	2,894,722	2
Accounts receivable, net	6(5) and 8	85,440,433	48	78,752,090	49	68,544,814	51
Accounts receivable - related parties, net	7	319,058	-	269,541	-	265,060	-
Other receivables		9,178,333	5	2,378,924	2	1,743,264	1
Other receivables - related parties	7	95,876	-	169,419	-	399,546	-
Current income tax assets		1,033	-	2,760	-	10,497	-
Inventories, net	6(7)	50,295,037	28	47,373,506	30	35,056,488	26
Prepayments		2,801,241	1	2,149,739	1	1,744,650	1
Other current assets	8	<u>1,299,731</u>	<u>1</u>	<u>672,316</u>	<u>-</u>	<u>527,461</u>	<u>1</u>
		<u>165,487,412</u>	<u>92</u>	<u>146,245,684</u>	<u>91</u>	<u>120,776,978</u>	<u>89</u>
<u>Non-current Assets</u>							
Available-for-sale financial assets - non-current	6(8) and 8	335,296	-	417,396	-	186,547	-
Financial assets carried at cost - non-current	6(9)	468,031	-	395,496	-	467,581	1
Investments in bonds without active market - non-current		5,000	-	5,000	-	5,000	-
Investments accounted for under the equity method	6(10)	555,054	1	816,213	1	1,039,601	1
Property, plant and equipment	6(11) and 8	4,656,320	3	4,671,850	3	5,055,011	4
Investment property, net	6(12)	1,141,609	1	1,148,625	1	1,018,200	1
Intangible assets	6(13)	5,671,154	3	5,756,557	4	5,842,880	4
Deferred income tax assets		335,020	-	496,155	-	313,650	-
Other non-current assets	6(15) and 8	<u>396,969</u>	<u>-</u>	<u>394,240</u>	<u>-</u>	<u>400,976</u>	<u>-</u>
		<u>13,564,453</u>	<u>8</u>	<u>14,101,532</u>	<u>9</u>	<u>14,329,446</u>	<u>11</u>
Total assets		\$179,051,865	100	\$160,347,216	100	\$135,106,424	100

(Continued)

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015, DECEMBER 31, 2014, AND JANUARY 1, 2014**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

		<u>December 31, 2015</u>		<u>(Adjusted)</u> <u>December 31, 2014</u>		<u>(Adjusted)</u> <u>January 1, 2014</u>	
<u>LIABILITIES AND EQUITY</u>	<u>Notes</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Current Liabilities</u>							
Short-term borrowings	6(16)	\$ 54,575,352	30	\$ 45,193,990	28	\$ 38,865,842	29
Commercial papers payable	6(17)	3,708,197	2	4,087,766	3	4,879,919	4
Financial liabilities at fair value through profit or loss - current	6(2)	26,719	-	10,176	-	6,885	-
Notes payable		727,694	-	438,529	-	456,174	-
Accounts payable		44,513,040	25	40,710,731	25	37,855,857	28
Accounts payable - related parties	7	2,121	-	2,058	-	11,252	-
Other payables		5,055,168	3	4,927,500	3	3,908,939	3
Current income tax liabilities		889,808	1	874,507	1	511,258	-
Other current liabilities	6(19)	<u>2,087,756</u>	<u>1</u>	<u>3,991,208</u>	<u>3</u>	<u>4,645,833</u>	<u>3</u>
		<u>111,585,855</u>	<u>62</u>	<u>100,236,465</u>	<u>63</u>	<u>91,141,959</u>	<u>67</u>
<u>Non-current Liabilities</u>							
Bonds payable	6(18)	5,875,383	3	5,796,140	4	-	-
Long-term borrowings	6(19)	12,126,659	7	8,305,618	5	3,224,738	3
Deferred income tax liabilities	6(31)	442,058	-	433,431	-	356,865	-
Other non-current liabilities		<u>704,152</u>	<u>1</u>	<u>457,880</u>	<u>-</u>	<u>450,275</u>	<u>-</u>
		<u>19,148,252</u>	<u>11</u>	<u>14,993,069</u>	<u>9</u>	<u>4,031,878</u>	<u>3</u>
Total Liabilities		<u>130,734,107</u>	<u>73</u>	<u>115,229,534</u>	<u>72</u>	<u>95,173,837</u>	<u>70</u>
<u>Equity Attributable to Owners of Parent</u>							
<u>Capital</u>							
Common stock	1 and 6(21)	16,557,092	9	16,557,092	10	16,557,092	12
Capital reserve	6(22)						
Capital reserve		15,187,178	8	15,185,802	9	14,951,793	11
Retained earnings	6(23)						
Legal reserve		3,470,739	2	2,890,021	2	2,414,390	2
Special reserve		-	-	1,937,752	1	2,943,004	2
Undistributed earnings	6(31)	10,002,877	6	7,501,303	5	4,946,348	4
Other equity interest							
Other equity interest	6(24)	2,553,776	2	983,761	1	( 1,937,752 )	( 1 )
Treasury share							
Treasury share	6(21)	( <u>1,242</u> )	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity attributable to owners of parent		47,770,420	27	45,055,731	28	39,874,875	30
<u>Non-controlling interests</u>							
		<u>547,338</u>	<u>-</u>	<u>61,951</u>	<u>-</u>	<u>57,712</u>	<u>-</u>
Total equity		<u>48,317,758</u>	<u>27</u>	<u>45,117,682</u>	<u>28</u>	<u>39,932,587</u>	<u>30</u>
Significant contingent liabilities and unrecognised contract commitments	9						
<u>TOTAL LIABILITIES AND EQUITY</u>		<u>\$179,051,865</u>	<u>100</u>	<u>\$160,347,216</u>	<u>100</u>	<u>\$135,106,424</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, 2015 AND 2014**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	2015		(Adjusted) 2014	
		Amount	%	Amount	%
Operating revenues	6(25) and 7	\$ 515,536,489	100	\$ 452,471,998	100
Operating costs	6(7) and 7	( 494,086,240)	( 96)	( 431,988,193)	( 95)
Gross profit		<u>21,450,249</u>	<u>4</u>	<u>20,483,805</u>	<u>5</u>
Operating expenses	6(29)(30)				
Selling and marketing		( 8,110,873)	( 2)	( 8,539,817)	( 2)
General and administrative		( 4,865,261)	( 1)	( 4,002,249)	( 1)
Total operating expenses		<u>( 12,976,134)</u>	<u>( 3)</u>	<u>( 12,542,066)</u>	<u>( 3)</u>
Operating income		<u>8,474,115</u>	<u>1</u>	<u>7,941,739</u>	<u>2</u>
Non-operating income and expenses					
Other income	6(26)	274,780	-	220,250	-
Other gains or losses	6(27)	( 152,836)	-	128,476	-
Financial costs	6(28)	( 1,467,904)	-	( 1,214,231)	-
Share of profit of associates and joint ventures accounted for under equity method		<u>25,288</u>	<u>-</u>	<u>30,401</u>	<u>-</u>
Total non-operating income and expenses		<u>( 1,320,672)</u>	<u>-</u>	<u>( 835,104)</u>	<u>-</u>
Income before income tax		7,153,443	1	7,106,635	2
Income tax expense	6(31)	( 1,717,511)	-	( 1,292,459)	( 1)
Consolidated net income		<u>\$ 5,435,932</u>	<u>1</u>	<u>\$ 5,814,176</u>	<u>1</u>
Other comprehensive income (loss)					
Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans	6(20)	( \$ 166,704)	-	\$ 29,054	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	<u>28,340</u>	<u>-</u>	<u>( 4,428)</u>	<u>-</u>
Components of other comprehensive (loss) income that will not be reclassified to profit or loss		<u>( 138,364)</u>	<u>-</u>	<u>24,626</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		1,720,216	-	2,964,449	1
Unrealised loss on available-for-sale financial assets		( 95,986)	-	( 14,365)	-
Share of other comprehensive (loss) income of associates and joint venture accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		( 911)	-	2,618	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(31)	<u>( 12,285)</u>	<u>-</u>	<u>( 29,714)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss		<u>1,611,034</u>	<u>-</u>	<u>2,922,988</u>	<u>1</u>
Total other comprehensive income, net		<u>\$ 1,472,670</u>	<u>-</u>	<u>\$ 2,947,614</u>	<u>1</u>
Total comprehensive income		<u>\$ 6,908,602</u>	<u>1</u>	<u>\$ 8,761,790</u>	<u>2</u>

(Continued)

WPG HOLDINGS LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2015 AND 2014  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	2015		(Adjusted) 2014	
		Amount	%	Amount	%
Consolidated net income attributable to:					
Owners of parent		\$ 5,420,469	1	\$ 5,808,839	1
Non-controlling interests		<u>15,463</u>	-	<u>5,337</u>	-
		<u>\$ 5,435,932</u>	<u>1</u>	<u>\$ 5,814,176</u>	<u>1</u>
Comprehensive income attributable to:					
Owners of parent		\$ 6,853,829	1	\$ 8,754,978	2
Non-controlling interests		<u>54,773</u>	-	<u>6,812</u>	-
		<u>\$ 6,908,602</u>	<u>1</u>	<u>\$ 8,761,790</u>	<u>2</u>
Earnings per share (In dollars)					
Basic earnings per share	6(32)	<u>\$ 3.27</u>		<u>\$ 3.51</u>	
Diluted earnings per share	6(32)	<u>\$ 3.04</u>		<u>\$ 3.39</u>	

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, 2015 AND 2014  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Attributable to owners of the Company															
Notes	Capital Reserve						Retained Earnings			Other Equity Adjustments					
	Common stock	Additional paid-in capital	Treasury stock transactions	Changes in parent's ownership interest in subsidiaries	Changes in share of other comprehensive income of associates and joint ventures accounted for under equity method	Capital surplus-stock warrants	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interests	Total equity
<u>2014 (Adjusted)</u>															
Balance at January 1, 2014	\$ 16,557,092	\$ 14,886,934	\$ 45,083	\$ -	\$ 19,776	\$ -	\$ 2,414,390	\$ 2,943,004	\$ 4,950,399	( \$ 2,027,129 )	\$ 89,377	\$ -	\$ 39,878,926	\$ 57,712	\$ 39,936,638
Effects of retrospective application and retrospective restatement	3(1)	-	-	-	-	-	-	-	( 4,051 )	-	-	-	( 4,051 )	-	( 4,051 )
Balance at January 1, 2014 after adjustments		16,557,092	14,886,934	45,083	-	19,776	2,414,390	2,943,004	4,946,348	( 2,027,129 )	89,377	-	39,874,875	57,712	39,932,587
Distribution of retained earnings for 2013	6(23)														
Legal reserve appropriated		-	-	-	-	-	475,631	-	( 475,631 )	-	-	-	-	-	-
Special reserve reversed		-	-	-	-	-	-	( 1,005,252 )	1,005,252	-	-	-	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	-	-	-	( 3,808,131 )	-	-	-	( 3,808,131 )	-	( 3,808,131 )
Capital increase in subsidiaries not recognised proportionately to ownership		-	-	-	464	-	-	-	-	-	-	-	464	-	464
Changes in equity of associates and joint ventures accounted for using equity method		-	-	-	-	745	-	-	-	-	-	-	745	-	745
Conversion of corporate bonds	6(18)	-	-	-	-	232,800	-	-	-	-	-	-	232,800	-	232,800
Total consolidated profit		-	-	-	-	-	-	-	5,808,839	-	-	-	5,808,839	5,337	5,814,176
Net other comprehensive income (loss)		-	-	-	-	-	-	-	24,626	2,935,878	( 14,365 )	-	2,946,139	1,475	2,947,614
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	( 2,573 )	( 2,573 )
Balance at December 31, 2014		<u>\$ 16,557,092</u>	<u>\$ 14,886,934</u>	<u>\$ 45,083</u>	<u>\$ 464</u>	<u>\$ 20,521</u>	<u>\$ 2,890,021</u>	<u>\$ 1,937,752</u>	<u>\$ 7,501,303</u>	<u>\$ 908,749</u>	<u>\$ 75,012</u>	<u>\$ -</u>	<u>\$ 45,055,731</u>	<u>\$ 61,951</u>	<u>\$ 45,117,682</u>
<u>2015</u>															
Balance at January 1, 2015		\$ 16,557,092	\$ 14,886,934	\$ 45,083	\$ 464	\$ 20,521	\$ 2,890,021	\$ 1,937,752	\$ 7,501,303	\$ 908,749	\$ 75,012	\$ -	\$ 45,055,731	\$ 61,951	\$ 45,117,682
Distribution of retained earnings for 2014	6(23)														
Legal reserve appropriated		-	-	-	-	-	580,718	-	( 580,718 )	-	-	-	-	-	-
Special reserve reversed		-	-	-	-	-	-	( 1,937,752 )	1,937,752	-	-	-	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	-	-	-	( 4,139,274 )	-	-	-	( 4,139,274 )	-	( 4,139,274 )
Capital increase in subsidiaries not recognised proportionately to ownership		-	-	-	( 33 )	-	-	-	-	-	-	-	( 33 )	-	( 33 )
Changes in equity of associates and joint ventures accounted for using equity method		-	-	-	-	1,310	-	-	-	-	-	-	1,310	-	1,310
Subsidiaries received cash dividends from parent company recognised as treasury share transactions		-	-	99	-	-	-	-	-	-	-	-	99	-	99
Treasury stocks received through acquisition of subsidiary	6(21)	-	-	-	-	-	-	-	-	-	-	( 1,589 )	( 1,589 )	-	( 1,589 )
Changes in market price of treasury stocks received through acquisition of subsidiary	6(21)	-	-	-	-	-	-	-	-	-	-	347	347	-	347
Total consolidated profit		-	-	-	-	-	-	-	5,420,469	-	-	-	5,420,469	15,463	5,435,932
Net other comprehensive income (loss)		-	-	-	-	-	-	-	( 136,655 )	1,666,001	( 95,986 )	-	1,433,360	39,310	1,472,670
Effect of changes in consolidated entities		-	-	-	-	-	-	-	-	-	-	-	-	422,196	422,196
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	8,418	8,418
Balance at December 31, 2015		<u>\$ 16,557,092</u>	<u>\$ 14,886,934</u>	<u>\$ 45,182</u>	<u>\$ 431</u>	<u>\$ 21,831</u>	<u>\$ 3,470,739</u>	<u>\$ -</u>	<u>\$ 10,002,877</u>	<u>\$ 2,574,750</u>	<u>( \$ 20,974 )</u>	<u>( \$ 1,242 )</u>	<u>\$ 47,770,420</u>	<u>\$ 547,338</u>	<u>\$ 48,317,758</u>

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, 2015 AND 2014**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	Notes	2015	(Adjusted) 2014
<b><u>Cash flows from operating activities</u></b>			
Income before income tax		\$ 7,153,443	\$ 7,106,635
Adjustments to reconcile consolidated net income to net cash used in operating activities:			
Income and expenses			
Depreciation	6(29)	238,957	239,793
Amortisation	6(29)	95,734	141,605
Bad debts expense		684,795	114,623
Interest expense	6(28)	1,203,659	1,044,921
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(27)	( 5,763 )	61,506
Interest income	6(26)	( 34,576 )	( 26,515 )
Dividend income	6(26)	( 48,036 )	( 18,315 )
Share of profit of associates and joint ventures accounted for under equity method		( 25,288 )	( 30,401 )
Gain on disposal of property, plant and equipment and investment property	6(27)	( 13,413 )	( 106,962 )
Gain on disposal of investments	6(27)	( 60,764 )	( 52,023 )
Impairment loss	6(27)	51,995	41,911
Amortisation of bond discount	6(18)	79,243	34,203
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		11,725	( 43,110 )
Notes receivable, net		( 3,283,813 )	( 333,441 )
Accounts receivable, net		( 6,474,518 )	( 10,308,825 )
Accounts receivable - related parties, net		( 49,517 )	( 4,481 )
Other receivables		( 6,734,994 )	( 672,952 )
Other receivables - related parties		73,543	230,127
Inventories		( 2,116,463 )	( 12,317,018 )
Prepayments		( 613,527 )	( 405,089 )
Other current assets		35,279	( 67,029 )
Changes in liabilities relating to operating activities			
Notes payable		288,782	( 17,645 )
Accounts payable		2,933,016	2,854,874
Accounts payable - related parties		63	( 9,194 )
Other payables		32,042	997,361
Other current liabilities		114,720	68,128
Cash used in operations		( 6,463,676 )	( 11,477,313 )
Interest paid		( 1,242,268 )	( 1,034,613 )
Income tax paid		( 1,689,704 )	( 1,044,284 )
Interest received		68,496	63,807
Dividends received		54,063	68,208
Net cash used in operating activities		( 9,273,089 )	( 13,424,195 )

(Continued)

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	Notes	2015	(Adjusted) 2014
<b>Cash flows from investing activities</b>			
Acquisition of financial assets carried at cost - non-current	( \$	138,364 )	( \$ 59,953 )
Acquisition of available-for-sale financial assets - non-current	(	33,762 )	( 24,071 )
Proceeds from disposal of available-for-sale financial assets - current		59,248	114,119
Proceeds from disposal of available-for-sale financial assets - non-current		28,970	60,503
Return of capital received from financial assets carried at cost - non-current		29,201	-
Proceeds from disposal of financial assets carried at cost - non-current		21,813	37,726
Increase in other financial assets	(	667,542 )	( 77,826 )
Acquisition of investments accounted for under equity method	(	3,000 )	-
Proceeds from disposal of investments accounted for under equity method		51,610	-
Proceeds from disposal of property, plant and equipment		31,343	310,450
Acquisition of property, plant and equipment and intangible assets	6(34) (	180,196 )	( 103,446 )
Disposal of subsidiaries	6(34) (	1,553 )	-
Decrease (increase) in refundable deposits		26,001	( 55,899 )
Increase in prepayments for investment		-	( 3,000 )
Acquisition of subsidiaries	6(33) (	51,299 )	-
Decrease in other non-current assets		36,199	64,244
Net cash (used in) provided by investing activities	(	791,331 )	262,847
<b>Cash flows from financing activities</b>			
Increase in short-term borrowings		863,208,233	1,533,596,388
Decrease in short-term borrowings	(	853,826,871 )	( 1,527,268,240 )
Increase in long-term borrowings (including current portion of long-term liabilities)		25,902,997	15,759,591
Decrease in long-term borrowings (including current portion of long-term liabilities)	(	24,135,401 )	( 11,401,464 )
Increase (decrease) in non-controlling interests		8,418	( 2,573 )
Increase in commercial papers payable		27,927,443	32,850,123
Decrease in commercial papers payable	(	28,307,012 )	( 33,642,276 )
Issuance of bonds payable		-	6,000,000
Cost of bond issuance		-	( 5,262 )
(Decrease) increase in other non-current liabilities	(	11,601 )	65,360
Cash dividends distributed to shareholders	6(23) (	4,139,274 )	( 3,808,131 )
Net cash provided by financing activities		6,626,932	12,143,516
Effect of exchange rate changes on cash and cash equivalents		1,699,271	2,744,088
Net (decrease) increase in cash and cash equivalents	(	1,738,217 )	1,726,256
Cash and cash equivalents at beginning of year		11,184,859	9,458,603
Cash and cash equivalents at end of year	\$	9,446,642	\$ 11,184,859

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, 2015 AND 2014  
(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.
- (2) The Company was organised to create the management mechanism of the group, supervise the subsidiaries, integrate the whole group and improve operational efficiency. The Company's subsidiaries are mainly engaged in the distribution and sales of electronic / electrical components, sales of computer software and electrical products and sales of electronic / electrical components.
- (3) In accordance with the Company's Articles of Incorporation, the total authorised common stock is 2 billion shares (including 50 million shares of warrant, warrant preferred stock and warrant bond conversion). The Company and the subsidiaries included in these consolidated financial statements are collectively referred as the "Group". As of December 31, 2015, the Company had issued capital of \$16,557,092 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 authorised for issuance by the Board of Directors on March 29, 2016.

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”)

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as “the 2013 version of IFRS”) in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), ‘Employee benefits’

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. Past service cost will be recognised immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans.

The Group recognised previously unrecognised past service cost by increasing accrued pension liabilities and deferred income tax assets by \$4,634 and \$583, respectively, and decreasing retained earnings by \$4,051 at January 1, 2014; increasing accrued pension liabilities and deferred income tax assets by \$2,754 and \$366, respectively, and decreasing retained earnings by \$2,388 at December 31, 2014; and decreasing operating expenses by \$1,880 and increasing income tax assets by \$217 for the year ended December 31, 2014.

B. IAS 1, ‘Presentation of financial statements’

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

D. Disclosures - Transfers of financial assets (amendment to IFRS 7)

The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date. The Group includes qualitative and quantitative disclosures for all transferred financial assets.

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

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016
The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.	

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

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

##### (2) Basis of preparation

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

- a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- b) Available-for-sale financial assets measured at fair value.
- c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher

degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2015	December 31, 2014	
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.	"	100.00	100.00	
WPG Holdings Limited	Genuine C&C Inc.	Sales of computer and its peripherals	44.21	-	Note 2
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	Holding company	100.00	100.00	
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	"	100.00	100.00	
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Agent and sales of electronic / electrical components	100.00	100.00	
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	"	100.00	100.00	
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	Sales of computer and its peripherals	16.29	-	Note 2



Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2015	December 31, 2014	
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.	Trading of electronic / electrical products	100.00	100.00	
World Peace International (BVI) Ltd.	Prime Future Technology Limited	Holding company	100.00	100.00	
Prime Future Technology Limited	World Peace International Pte. Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Agent and sales of electronic / electrical components	80.00	80.00	
World Peace International Pte. Ltd.	WPG Americas Inc.	"	4.31	5.10	Note 4
World Peace International Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	Genuine C&C (South Asia) Pte., Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	WPG SCM Limited	"	-	100.00	Note 7
World Peace International (South Asia) Pte Ltd.	World Peace International (India) Pvt., Ltd.	"	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn. Bhd	"	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	Agent and sales of information products	100.00	100.00	Note 5

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2015	December 31, 2014	
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Agent and sales of electronic / electrical components	100.00	100.00	
WPI Investment Holding (BVI) Company Ltd.	WPI International (Hong Kong) Limited	"	100.00	100.00	
WPI Investment Holding (BVI) Company Ltd.	WPG Gain Tune Ltd.	"	-	99.90	Note 3
WPI Investment Holding (BVI) Company Ltd.	WPI International Trading (Shenzhen) Ltd.	Agent and sales of electronic / electrical components	-	100.00	Note 15
WPI Investment Holding (BVI) Company Ltd.	VITEC WPG Limited	"	50.00	50.00	Note 13
WPI Investment Holding (BVI) Company Ltd.	World Peace International (Asia) Limited	"	100.00	100.00	
WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Agent and sales of information products	100.00	100.00	
WPI International (Hong Kong) Limited	WPG C&C Limited	"	100.00	100.00	
WPI International (Hong Kong) Limited	AIO Components Company Limited	Agent and sales of electronic / electrical components	100.00	100.00	
AIO Components Company Limited	AIO (Shanghai) Components Company Limited	"	100.00	100.00	
WPG C&C Limited	Genuine Trading (Hong Kong) Company Limited	"	24.71	-	Note 9
Longview Technology Inc.	Longview Technology GC Limited	Holding company	100.00	100.00	
Longview Technology Inc.	Long-Think International Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
Longview Technology GC Limited	Long-Think International (Hong Kong) Limited	"	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2015	December 31, 2014	
Long-Think International (Hong Kong) Limited	Long-Think International (Shanghai) Limited	Agent and sales of electronic / electrical components	100.00	100.00	
Silicon Application Corporation	Silicon Application (BVI) Corp.	Holding company	100.00	100.00	
Silicon Application Corporation	Win-Win Systems Ltd.	"	100.00	100.00	
Silicon Application Corporation	SAC Components (South Asia) Pte. Ltd.	Sales of computer software and electronic products	100.00	100.00	
Silicon Application Corporation	Win-Win Electronic Corp.	"	100.00	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	
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	International investment	100.00	100.00	
Pernas Enterprise (Samoa) Limited	World Components Agent (Shanghai) Inc.	Sales of electronic / electrical products	100.00	100.00	
Silicon Application (BVI) Corp.	Silicon Application Company Limited	Sales of computer software and electronic products	100.00	100.00	
Silicon Application Company Limited	Dstar Electronic Company Limited	"	100.00	100.00	
WPG Korea Co., Ltd.	Apache Communication Inc. (B.V.I.)	Investment company	100.00	100.00	
Apache Communication Inc. (B.V.I.)	Apache Korea Corp.	Sales of electronic / electrical products	100.00	100.00	
WPG International (CI) Limited	WPG International (Hong Kong) Limited	Holding company	100.00	100.00	
WPG International (CI) Limited	WPG Americas Inc.	Agent and sales of electronic / electrical components	95.69	94.90	Note 4

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2015	December 31, 2014	
WPG International (CI) Limited	WPG South Asia Pte. Ltd.	Sales of electronic / electrical products	100.00	100.00	
WPG International (CI) Limited	WPG Cloud Service Limited	General trading	100.00	100.00	
WPG International (CI) Limited	WPG Gain Tune Ltd.	Agent for selling electronic / electrical components	60.00	-	Note 3
WPG International (Hong Kong) Limited	WPG Electronics (Hong Kong) Limited	Agent for selling electronic / electrical components	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 Americas Inc.	Dynamic Image Technologies, LLC	Sales of electronic /electrical products	-	100.00	Note 10
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 8
WPG South Asia Pte. Ltd.	WPG India Electronics Pvt. Ltd.	"	99.99	99.99	Note 12
WPG South Asia Pte. Ltd.	WPG Electronics (Philippines) Inc.	"	100.00	100.00	Note 6
WPG South Asia Pte. Ltd.	WPG SCM Limited	"	100.00	-	Note 7
WPG Malaysia Sdn. Bhd	WPG India Electronics Pvt. Ltd.	"	0.01	0.01	Note 12
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	

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2015	December 31, 2014	
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 products	100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	"	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	
Sertek Incorporated	Sertek Limited	"	100.00	100.00	
Suntop Investments Limited	Yosun Hong Kong Corp. Ltd.	"	100.00	100.00	
Suntop Investments Limited	Yosun Singapore Pte Ltd.	"	100.00	100.00	
Sertek Limited	Sertek (Shanghai) Limited	"	100.00	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	

Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		Note
			December 31, 2015	December 31, 2014	
Yosun Singapore Pte Ltd.	Yosun Industrial (Malaysia) SDN. BHD.	Sales of electronic / electrical products	100.00	100.00	
Yosun Singapore Pte Ltd.	Yosun India Private Ltd.	"	100.00	100.00	
WPG Investment Co., Ltd.	Taibao Creation Co., Ltd.	Retail of groceries	25.00	-	Note 11
Genuine C&C, Inc.	Hat-Trick Co., Ltd.	General investment and retail of groceries	100.00	-	
Genuine C&C, Inc.	Taibao Creation Co., Ltd.	Retail of groceries	50.00	-	Note 11
Genuine C&C, Inc.	Genuine C&C Holding Inc. (Seychelles)	Holding company	100.00	-	Note 2
Genuine C&C Holding Inc. (Seychelles)	Genuine Trading (Hong Kong) Company Limited	"	75.29	-	Notes 2 and 9
Genuine C&C Holding Inc. (Seychelles)	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Sales of electronic /electrical products	55.00	-	Notes 2 and 14
Genuine Trading (Hong Kong) Company Limited	Hubei Xinsheng Technology Investment Management Co., Ltd.	Sales of electronic products and peripherals	83.33	-	Note 2

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

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

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

Note 4: WPG International (CI) Limited increased capital of WPG Americas Inc. by cash in April 2015. However, World Peace Industrial Co., Ltd. did not participate in the capital increase based on its shareholding ratio. World Peace Industrial Co.,

Ltd. totally held 4.31% and 5.1% of shares of WPG Americas Inc. through World Peace International Pte Ltd. and WPI International (Hong Kong) Limited as of December 31, 2015 and 2014, respectively. Along with shares of WPG Americas Inc. held by WPG International (CI) Limited, the total shareholding ratio is 100%.

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

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

Note 7: Due to restructuring, the subsidiary was sold to WPG South Asia Pte. Ltd. by World Peace International (South Asia) Pte Ltd. in January, 2015.

Note 8: 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 9: WPG C & C Limited originally held 39.92% of shares of Genuine Trading (Hong Kong) Company Limited. As Genuine Trading (Hong Kong) Company Limited increased its capital in October 2015, WPG C & C Limited's shareholding ratio decreased to 24.71%. Along with 75.29% of shares that increased from 60.08% after capital increase held by Genuine C&C Holding Inc., the Group holds 100% of shares of Genuine Trading (Hong Kong) Company Limited in total.

Note 10: It was liquidated in May 2015.

Note 11: Genuine C&C, Inc. holds 50% of Taibao Creation Co., Ltd. Along with 25% of shares held by WPG Investment Co., Ltd., the Group holds 75% of shares of Taibao Creation Co., Ltd. in total.

Note 12: 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 13: It was formerly known as TEKSEL WPG Limited and was renamed in November 2015.

Note 14: The subsidiary increased its capital by cash on July 20, 2015. Genuine C&C Holding Inc. (Seychelles) participated in the capital increase and held 55% of shares of the subsidiary after the increase.

Note 15: It has completed cancellation of registration in September 2015.

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, 2015, the non-controlling interest amounted to \$547,338. The information on non-controlling interest and respective subsidiaries is as follows:

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

Summarised financial information of the subsidiaries:

(a) Balance sheets

	<u>Genuine C&amp;C, Inc. and its subsidiaries</u>	
	<u>December 31, 2015</u>	
Current assets	\$	2,667,863
Non-current assets		136,738
Current liabilities	(	1,633,525)
Non-current liabilities	(	51,115)
Total net assets		1,119,961
Less: non-controlling interest	(	72,059)
Equity attributable to owners of the parent company	\$	<u>1,047,902</u>

(b) Statements of comprehensive income

	<u>Genuine C&amp;C, Inc. and its subsidiaries</u>	
	<u>Year ended December 31, 2015</u>	
Revenue	\$	12,111,128
Profit before tax		28,932
Income tax expense	(	11,603)
Profit for the year		17,329
Other comprehensive income, net of tax		4,776
Total comprehensive income	\$	<u>12,553</u>
Total comprehensive loss attributable to non-controlling interest	(\$	<u>11,224</u> )
Dividends paid to non-controlling interests	\$	<u>12,572</u>



(c) Statements of cash flows

	<u>Genuine C&amp;C, Inc. and its subsidiaries</u>	
	<u>Years ended December 31, 2015</u>	
Net cash used in operating activities	(\$	1,063)
Net cash used in investing activities	(	9,674)
Net cash provided by financing activities		126,565
Effect of exchange rates on cash and cash equivalents	(	1,332)
Increase in cash and cash equivalents		114,496
Cash and cash equivalents, beginning of year		306,575
Cash and cash equivalents, end of year	\$	421,071

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains or losses.

B. Translation of foreign operations

- The operating results and financial position of all the group entities that have a

functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- b) 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.
  - c) 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.
  - d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - b) Assets held mainly for trading purposes;
  - c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - a) Liabilities that are expected to be paid off within the normal operating cycle;
  - b) Liabilities arising mainly from trading activities;
  - c) Liabilities that are to be paid off within twelve months from the balance sheet date;

- d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.
- (6) Cash equivalents
- Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.
- (7) Financial assets at fair value through profit or loss
- A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.
- B. On a regular way purchase or sale basis, financial assets held for trading are recognised and derecognised using trade date accounting. Derivatives are recognised and derecognised using settlement date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.
- (8) Available-for-sale financial assets
- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.
- (9) Loans and receivables
- A. Accounts receivable
- Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are

subsequently measured at initial invoice amount as the effect of discounting is immaterial.

B. Investment in debt instruments without active market

- a) Investment 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, bond investments without active market are recognised and derecognised using trade date accounting.
- c) Investment in debt instruments without active market are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(10) Impairment of financial assets

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

- f) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or
  - g) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:
- a) Financial assets measured at amortised cost
 

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.
  - b) Financial assets measured at cost
 

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

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

(11) Derecognition of financial assets

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

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

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of estimated selling expenses.

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

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds the Group's interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase

or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

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

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

Buildings	5 ~ 55 years
Transportation equipment	2 ~ 10 years
Furniture and fixtures	1 ~ 10 years
Leasehold improvements	2 ~ 15 years
Other property, plant and equipment	2 ~ 10 years

(15) Leases

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

(16) Investment property

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

(17) Intangible assets

A. Goodwill

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

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

(18) Impairment of non-financial assets

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

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

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or



group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

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

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

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

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Company contain conversion options (that is, the

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

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

(25) Derivative financial instruments

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

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a) Defined contribution plans

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

b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

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

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

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders

resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(28) Dividends

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

(29) Revenue recognition

The Group manufactures and sells computer software, electrical components products and so on. Revenue is measured at the fair value of the consideration received or receivable taking into account the business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the

Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(30) Business combinations

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

(31) Operating segments

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

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

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

addressed below:

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

A. Financial assets-impairment of equity investments

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

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Group would suffer an additional loss of \$860,087 in its financial statements for the year ended December 31, 2015, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

B. Revenue recognition on a net/gross basis

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

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

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

(2) Critical accounting estimates and assumptions

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 of goodwill impairment.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash on hand and petty cash	\$ 4,270	\$ 2,921
Checking accounts	2,591,021	2,351,452
Demand deposits	6,377,180	7,654,267
Time deposits	474,171	1,176,219
	<u>\$ 9,446,642</u>	<u>\$ 11,184,859</u>

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

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

<u>Items</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current items:		
Financial assets held for trading		
Listed stocks	\$ 11,938	\$ 12,993
Derivatives	29,709	1,919
Domestic open-end fund	20,266	-
	<u>61,913</u>	<u>14,912</u>
Valuation adjustment of financial assets held for trading	353	801
	<u>\$ 62,266</u>	<u>\$ 15,713</u>

#### Current items:

#### Financial liabilities held for trading

Derivatives	<u>\$ 26,719</u>	<u>\$ 10,176</u>
-------------	------------------	------------------

- A. The Group recognised net gain (loss) of \$46,150 and (\$61,506) on financial assets and liabilities held for trading for the years ended December 31, 2015 and 2014, respectively.
- B. The counterparties of the Group's debt instrument investments are mostly listed companies or financial institutions which have good credit quality so the Group expects that the counterparties would not default on the contract.

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

<u>Derivative instruments</u>	<u>December 31, 2015</u>			<u>December 31, 2014</u>		
	<u>Contract amount</u> <u>(notional principal)</u>	<u>Contract period</u>		<u>Contract amount</u> <u>(notional principal)</u>	<u>Contract period</u>	
Forward foreign exchange contracts						
- Sell	USD 14,000	2015.11.26~ 2016.02.05		USD 3,300	2014.12.01~ 2015.01.28	
	EUR 600	2015.12.04~ 2016.02.16		-	-	
- Sell-SWAP	USD 15,340	2015.04.24~ 2016.06.21		USD 16,000	2014.11.04~ 2015.01.30	
- Buy	USD 17,820	2015.11.20~ 2016.02.26		USD 13,354	2014.08.22~ 2015.03.24	
- Buy	EUR 1,100	2015.12.17~ 2016.01.14		EUR 500	2014.12.04~ 2015.01.14	

Note: expressed in thousands.

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

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

<u>Items</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Listed stocks	\$ 36,952	\$ 18,282
Adjustment of available-for-sale financial assets	( 1,166)	26,875
	<u>\$ 35,786</u>	<u>\$ 45,157</u>

A. The Group recognised (\$40,465) and \$64,944 in other comprehensive income (loss) for fair value change of current and non-current available-for-sale financial assets and reclassified \$55,521 and \$79,309 from equity to profit or loss for the years ended December 31, 2015 and 2014, 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 expected the counterparties would not default on the contract.

(4) Notes receivable

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Notes receivable	<u>\$ 6,511,976</u>	<u>\$ 3,228,163</u>

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



(5) Accounts receivable

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounts receivable	\$ 86,259,250	\$ 79,307,057
Less: Allowance for doubtful accounts	( 818,817)	( 554,967)
	<u>\$ 85,440,433</u>	<u>\$ 78,752,090</u>

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Group 1	\$ 30,958,362	\$ 37,121,508
Group 2	<u>49,343,178</u>	<u>36,775,902</u>
	<u>\$ 80,301,540</u>	<u>\$ 73,897,410</u>

Group 1: Includes customers with current ratio, debt ratio, earnings and 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, 2015</u>	<u>December 31, 2014</u>
0 to 30 days	\$ 2,991,898	\$ 2,721,699
31 to 60 days	2,119,226	1,679,885
61 to 90 days	317,224	393,939
91 to 120 days	141,769	169,054
121 to 150 days	102,371	134,473
151 to 180 days	6,014	22,661
Over 181 days	<u>279,208</u>	<u>287,936</u>
	<u>\$ 5,957,710</u>	<u>\$ 5,409,647</u>

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

	<u>2015</u>
	<u>Group provision</u>
At January 1	\$ 554,967
Provision for impairment	678,057
Write-offs during the year	( 64,464)
Effects of foreign exchange	33,906
Others (Note)	( 383,649)
At December 31	<u>\$ 818,817</u>

Note: Others include effect of consolidated entities and reclassification to overdue receivables that amounted to \$20,830 and (\$404,479), respectively.

	2014
	<u>Group provision</u>
At January 1	\$ 572,834
Provision for impairment	101,549
Write-offs during the period	( 30,891)
Effects of foreign exchange	( 16,097)
Others (Note)	( 72,428)
At December 31	<u>\$ 554,967</u>

Note: Others include reclassification to other receivables and to overdue receivables that amounted to (\$8,691) and (\$63,737), respectively.

(6) Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

The Group entered into factoring of accounts receivable with banks. In accordance with the contract requirements, the Group shall only be liable for the losses incurred on any commercial dispute and did not assume the risk of uncollectible accounts receivable. The Group does not have any continuing involvement in the transferred accounts receivable. The derecognised amounts had already deducted the estimated commercial disputes. The commercial papers and time deposits pledged to the banks are for losses incurred only on commercial disputes or for the banks' practice of accounts receivable factoring. The pledged commercial papers and time deposits do not cover losses other than those arising from commercial disputes. As of December 31, 2015 and 2014, outstanding accounts receivable were as follows:

December 31, 2015						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In Thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	\$ 1,334,396	\$ 1,334,396	USD 47,500	\$ 1,334,396	1.32%~1.64%	Note 1
Mega International Commercial Bank	4,194,769	4,194,769	USD 173,900 \$ 650,000	3,853,236	1.10%~1.77%	Note 2
ANZ Bank	2,103,462	2,103,462	USD 160,000	2,103,462	1.53%~1.86%	None
CTBC Bank	2,696,735	2,696,735	USD 28,000 \$ 3,586,000	2,416,745	1.05%~1.74%	Note 3
E. SUN Commercial Bank	2,391,241	2,391,241	USD 195,500 \$ 20,000	1,737,610	1.15%~1.53%	Note 4
Taipei Fubon Commercial Bank	1,817,823	1,817,823	\$ 3,139,300	1,767,617	1.14%~1.30%	Note 5
Industrial Bank of Taiwan	91,577	91,577	\$ 244,432	69,613	1.20%	Note 6
Yuanta Commercial Bank	1,025,276	1,025,276	USD 25,000 \$ 2,342,000	906,315	1.15%~1.35%	Note 7

December 31, 2015						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In Thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
The Hong Kong and Shanghai Banking	\$ 2,611,079	\$ 2,611,079	USD 168,800	\$ 2,595,747	1.02%	Note 8
Ta Chong Bank	388,851	388,851	USD 12,700	30,503	1.45%~1.80%	Note 9
			\$ 1,700,000			
Standard Chartered Bank	874,357	874,357	USD 71,130	233,922	1.26%~1.27%	None
Taishin International Bank	6,019,879	6,019,879	\$ 8,500,000	2,006,826	1.35%~1.79%	Note 10
Bank SinoPac	259,361	259,361	USD 17,500	110,579	1.05%~1.46%	Note 11
			\$ 950,000			
Far Eastern International Bank	192,864	192,864	USD 22,000	115,972	1.25%~1.56%	Note 12
			\$ 400,000			
Chang Hwa Bank	500,100	500,100	USD 44,300	251,047	1.35%~1.70%	Note 13
DBS Bank	429,998	429,998	USD 62,000	208,236	1.15%~1.47%	Note 14
Shin Kong Bank	20,011	20,011	USD 4,500	15,148	1.36%~1.61%	Note 15
			\$ 10,000			
Taiwan Cooperative Bank	25,932	25,932	USD 3,000	23,339	1.12%~1.46%	Note 16
Hang Seng Bank	983,212	983,212	USD 28,000	375,286	1.23%~1.43%	Note 17
KGI Bank	46,539	46,539	\$ 65,000	44,212	1.17%	Note 18

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

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

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

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

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

Note 6: The Group has signed commercial papers amounting to \$244,432 that were pledged to others as collateral.

Note 7: The Group has signed commercial papers amounting to USD 25 million and \$2,342,000 that were pledged to others as collateral.

Note 8: The Group has signed commercial papers amounting to USD 167,220 thousand that were pledged to others as collateral.

Note 9: The Group has signed commercial papers amounting to USD 12,700 thousand and \$1,700,000 that were pledged to others as collateral.

Note 10: The Group has signed commercial papers amounting to \$8,500,000 that were

pledged to others as collateral.

Note 11: The Group has signed commercial papers amounting to USD 17,500 thousand and \$600,000 that were pledged to others as collateral.

Note 12: The Group has signed commercial papers amounting to USD 22 million and \$400,000 that were pledged to others as collateral.

Note 13: The Group has signed commercial papers amounting to USD 44,300 thousand that were pledged to others as collateral.

Note 14: The Group has signed commercial papers amounting to USD 84 million that were pledged to others as collateral.

Note 15: The Group has signed commercial papers amounting to USD 4,500 thousand and \$10,000 that were pledged to others as collateral.

Note 16: The Group has signed commercial papers amounting to USD 3 million that were pledged to others as collateral.

Note 17: The Group has provided demand deposits amounting to USD 1,470 thousand that were pledged to others as collateral.

Note 18: The Group has signed commercial papers amounting to \$23,000 that were pledged to others as collateral.

December 31, 2014						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In Thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank Mega International Commercial Bank	\$ 798,330	\$ 798,330	USD 35,600	\$ 798,330	1.6%~2.48%	Note 1
Commercial Bank	3,717,187	3,717,187	USD 163,000	3,695,046	1.09%~2.01%	Note 2
			\$ 620,000			
CTBC Bank E. SUN Commercial Bank	1,642,507	1,642,507	\$ 2,477,000	1,501,471	1.13%~1.96%	Note 3
	1,910,735	1,910,735	USD 141,500	1,825,640	1.15%~1.45%	Note 4
			\$ 617,175			
Taipei Fubon Commercial Bank	2,106,180	2,106,180	USD 4,680	2,018,554	1.04%~1.75%	Note 5
			\$ 3,109,300			
Industrial Bank of Taiwan	51,491	51,491	\$ 201,938	46,342	1.16%	Note 6
Yuanta Commercial Bank	1,026,635	1,026,635	USD 25,000	1,012,236	1.15%~1.55%	Note 7
			\$ 2,502,000			
The Hong Kong and Shanghai Banking	2,844,881	2,844,881	USD 133,600	2,681,681	0.96%	Note 8
Ta Chong Bank	306,571	306,571	USD 5,400	274,619	1.57%~2.00%	Note 9
			\$ 1,700,000			

December 31, 2014						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In Thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Standard Chartered						
Bank	\$ 1,571,719	\$ 1,571,719	USD 6,330	\$ 1,421,237	1.20%~1.32%	None
			\$ 2,180,527			
Taishin International						
Bank	3,715,808	3,715,808	\$ 7,500,000	3,525,913	1.60%~2.50%	Note 10
Bank SinoPac	16,791	16,791	\$ 950,000	14,687	1.26%~1.64%	Note 11
Far Eastern						
International Bank	91,587	91,587	USD 22,000	82,428	1.33%~1.63%	Note 12
			\$ 600,000			
Chang Hwa Bank	342,193	342,193	USD 19,000	333,630	1.22%~1.60%	Note 13
			\$ 287,355			
DBS Bank	332,835	332,835	USD 13,000	332,835	1.15%~1.23%	Note 14
			\$ 1,234,350			
Shin Kong Bank	12,514	12,514	USD 9,200	11,263	1.14%	Note 15
Taiwan Cooperative						
Bank	58,090	58,090	USD 6,700	52,281	0.79%~0.83%	Note 16
En Tie Bank	15,079	15,079	USD 2,600	13,546	1.51%~1.67%	Note 17
			\$ 20,000			
Hang Seng Bank	372,895	372,895	USD 28,000	326,370	1.16%~1.26%	Note 18

Note 1: The Group has signed commercial papers amounting to USD 34 million that were pledged to others as collateral.

Note 2: The Group has signed commercial papers amounting to USD 162 million and \$555,000 that were pledged to others as collateral.

Note 3: The Group has signed commercial papers amounting to \$213,600 that were pledged to others as collateral.

Note 4: The Group has signed commercial papers amounting to USD 161 million that were pledged to others as collateral.

Note 5: The Group has signed commercial papers amounting to USD 528 thousand and \$203,500 that were pledged to others as collateral.

Note 6: The Group has signed commercial papers amounting to \$135,852 that were pledged to others as collateral.

Note 7: The Group has signed commercial papers amounting to USD 25 million and \$1,912,000 that were pledged to others as collateral.

Note 8: The Group has signed commercial papers amounting to USD 76,530 thousand that were pledged to others as collateral.

Note 9: The Group has signed commercial papers amounting to USD 2,400 thousand and \$2,190,000 that were pledged to others as collateral.

Note 10: The Group has signed commercial papers amounting to \$7,500,000 that were pledged to others as collateral.

Note 11: The Group has signed commercial papers amounting to \$600,000 that were pledged to others as collateral.

Note 12: The Group has signed commercial papers amounting to USD 22 million and \$600,000 that were pledged to others as collateral.

Note 13: The Group has signed commercial papers amounting to USD 36,100 thousand and \$12,000 that were pledged to others as collateral.

Note 14: The Group has signed commercial papers amounting to USD 35 million that were pledged to others as collateral.

Note 15: The Group has signed commercial papers amounting to USD 9,200 thousand that were pledged to others as collateral.

Note 16: The Group has signed commercial papers amounting to USD 6,700 thousand that were pledged to others as collateral.

Note 17: The Group has signed commercial papers amounting to USD 2,600 thousand and \$20,000 that were pledged to others as collateral.

Note 18: The Group has provided demand deposits amounting to USD 1,470 thousand that were pledged to others as collateral.

The Group has recognised loss of \$325,269 and \$236,748 when transferring the derecognised accounts receivable for the years ended December 31, 2015 and 2014, respectively.

(7) Inventories

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

  

	December 31, 2014		
	Cost	Allowance for valuation	Book value
Inventories	\$ 46,582,934	(\$ 661,957)	\$ 45,920,977
Inventories in transit	1,452,529	-	1,452,529
	<u>\$ 48,035,463</u>	<u>(\$ 661,957)</u>	<u>\$ 47,373,506</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2015	2014
Cost of goods sold	\$ 493,892,332	\$ 432,175,856
Loss on (gain from recovery of) price decline in inventory	191,367	( 190,673)
Loss on physical inventory	2,541	3,010
Cost of goods sold	<u>\$ 494,086,240</u>	<u>\$ 431,988,193</u>

Gain arose from price recovery of inventories and sales of obsolete and slow-moving inventories during the years ended December 31, 2014.

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

<u>Investee company</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Nichidenbo Corporation	\$ 231,990	\$ 231,990
Promaster Technology Corp.	49,605	49,605
Apollo Electronics Group Ltd.	47,414	45,717
Murad Chia Jei Biotechnology Co., Ltd.	19,107	19,107
Hua-Jie (Taiwan) Corp.	10,500	10,500
Kingmax Technology Inc.	9,504	9,504
Kingpak Technology Inc.	-	7,559
Others	<u>9,587</u>	<u>17,880</u>
	377,707	391,862
Add: valuation adjustment	( 34,610)	33,335
Less: accumulated impairment	( <u>7,801</u> )	( <u>7,801</u> )
	<u>\$ 335,296</u>	<u>\$ 417,396</u>

- A. There is no investment in available-for-sale financial asset attributed to debt instruments.
- B. As of December 31, 2015 and 2014, the Group's available-for-sale financial assets serve as security for purchase guarantee. Please refer to Note 8.
- C. The amounts recognised in other comprehensive income for fair value change of current and non-current available-for-sale financial assets for the years ended December 31, 2015 and 2014 are described in Note 6(3).

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

<u>Investee company</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Ability I Venture Capital Corporation	\$ 100,000	\$ 100,000
CDIB CME Fund Ltd.	100,000	50,000
Tyche Partners, LP.	63,364	-
Silicon Line GmbH	40,851	40,851
M Cube Inc.	30,365	30,365
Ability Asia Capital Corporation	25,000	-
Chlen Hwa Coating Technology Inc.	20,000	20,000
GEC Technology Hong Kong Company Limited	19,994	19,994
Bettery Energy Technology Inc.	18,000	18,000
Fantasy Story Inc.	15,047	15,047
Liefco Optical Inc.	15,000	15,000
Remotek Corporation	13,520	13,520
TekCare Corporation	12,600	-
FineMat Applied Materials Co., Ltd.	11,941	11,941
Centillion III Venture Capital Corp.	10,500	35,000
SmartDisplayer Technology Co., Ltd.	10,000	10,000
PTR-Tech Technology Co., Ltd.	10,000	10,000
Phostek Inc.	5,743	5,743
H2UTECH Corp.	-	16,500
Others	56,647	42,081
	578,572	454,042
Less: Accumulated impairment	( 110,541 )	( 58,546 )
	<u>\$ 468,031</u>	<u>\$ 395,496</u>

- A. As of December 31, 2015 and 2014, 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. For details of impairment of financial assets measured as cost, please refer to Note 6(14).



(10) Investments accounted for under the equity method

A. Details of investments:

<u>Investee company</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
ChainPower Technology Corp.	\$ 201,873	\$ 217,369
Sunrise Technology Co., Ltd.	79,911	56,000
Eesource Corp.	73,387	63,870
Suzhou Xinning Bonded Warehouse Co., Ltd.	55,123	46,629
Yosun Japan Corp.	40,257	44,785
Suzhou Xinning Logistics Co., Ltd.	37,604	39,249
Gain Tune Logistics (Shanghai) Co., Ltd.	35,199	32,445
Adivic Technology Co., Ltd.	31,230	30,683
Shenzhen HQPG Electronic Information Co., Ltd.	-	55,630
Yosun Green Technology Corp.	-	17,451
Genuine C&C, Inc.	-	173,341
Genuine Trading (Hong Kong) Company Limited	-	26,211
Others	470	12,550
	<u>\$ 555,054</u>	<u>\$ 816,213</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, 2015 and 2014, the carrying amount of the Group's individually immaterial associates amounted to \$550,054 and \$816,213, respectively.

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Profit or loss for the year from continuing operations	\$ 123,855	\$ 160,408
Other comprehensive income - net of tax	13,605	20,262
Total comprehensive income	<u>\$ 137,460</u>	<u>\$ 180,670</u>

- C. The Company's investment in Genuine C&C Inc. has quoted market price. The fair value of Genuine C&C Inc. as at December 31, 2014 was \$144,450.
- D. The Group originally accounted Genuine C&C, Inc. and Genuine Trading (Hong Kong) Company Limited using equity method. The Company acquired partial stocks of Genuine C&C, Inc. on April 15, 2015, thus Genuine C&C, Inc. became the Group's consolidated entity after the Company acquired Genuine C&C Inc. Details are provided in Notes 4(3)B and 9.
- E. For the information on impairment loss on investment accounted for using equity method, please refer to Note 6(14).

(11) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Construction in progress and equipment to be tested</u>	<u>Total</u>
<u>At January 1, 2014</u>								
Cost	\$2,539,520	\$2,393,148	\$ 12,707	\$ 444,461	\$ 452,865	\$ 202,640	\$ -	\$6,045,341
Accumulated depreciation	-	( 384,551)	( 10,217)	( 257,351)	( 190,103)	( 124,363)	-	( 966,585)
Accumulated impairment	( 1,582)	( 10,764)	-	( 2,232)	( 2,050)	( 7,117)	-	( 23,745)
	<u>\$2,537,938</u>	<u>\$1,997,833</u>	<u>\$ 2,490</u>	<u>\$ 184,878</u>	<u>\$ 260,712</u>	<u>\$ 71,160</u>	<u>\$ -</u>	<u>\$5,055,011</u>
<u>Year ended December 31, 2014</u>								
Opening net book amount	\$2,537,938	\$1,997,833	\$ 2,490	\$ 184,878	\$ 260,712	\$ 71,160	\$ -	\$5,055,011
Additions	-	5,669	3,326	30,588	27,610	20,977	4,601	92,771
Disposals	( 110,130)	( 27,509)	-	( 4,253)	-	( 7,888)	( 73)	( 149,853)
Transfer	( 134,358)	( 19,410)	-	11	-	( 11)	-	( 153,768)
Depreciation charge	-	( 61,545)	( 1,575)	( 75,578)	( 49,836)	( 27,776)	-	( 216,310)
Effect due to changes in exchange rates	( 3,809)	35,340	123	3,839	9,990	( 1,683)	199	43,999
Closing net book amount	<u>\$2,289,641</u>	<u>\$1,930,378</u>	<u>\$ 4,364</u>	<u>\$ 139,485</u>	<u>\$ 248,476</u>	<u>\$ 54,779</u>	<u>\$ 4,727</u>	<u>\$4,671,850</u>
<u>At December 31, 2014</u>								
Cost	\$2,291,223	\$2,337,038	\$ 15,076	\$ 449,008	\$ 469,588	\$ 169,399	\$ 4,727	\$5,736,059
Accumulated depreciation	-	( 395,896)	( 10,712)	( 309,523)	( 221,112)	( 114,620)	-	( 1,051,863)
Accumulated impairment	( 1,582)	( 10,764)	-	-	-	-	-	( 12,346)
	<u>\$2,289,641</u>	<u>\$1,930,378</u>	<u>\$ 4,364</u>	<u>\$ 139,485</u>	<u>\$ 248,476</u>	<u>\$ 54,779</u>	<u>\$ 4,727</u>	<u>\$4,671,850</u>

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

(12) Investment property

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

Note 1: Property, plant and equipment amounting to \$408 for the year ended December 31, 2015 was transferred to investment property. Please refer to Note 6(11).

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2014</u>			
Cost	\$ 215,610	\$ 880,677	\$ 1,096,287
Accumulated depreciation	-	( 78,087)	( 78,087)
	<u>\$ 215,610</u>	<u>\$ 802,590</u>	<u>\$ 1,018,200</u>
<u>Year ended December 31, 2014</u>			
Opening net book amount	\$ 215,610	\$ 802,590	\$ 1,018,200
Disposal	-	( 23,483)	( 23,483)
Depreciation charge	-	( 41,760)	( 41,760)
Transfer (Note 2)	134,358	19,410	153,768
Effect due to changes in exchange rates	-	41,900	41,900
Closing net book amount	<u>\$ 349,968</u>	<u>\$ 798,657</u>	<u>\$ 1,148,625</u>
<u>At December 31, 2014</u>			
Cost	\$ 349,968	\$ 898,656	\$ 1,248,624
Accumulated depreciation	-	( 99,999)	( 99,999)
	<u>\$ 349,968</u>	<u>\$ 798,657</u>	<u>\$ 1,148,625</u>

Note 2: Property, plant and equipment amounting to \$153,768 for the year ended December 31, 2014 were transferred to investment property. Please refer to Note 6(11).

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

	Years ended December 31,	
	2015	2014
Rental revenue from the lease of the investment property	\$ 31,473	\$ 26,422
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 13,066	\$ 11,166
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ 9,426	\$ 14,941

- B. The fair value of the investment property held by the Group as at December 31, 2015 and 2014 was \$1,647,280 and \$1,694,104, respectively. The fair value as of December 31, 2015 and 2014 was based on independent appraisers' valuation, which is made using comparative method and income approach. Comparison method is to compare the valuation target with similar property which is traded around the valuation period. Valuations were made using the income approach with key assumptions as follows:

	December 31, 2015	December 31, 2014
Discount rate	2%~2.5%	2%~2.5%
Growth rate	1%	1%
Gross margin	2.7%	2.7%

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

- D. None of the investment property is pledged for guarantee.

(13) Intangible assets

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

	<u>Operating right</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2014</u>					
Cost	\$ 399,383	\$ 199,071	\$ 5,607,154	\$ 65,245	\$6,270,853
Accumulated amortisation and impairment	( 184,502)	( 141,205)	( 66,462)	( 35,804)	( 427,973)
	<u>\$ 214,881</u>	<u>\$ 57,866</u>	<u>\$ 5,540,692</u>	<u>\$ 29,441</u>	<u>\$5,842,880</u>
<u>Year ended December 31, 2014</u>					
Opening net book amount	\$ 214,881	\$ 57,866	\$ 5,540,692	\$ 29,441	\$5,842,880
Additions-acquired separately	-	21,567	-	-	21,567
Disposals	-	( 3,448)	-	-	( 3,448)
Amortisation charge	( 97,014)	( 22,728)	-	( 19,568)	( 139,310)
Effect due to changes in exchange rates	9,168	1,381	13,100	11,219	34,868
Closing net book amount	<u>\$ 127,035</u>	<u>\$ 54,638</u>	<u>\$ 5,553,792</u>	<u>\$ 21,092</u>	<u>\$5,756,557</u>
<u>At December 31, 2014</u>					
Cost	\$ 414,356	\$ 216,639	\$ 5,624,802	\$ 67,381	\$6,323,178
Accumulated amortisation and impairment	( 287,321)	( 162,001)	( 71,010)	( 46,289)	( 566,621)
	<u>\$ 127,035</u>	<u>\$ 54,638</u>	<u>\$ 5,553,792</u>	<u>\$ 21,092</u>	<u>\$5,756,557</u>

The details of amortisation charge are as follows:

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Selling and marketing expenses	\$ 56,422	\$ 89,130
General and administrative expenses	39,312	52,475
	<u>\$ 95,734</u>	<u>\$ 141,605</u>

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

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Yosun subgroup	\$ 4,714,529	\$ 4,708,092
Aeco subgroup	472,290	472,290
Others	430,699	373,410
	<u>\$ 5,617,518</u>	<u>\$ 5,553,792</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.

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 past historical experience and expectations of industry; the assumption used for discount rates is weighted average capital cost of the Group. As of December 31, 2015 and 2014, the key valuations used for pre-tax discount rate were 5.05% and 5.56%, respectively.

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

The Group recognised impairment loss amounting to \$51,995 and \$41,911 for the years ended December 31, 2015 and 2014, respectively. Details of such loss are as follows:

	Years ended December 31,			
	2015		2014	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss - investment accounted for using equity method	\$ -	\$ -	\$ 2,068	\$ -
Impairment loss-financial assets carried at cost-current	-	-	3,400	-
Impairment loss-financial assets carried at cost-non-current	51,995	-	36,443	-
	<u>\$ 51,995</u>	<u>\$ -</u>	<u>\$ 41,911</u>	<u>\$ -</u>

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

	December 31, 2015	December 31, 2014
Overdue receivables	\$ 648,790	\$ 253,250
Less: Allowance for doubtful accounts	( 648,790)	( 253,250)
	<u>\$ -</u>	<u>\$ -</u>

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

	Years ended December 31,	
	2015	2014
	Group provision	Group provision
At January 1	\$ 253,250	\$ 214,984
Effect of consolidated entities	10,060	-
Provision for impairment	6,738	13,074
Write off	( 33,623)	( 26,696)
Transferred from accounts receivable	404,479	63,737
Reclassified as other income	35	-
Effect due to changes in exchange rates	7,851	( 11,849)
At December 31	<u>\$ 648,790</u>	<u>\$ 253,250</u>

(16) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Loans for overseas purchases	\$ 30,297,718	\$ 26,912,864
Short-term loans	24,277,634	18,281,126
	<u>\$ 54,575,352</u>	<u>\$ 45,193,990</u>
Annual interest rates	<u>0.88%~4.85%</u>	<u>0.75%~3.22%</u>

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

(17) Short-term commercial papers payable

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Commercial papers payable	\$ 3,710,000	\$ 4,090,000
Less: Unamortised discount	( 1,803)	( 2,234)
	<u>\$ 3,708,197</u>	<u>\$ 4,087,766</u>
Annual interest rates	<u>0.63%~1.33%</u>	<u>0.70%~1.40%</u>

The commercial papers payable are guaranteed by financial institutions.

(18) Bonds payable

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Bonds payable	\$ 6,000,000	\$ 6,000,000
Less: discount on bonds payable	( 124,617)	( 203,860)
	<u>\$ 5,875,383</u>	<u>\$ 5,796,140</u>

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

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

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

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

(c) The conversion price (\$42.8 (in dollars) per share) of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. As of December 31, 2015, the conversion price was \$37.7.

(d) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from



the Taiwan Over-The-Counter Securities Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$232,800 were separated from the liability component and were recognised in 'capital surplus-stock warrants' in accordance with IAS 32.
- C. As of December 31, 2015, none of the bondholders has requested for conversion to ordinary shares.
- D. The amortisation of discount on bonds payable was \$79,243 and \$34,203 for the years ended December 31, 2015 and 2014, respectively.

(19) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period / repayment term</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Secured bank borrowings (Note 1 and Note 2)	2012.01.02~ 2027.01.02	\$ 589,852	\$ 595,483
Unsecured bank borrowings (Note 3~ Note 8)	2014.01.10~ 2018.11.09	12,858,075	11,084,848
		13,447,927	11,680,331
Less : current portion of long-term borrowings (shown as other current liabilities)		( 1,321,268 )	( 3,374,713 )
		\$ 12,126,659	\$ 8,305,618
Interest rate range		1.22%~1.79%	1.20%~1.79%

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

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

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

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

Note 2: AIT Japan Inc., the Company's indirect subsidiary, had entered into a long-term loan agreement for a period of ten years with the Daiwa Bank, Limited on March 28, 2012, and the facility is JPY 250,000,000. The pledged assets are land, and furniture and fixtures, which amount to \$69,116 and \$76,454 thousand, respectively. The principal should be repaid in equal monthly installments (totaling 114 months) of JPY 2,193,000 from October 31, 2012 and the last monthly installment will be JPY

2,191,000.

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

- (a) Contract term: Within three years from the first drawdown (January 10, 2014)
- (b) Facility and drawdown: The facility is \$1,800,000 and the first drawdown of the loan must be within six months from the contract signing date and the amount of drawdown must be no less than \$30,000 or USD1 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.

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

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility is \$2,400,000, could be multiple drawdowns or revolving, however the total amount at any time cannot exceed the facility amount.
- (c) Repayment: For each drawdown, the principal and the interest payable must be repaid in full at the end of that specific drawdown's term. At the end of the

contract term, the principal, interest payable and any related expense of each drawdown must be repaid in full.

- (d) Loan covenant: During the contract term, Silicon Application Corporation is required to maintain financial ratios as follows: the liquidity ratio should not be less than 100%, debt ratio should not be higher than 220%, time interest earned ratio should not be less than 3 and net value (net intangible assets) should be maintained at or above \$3,000,000. If Silicon Application Corporation could not meet any of the abovementioned covenants due to the adoption of IFRSs, then Silicon Application Corporation should, within six months of delivering the first IFRS financial statements to the bank, renegotiate the terms of the covenant with the syndicate of lending financial institutions, and obtain the agreement of the majority of the syndicate.

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

- (a) Contract term: Within three years from the first drawdown.
- (b) Facility and drawdown: This pertains to a revolving loan facility of World Peace Industrial Co. Ltd., the Company's subsidiary, wherein the principal amount can be renewed after the corresponding interest is paid, and payment of the existing loan can be repaid by the new loan. If the amounts equal, then the banks would not make a procedure of remittance and loan.
- (c) Repayment: For each drawdown, the principal and interest must be repaid in full at the end of each drawdown's term. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. Based on the credit term in the contract, all or part of the loan will be re-utilized. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and loan, as if the borrower has actually received the loan, and uses the loan contract as proof of receipt. The amount of re-utilization of the revolving loan shall be repaid based on the contract.
- (d) Loan covenant: The subsidiary - World Peace Industrial Co., Ltd. (WPI) is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$7,500,000. If the covenants are not met, WPI's right to drawdown is immediately terminated, and the lead bank can

decide to take the following actions:

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

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

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

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility is \$1,200,000 and the first drawdown of the loan must be within three months from the contract signing date (AIT, Frontek and Apache's first drawdown dates were April 3, 2013, April 12, 2013 and May 17, 2013, respectively), and the amount of drawdown must be no less than \$25,000 or USD1 million. If the amount of drawdown was in New Taiwan Dollars, the repayment period could be 60, 90 or 180 days; if the amount of drawdown was in US Dollars, the repayment period could be two months, three months or six months.
- (c) Repayment: According to the loan contract, for each drawdown, the maximum repayment term is 180 days and the principal of each drawdown must be repaid in full at the end of the term. If the amount of drawdown was in US Dollars, the repayment currency should be the same as the borrowed currency and it would be the responsibility of the borrower to obtain foreign exchange approvals and, if any, other required approvals for repayment in US Dollars. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and loan, as if the banks have actually remitted the loan

and the companies have repaid the loan, and uses the loan contract as proof of receipt.

- (d) Loan covenant: Asian Information Technology Inc. is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$3,000,000.

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

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility must be less than \$7,200,000. Each drawdown amount must be no less than \$100,000 or USD 3 million. The repayment period could be 60, 90 or 180 days, and six months at the most.
- (c) Repayment: For each drawdown, the principal and interest must be repaid in full at the end of each drawdown's term. For re-utilization of the revolving loan after maturity date, application should be submitted to the lead bank five days before the maturity date. Based on the credit term in the contract, all or part of the loan will be re-utilized. If the amount of drawdown is the same as the last time, the syndicate of banks would not make an additional procedure of remittance and loan, as if the borrower has actually received the loan, and uses the loan contract as proof of receipt.
- (d) Loan covenant: World Peace Industrial Co., Ltd. is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$10,000,000.

## (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 recognised in the balance sheet are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Present value of defined benefit obligations	\$ 931,090	\$ 691,834	\$ 743,008
Fair value of plan assets	( <u>353,315</u> )	( <u>324,396</u> )	( <u>317,815</u> )
Net defined benefit liability	<u>\$ 577,775</u>	<u>\$ 367,438</u>	<u>\$ 425,193</u>

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

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

Year ended	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>December 31, 2014</u>			
Balance at January 1	\$ 743,008	(\$ 317,815)	\$ 425,193
Current service cost	11,215	-	11,215
Interest expense (income)	14,725	( 6,359)	8,366
Profit (loss) arising from curtailment or settlement	<u>( 4,654)</u>	<u>-</u>	<u>( 4,654)</u>
	<u>764,294</u>	<u>( 324,174)</u>	<u>440,120</u>
Remeasurements:			
Return on plan assets	-	( 1,403)	( 1,403)
Experience adjustments	<u>( 27,651)</u>	<u>-</u>	<u>( 27,651)</u>
	<u>( 27,651)</u>	<u>( 1,403)</u>	<u>( 29,054)</u>
Paid pension	( 19,012)	19,012	-
Direct payments charged to company's account	( 25,797)	-	( 25,797)
Pension fund contribution	<u>-</u>	<u>( 17,831)</u>	<u>( 17,831)</u>
	<u>( 44,809)</u>	<u>1,181</u>	<u>( 43,628)</u>
Balance at December 31	<u>\$ 691,834</u>	<u>(\$ 324,396)</u>	<u>\$ 367,438</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 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,	
	2015	2014
Discount rate	1.70%	2.00%
Future salary increases	2.00%~4.00%	0.00%~4.00%

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

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
<u>December 31, 2015</u>				
Effect on present value of defined benefit obligation	(\$ 91,793)	\$ 107,633	\$ 94,019	(\$ 82,286)
<u>December 31, 2014</u>				
Effect on present value of defined benefit obligation	(\$ 71,393)	\$ 83,885	\$ 72,288	(\$ 63,022)



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

The method and assumptions used for the preparation of sensitivity analysis during 2015 and during 2014 are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are \$16,358.
- (g) As of December 31, 2015, the weighted average duration of that retirement plan is 12~18 years.

**B. Defined contribution plans**

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on not less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas companies have defined contribution plans. Contributions for pensions and retirement allowance to independent fund administered by the government in accordance with the local pension regulations are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the companies have no further obligations.
- (c) The pension costs of the Group under the defined contribution pension plans for the years ended December 31, 2015 and 2014 were \$351,662 and \$354,816, respectively.

**(21) Share capital**

- A. As of December 31, 2015, 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 \$16,557,092 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding (in thousands of shares) are as follows:

	2015	2014
At January 1	1,655,709	1,655,709
Treasury stocks received from acquisition of subsidiary	( 39 )	-
At December 31	<u>1,655,670</u>	<u>1,655,709</u>

**B. Treasury stock**

- (a) Reasons for share reacquisition and movements in the number of the Company’s

treasury shares are as follows:

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

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

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

(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 warrants are provided in Note 6 (18).

(23) Retained earnings

- A. Under the Company's original Articles of Incorporation, the current year's earnings, if any, shall be used to set aside as legal reserve, and set aside as special reserve in accordance with Article 41 of Securities and Exchange Act. The remainder, if any, to be appropriated shall be proposed by the Board of Directors and resolved by the shareholders in the following order:
- Directors' and supervisors' remuneration: up to 3% of the earnings;
  - 0.01% ~ 5% of the earnings is appropriated as employees' bonuses; and
  - The remaining earnings may be declared as dividends. At least 20% of the total dividends shall be in the form of cash dividends.
- 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 2014 and 2013 had been resolved at the stockholders' meeting on June 24, 2015 and June 18, 2014, respectively. Details are summarized below:

	2014		2013	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 580,718	\$ -	\$ 475,631	\$ -
Special reserve	( 1,937,752)	-	( 1,005,252)	-
Cash dividends	4,139,274	2.5	3,808,131	2.30
	<u>\$ 2,782,240</u>	<u>\$ 2.5</u>	<u>\$ 3,278,510</u>	<u>\$ 2.30</u>

The above appropriations of earnings for 2014 and 2013 as resolved by the shareholders are the same as resolved by the Board of Directors.

- E. As of March 29, 2016, the appropriation of earnings for the year ended December 31, 2015 has not yet been proposed by the Board of Directors and resolved by the shareholders.
- F. For the information relating to employees' bonuses (compensation) and directors' and supervisors' remuneration, please refer to Note 6(30).

(24) Other equity items

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

	2014		
	Available-for-sale investment	Cumulative translation differences	Total
At January 1	\$ 89,377	(\$ 2,027,129)	(\$ 1,937,752)
Revaluation - gross	64,944	-	64,944
Revaluation transfer - gross	( 79,309)	-	( 79,309)
Cumulative translation differences:			
- Group	-	2,962,974	2,962,974
- Group's tax	-	( 29,203)	( 29,203)
- Associates	-	2,107	2,107
At December 31	<u>\$ 75,012</u>	<u>\$ 908,749</u>	<u>\$ 983,761</u>

(25) Operating revenue

	Years ended December 31,	
	2015	2014
Sales revenue	\$ 515,445,140	\$ 452,414,664
Service revenue	91,349	57,334
	<u>\$ 515,536,489</u>	<u>\$ 452,471,998</u>

(26) Other income

	Years ended December 31,	
	2015	2014
Rental revenue	\$ 50,351	\$ 44,331
Dividend income	48,036	18,315
Interest income	34,576	26,515
Other income	141,817	131,089
	<u>\$ 274,780</u>	<u>\$ 220,250</u>

(27) Other gains and losses

	Years ended December 31,	
	2015	2014
Gain on disposal of investments	\$ 60,764	\$ 52,023
Gain (loss) on financial assets (liabilities) at fair value through profit or loss	5,763 (	61,506)
Gain on disposal of property, plant and equipment and investment property	13,413	106,962
Currency exchange gain	26,504	124,221
Impairment loss	( 51,995)	( 41,911)
Other losses	( 207,285)	( 51,313)
	<u>(\$ 152,836)</u>	<u>\$ 128,476</u>

(28) Finance costs

	Years ended December 31,	
	2015	2014
Interest expense:		
Bank borrowings	\$ 1,203,659	\$ 1,044,921
Convertible bonds	79,243	34,203
Others	185,002	135,107
	<u>\$ 1,467,904</u>	<u>\$ 1,214,231</u>

(29) Additional information of expenses by nature

	Years ended December 31,	
	2015	2014
Employee benefit expense	<u>\$ 7,117,835</u>	<u>\$ 7,714,574</u>
Depreciation charges on property and equipment (including investment property)	<u>\$ 238,957</u>	<u>\$ 239,793</u>
Amortisation charges on intangible assets and other non-current assets	<u>\$ 95,734</u>	<u>\$ 141,605</u>

(30) Employee benefit expense

	Years ended December 31,	
	2015	2014
Wages and salaries	\$ 6,073,240	\$ 6,764,633
Labor and health insurance fees	362,280	338,446
Pension costs	369,113	369,743
Other personnel expenses	313,202	241,752
	<u>\$ 7,117,835</u>	<u>\$ 7,714,574</u>

A. According to the Articles of Incorporation of the Company, distribution of earnings is as follows:

- (a) No more than 3% as remuneration to directors and supervisors.
- (b) 0.01%~5% as employees' bonus.
- (c) The remaining is distributed as bonus to shareholders based on shareholding ratio.  
Total cash dividends shall not be less than 20% of total bonus distributed to shareholders, if any.

Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive

support from half of participating members. The resolution should be reported to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. Under the Company's amended Articles of Incorporation that have been approved by the Board of Directors on December 29, 2015, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. According to Note 6(15) C, the remainder, if any, shall be distributed as employees' bonus that account for 0.01%~5%, supervisors' and directors' remuneration that account for no higher than 3%, and shareholders' bonus in proportion to shareholding ratio. If cash dividends are distributed, they shall account for at least 20% of the total dividends distributed. The remainder to be appropriated shall be proposed by the Board of Directors and reported to the shareholders for a resolution.

- B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at \$20,892 and \$20,892, respectively; while directors' and supervisors' remuneration was accrued at \$30,000 and \$33,323, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were accrued based on the profit of current year distributable for the year ended December 31, 2015 and the percentage as prescribed by the Company's amended Articles of Incorporation that have been approved by the Board of Directors on December 29, 2015. As of March 29, 2016, the amount has not been resolved by the Board of Directors. Abovementioned employees' compensation will be distributed in the form of cash.

The expenses recognised for 2014 were accrued based on the net income for 2014 and the percentage as prescribed by the Company's Articles of Incorporation for employees and directors/supervisors, taking into account other factors such as legal reserve and special reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. Employees' bonus and directors' and supervisors' remuneration for 2014 as resolved by the shareholders during their meeting were in agreement with those amounts recognised in the profit or loss for 2014.

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

(31) Income tax

A. Income tax expense

a) Components of income tax expense:

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Current tax		
Current tax on profits for the year	\$ 1,254,716	\$ 1,322,333
Tax on undistributed surplus earnings	305,101	152,059
Adjustments in respect of prior years income tax	( 49,715)	( 41,835)
Total current tax	<u>1,510,102</u>	<u>1,432,557</u>
Deferred tax		
Origination and reversal of temporary differences	207,409	( 140,081)
Impact of change in tax rate	-	( 17)
Total deferred tax	<u>207,409</u>	<u>( 140,098)</u>
Income tax expense	<u>\$ 1,717,511</u>	<u>\$ 1,292,459</u>

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

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Currency translation differences	\$ 12,285	\$ 29,203
Remeasurement of defined benefit obligations	( 28,340)	4,939
	<u>(\$ 16,055)</u>	<u>\$ 34,142</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 3,007,437	\$ 2,911,623
Effects from items disallowed by tax regulation	( 1,576,138)	( 1,730,837)
Adjustments in respect of prior years' income tax	( 49,715)	( 41,835)
Additional 10% tax on undistributed earnings	305,101	152,059
Impact of change in the tax rate on temporary differences between current year and the year realized	25,038	1,361
Effect from changes in tax regulation	-	( 17)
Effect of different tax rates in countries in which the group operates	4,258	105
Others	<u>1,530</u>	<u>-</u>
Tax expenses	<u>\$ 1,717,511</u>	<u>\$ 1,292,459</u>

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

Year ended December 31, 2015					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effect from adjustments in entities	December 31
- Deferred tax assets:					
Temporary differences					
Unrealised allowance for inventory obsolescence	\$ 23,131	\$ 2,783	\$ -	\$ -	\$ 25,914
Unrealised sales discount	91,337	( 26,393)	-	-	64,944
Bad debts expense	33,783	( 4,829)	-	1,966	30,920
Unrealised expense	65,013	( 41,959)	-	-	23,054
Investment loss	82,582	( 80,297)	-	7,642	9,927
Pensions	47,156	10,071	28,235	7,146	92,608
Others	32,363	39,818	-	1,941	74,122
Loss carryforward	<u>120,790</u>	<u>( 112,244)</u>	<u>-</u>	<u>4,985</u>	<u>13,531</u>
	<u>496,155</u>	<u>( 213,050)</u>	<u>28,235</u>	<u>23,680</u>	<u>335,020</u>
- Deferred tax liabilities:					
Temporary differences					
Investment income	( 301,921)	( 21,220)	-	-	( 323,141)
Reserve for building increment	( 23,905)	-	-	-	( 23,905)
Land revaluation increment tax	( 30,156)	-	-	-	( 30,156)
Pensions	( 21,181)	9,452	105	-	( 11,624)
Cumulative translation adjustments	( 21,019)	( 202)	( 12,285)	( 1,265)	( 34,771)
Others	( 35,249)	17,611	-	( 823)	( 18,461)
	<u>( 433,431)</u>	<u>5,641</u>	<u>( 12,180)</u>	<u>( 2,088)</u>	<u>( 442,058)</u>
	<u>\$ 62,724</u>	<u>( \$ 207,409)</u>	<u>\$ 16,055</u>	<u>\$ 21,592</u>	<u>( \$ 107,038)</u>
Year ended December 31, 2014					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effect from adjustments in entities	December 31
- Deferred tax assets:					
Temporary differences					
Unrealised allowance for inventory obsolescence	\$ 40,614	( \$ 17,483)	\$ -	\$ -	\$ 23,131
Unrealised sales discount	32,737	58,600	-	-	91,337
Bad debts expense	33,480	303	-	-	33,783
Unrealised expense	56,580	8,433	-	-	65,013
Investment loss	64,040	18,542	-	-	82,582
Pensions	47,663	31	( 538)	-	47,156
Cumulative translation adjustments	11,877	( 3,184)	( 8,693)	-	-
Others	14,824	17,539	-	-	32,363
Loss carryforward	<u>11,835</u>	<u>108,955</u>	<u>-</u>	<u>-</u>	<u>120,790</u>
	<u>313,650</u>	<u>191,736</u>	<u>( 9,231)</u>	<u>-</u>	<u>496,155</u>



	Year ended December 31, 2014				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>Effect from adjustments in entities</u>	<u>December 31</u>
- Deferred tax liabilities:					
Temporary differences					
Investment income	( 273,296)	( 28,625)	-	-	( 301,921)
Reserve for building increment	( 23,999)	94	-	-	( 23,905)
Land revaluation increment tax	( 32,491)	2,335	-	-	( 30,156)
Pensions	( 15,677)	( 1,103)	( 4,401)	-	( 21,181)
Cumulative translation adjustments	-	( 509)	( 20,510)	-	( 21,019)
Others	( 11,402)	( 23,847)	-	-	( 35,249)
	( 356,865)	( 51,655)	( 24,911)	-	( 433,431)
	(\$ 43,215)	\$ 140,081	(\$ 34,142)	\$ -	\$ 62,724

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Deductible temporary differences	<u>\$ 82,819</u>	<u>\$ 637,576</u>
Loss carryforward	<u>\$ 2,164,761</u>	<u>\$ 1,288,345</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 2010 have been assessed and approved by the Tax Authority.

F. Unappropriated retained earnings:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Earnings generated after 1998	<u>\$ 10,002,877</u>	<u>\$ 7,501,303</u>	<u>\$ 4,946,348</u>

G. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was \$579,824 and \$153,491, respectively.

H. Creditable ratio of appropriated retained earnings:

	<u>2015 (Estimated)</u>	<u>2014 (Actual)</u>
Creditable ratio	<u>11.29%</u>	<u>12.32%</u>

(32) Earnings per share

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

	Year ended December 31, 2014		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 5,808,839</u>	<u>1,655,709</u>	<u>\$ 3.51</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,808,839	1,655,709	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	34,073	65,102	
Employees' bonus	<u>-</u>	<u>1,266</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,842,912</u>	<u>1,722,077</u>	<u>\$ 3.39</u>

(33) Business combinations

- A. On April 15, 2015, the Group acquired 44.21% of the share capital of Genuine C&C Inc. for \$510,041. The Company originally held 16.29% of share capital of Genuine C&C, Inc. through the Company's subsidiary, World Peace Industrial Co., Ltd. The Group holds 60.50% share capital of Genuine C&C, Inc. in total and obtained control of Genuine

C&C, Inc. Genuine C&C, Inc. is engaged in sales of computer and its peripherals. As a result of the acquisition, the Group is expected to utilise Genuine C&C, Inc.'s B2B (business-to-business) ecommerce platform and channels of information media related products in Mainland China, and to introduce the Company's investing experiences to enhance competitiveness of two companies.

- B. On July 20, 2015, the Group acquired 55% of the share capital of Peng Yu (Shanghai) Digital Technology Co., Ltd. (Peng Yu) for \$41,536 (approximately US\$1,334 thousand).
- C. The following table summarises the consideration paid for Genuine C&C and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

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

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

	<u>July 20, 2015</u>
Purchase consideration	
Cash paid	\$ 41,536
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>33,937</u>
	<u>\$ 75,473</u>

	<u>July 20, 2015</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	\$ 46,637
Other receivables	29,112
Refundable deposits	19,489
Other payables	( 19,765)
	<u>\$ 75,473</u>

- E. The Group recognised a gain of \$14,483 as a result of measuring at fair value its 16.29% equity interest in Genuine C&C Inc. held before the business combination.
- F. The operating revenue included in the consolidated statement of comprehensive income since April 15, 2015 contributed by Genuine C&C Inc. and since July 20, 2015 contributed by Peng Yu (Shanghai) Digital Technology Co., Ltd. (Peng Yu) was \$8,764,446. Genuine C&C and Peng Yu also contributed profit before income tax of \$30,289 over the same period. Had Genuine C&C and Peng Yu been consolidated from January 1, 2014, the consolidated statement of comprehensive income and profit before income tax would be as follows:

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Operating revenue	\$ 518,883,171	\$ 463,217,488
Profit before tax	7,152,086	7,115,333

(34) Supplemental cash flow information

A. Partial payment of cash from investing activities

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Acquisition of property, plant and equipment and intangible assets	\$ 172,323	\$ 114,338
Add: accounts payable at the beginning of year	10,892	-
Less: accounts payable at the end of year	( 3,019)	( 10,892)
Cash paid during the year for property, plant and equipment	<u>\$ 180,196</u>	<u>\$ 103,446</u>

B. Fair value information relating to acquisition of subsidiary:

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

C. Information on the fair value of subsidiary disposed (Note):

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

Note: As the Company sold all the shares in Dalian Kaiyuan Innovations Digital Co., Ltd., the Company lost control over Dalian Kaiyuan Innovations Digital Co., Ltd.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Significant transactions and balances with related parties

A. Sales of goods

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Sales of goods		
Others	\$ 1,033,662	\$ 923,672
Associates	80,589	183,301
	<u>\$ 1,114,251</u>	<u>\$ 1,106,973</u>

The terms and sales prices with its 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. Furthermore, as the associate, Genuine C&C Inc., became a consolidated entity of the Group starting from April 15, 2015, sales to Genuine C&C Inc. are disclosed until that date.

B. Purchases of goods

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Purchases of goods		
Associates	\$ 12,989	\$ 35,415
Others	-	1,069
	<u>\$ 12,989</u>	<u>\$ 36,484</u>

The purchase prices for certain associates were negotiated in consideration of different factors including products, market, competition and other conditions, and the products were delivered within 14 days after receipt of prepayments for those products. The purchase prices and terms of payment for other associates and related parties are the same as those for general suppliers.

C. Receivables from related parties

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounts receivable		
Others	\$ 297,338	\$ 247,708
Associates	<u>21,720</u>	<u>21,833</u>
	<u>\$ 319,058</u>	<u>\$ 269,541</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, 2015</u>	<u>December 31, 2014</u>
Other receivables:		
Associates	<u>\$ 95,876</u>	<u>\$ 169,419</u>

The above pertain mainly to advance payments.

E. Payables to related parties

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounts payable		
Associates	\$ 2,121	\$ 1,913
Others	<u>-</u>	<u>145</u>
	<u>\$ 2,121</u>	<u>\$ 2,058</u>

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. Others

The Group's donations to other related parties were \$5,700 and \$4,350 for the years ended December 31, 2015 and 2014, respectively.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Salaries and other short-term employee benefits	\$ 176,389	\$ 183,245
Post-employment benefits	<u>3,123</u>	<u>4,583</u>
	<u>\$ 179,512</u>	<u>\$ 187,828</u>

8. PLEDGED ASSETS

<u>Pledged assets (Note 1)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>Purpose of Collateral</u>
Other current assets			
-Bank deposits	\$ 853,494	\$ 494,273	Short-term loans, deposits for litigation and limited impounded account for disposal of accounts receivable
-Time deposits	258,808	85,388	Short-term loans, security for purchases and limited impounded account for disposal of accounts receivable and non-pledged time deposits that are not considered as cash equivalents
Available-for-sale financial assets-non-current (Note 2)	9,013	20,356	Security for purchases
Property, plant and equipment			
-Land	1,316,215	1,198,057	Long-term and short-term loans, import loans and security for purchases
-Buildings	639,221	654,317	"
Other non-current assets			
-Deposit-out	21	3,062	Tariff security deposit
	<u>\$ 3,076,772</u>	<u>\$ 2,455,453</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, 2015 and 2014.

Note 2: As of December 31, 2015 and 2014, the owned subsidiary - Silicon Application Corporation held 1,133 thousand and 1,133 thousand shares of Kingmax Technology Inc., and 0 and 732 thousand shares of Kingpak Technology Inc., respectively, which have been pledged for purchases.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

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

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

B. Operating lease commitments and building management fee agreements

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

	<u>December 31, 2015</u>
Not later than one year	\$ 475,455
Later than one year but not later than five years	1,075,573
Later than five years	<u>136,197</u>
	<u>\$ 1,687,225</u>

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

	<u>December 31, 2015</u>
\$	852,378
USD	51,477,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Fair value information of financial instruments

- a) Except those in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other financial assets, refundable deposits, short-term loans, short-term notes and bills payable, notes payable, accounts payable (including related parties),



other payables, long-term loans - current portion, bonds payable, long-term loans and deposits received) are approximate to their fair value. Fair value information of financial instruments measured at fair value is provided in Note 12(3).

December 31, 2015				
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
Equity and investments in bonds without active markets:				
Financial assets measured at cost - non-current	\$ 468,031	\$ -	\$ -	\$ -
Investments in bonds without active markets - non-current	5,000	-	-	5,000
	<u>\$ 473,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>

December 31, 2014			
	<u>Book value</u>		<u>Fair value</u>
Financial assets:			
Equity and investments in bonds without active markets:			
Financial assets measured at cost-current		\$ 3,497	\$ -
Financial assets measured at cost - non-current		395,496	-
Investments in bonds without active markets-non-current		5,000	5,000
		<u>\$ 403,993</u>	<u>\$ 5,000</u>

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

B. Financial risk management policies

- a) The Group's activities expose it to a variety of financial risks: market risk (including

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

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

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with treasury department. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group adopts the forward foreign contract to hedge recognised foreign currency assets and liabilities and reduce fair value risk arising from change in foreign exchange. In order to reduce foreign exchange risk, the Group monitored foreign exchange changes and established 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, 2015			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	\$ 801,075	32.83	\$ 26,295,292
USD : RMB	16,589	6.57	544,544
USD : HKD	36,138	7.75	1,186,224
USD : KRW	12,131	1,167.94	398,210
USD : JPY	21,340	120.37	700,477
USD : MYR	8,274	4.30	271,588
RMB : USD	559,155	0.15	2,792,977
HKD : USD	146,515	0.13	620,492
<u>Non-monetary items</u>			
USD : TWD	339,296	32.83	11,137,405
RMB : USD	380,040	0.15	1,898,301
JPY : USD	880,289	0.01	240,055
INR : USD	632,449	0.02	312,888
KRW : TWD	12,039,892	0.03	338,381
HKD : USD	296,861	7.75	1,257,207
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	780,580	32.83	25,622,531
USD : RMB	86,387	6.57	2,835,647
USD : KRW	23,181	1,167.94	760,911
USD : JPY	20,870	120.37	685,052
USD : MYR	7,899	4.30	259,272
USD : INR	8,875	66.35	291,316
HKD : USD	68,822	0.13	291,461
RMB : USD	90,507	0.15	452,083
SGD : USD	6,498	0.71	151,081

December 31, 2014			
	Foreign Currency		Book Value
	Amount	Exchange rate	
	(In Thousands)		(NTD)
Foreign currency: functional currency			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	\$ 915,675	31.65	\$ 28,981,127
USD : HKD	35,646	7.76	1,128,206
USD : KRW	15,020	1,082.98	475,389
USD : JPY	29,540	119.61	934,931
USD : MYR	6,220	3.50	196,858
RMB : USD	398,566	0.16	2,029,497
HKD : USD	39,132	0.13	159,659
<u>Non-monetary items</u>			
USD : TWD	309,463	31.65	9,794,490
RMB : USD	275,979	0.16	1,405,283
JPY : USD	563,329	0.01	149,057
INR : USD	639,296	0.02	320,433
KRW : TWD	10,522,645	0.03	307,524
HKD : USD	282,179	0.13	1,151,292
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	861,293	31.65	27,259,915
USD : RMB	59,230	6.22	1,874,633
USD : KRW	16,306	1,082.98	516,097
USD : JPY	30,504	119.61	965,441
USD : INR	6,694	63.15	211,881
USD : MYR	5,379	3.50	170,234
RMB : USD	110,565	0.16	562,996
SGD : USD	6,100	0.76	146,030

- v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014 amounted \$26,504 and \$124,221, respectively.

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

Year ended December 31, 2015				
Sensitivity Analysis				
	Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Profit or Loss	
Foreign currency: functional currency				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : TWD	1%	\$ 262,953	\$	-
USD : RMB	1%	5,445		-
USD : HKD	1%	11,862		-
USD : KRW	1%	3,982		-
USD : JPY	1%	7,005		-
USD : MYR	1%	2,716		-
RMB : USD	1%	27,930		-
HKD : USD	1%	6,205		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : TWD	1%	256,225		-
USD : RMB	1%	28,356		-
USD : KRW	1%	7,609		-
USD : JPY	1%	6,851		-
USD : MYR	1%	2,593		-
USD : INR	1%	2,913		-
HKD : USD	1%	2,915		-
RMB : USD	1%	4,521		-
SGD : USD	1%	1,511		-

Year ended December 31, 2014				
Sensitivity Analysis				
	Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Profit or Loss	
Foreign currency: functional currency				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : TWD	1%	\$ 289,811	\$	-
USD : HKD	1%	10,810		
USD : KRW	1%	4,719		-
USD : JPY	1%	10,125		-
USD : MYR	1%	2,025		-
RMB : USD	1%	19,441		-
HKD : USD	1%	1,529		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : TWD	1%	272,599		-
USD : RMB	1%	18,114		-
USD : KRW	1%	5,124		-
USD : JPY	1%	10,456		-
USD : INR	1%	2,111		-
USD : MYR	1%	1,751		-
RMB : USD	1%	5,393		-
SGD : USD	1%	1,399		-

#### 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, 2015 and 2014 would have increased/decreased by \$326 and \$138, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$3,711 and \$4,626 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 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, 2015 and 2014, the Group's borrowings at variable rate were mainly denominated in the NTD and USD.
- At December 31, 2015 and 2014, if interest rates on borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have been \$115,607 and \$88,280 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, 2015 and 2014, 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 Note 6(5)A. and Note 7(2)C.
- iv. The ageing analysis of financial assets that were past due is provided in Note 6(5)B.
- v. The individual analysis of financial assets that had been impaired is provided in Note 6(5)C. and Note 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, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term loans	\$ 54,667,489	\$ -	\$ -	\$ -
Short-term notes payable	3,710,000	-	-	-
Financial liabilities measured at fair value through profit or loss	26,719	-	-	-
Notes payable	727,694	-	-	-
Accounts payable	44,513,040	-	-	-
Accounts payable - related parties	2,121	-	-	-
Other payables	5,055,168	-	-	-
Bonds payable	-	6,000,000	-	-
Long-term loans (including current portion)	1,533,143	7,768,167	4,287,932	324,499



December 31, 2014

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term loans	\$ 45,596,304	\$ -	\$ -	\$ -
Short-term notes payable	4,090,000	-	-	-
Financial liabilities measured at fair value through profit or loss	10,176			
Notes payable	438,529	-	-	-
Accounts payable	40,710,731	-	-	-
Accounts payable - related parties	2,058	-	-	-
Other payables	4,927,500	-	-	-
Bonds payable	-	-	6,000,000	-
Long-term loans (including current portion)	3,507,054	3,661,753	4,413,974	386,477

Derivative financial liabilities:

As of December 31, 2015 and 2014, derivative financial liabilities that the Group operated 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 on the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 32,557	\$ -	\$ -	\$ 32,557
Forward exchange contracts	-	29,709	-	29,709
Available-for-sale financial assets				
Equity securities	<u>288,213</u>	<u>76,185</u>	<u>6,684</u>	<u>371,082</u>
	<u>\$ 320,770</u>	<u>\$ 105,894</u>	<u>\$ 6,684</u>	<u>\$ 433,348</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 26,719</u>	<u>\$ -</u>	<u>\$ 26,719</u>
 <u>December 31, 2014</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 13,794	\$ -	\$ -	\$ 13,794
Forward exchange contracts	-	1,919	-	1,919
Available-for-sale financial assets				
Equity securities	<u>343,687</u>	<u>112,182</u>	<u>6,684</u>	<u>462,553</u>
	<u>\$ 357,481</u>	<u>\$ 114,101</u>	<u>\$ 6,684</u>	<u>\$ 478,266</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 10,176</u>	<u>\$ -</u>	<u>\$ 10,176</u>

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

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

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

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

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
At January 1	\$ 6,684	\$ 6,684
Losses recognised in profit or loss	<u>-</u>	<u>-</u>
At December 31	<u>\$ 6,684</u>	<u>\$ 6,684</u>

G. For the years ended December 31, 2015 and 2014, 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, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Equity investment without active market	\$ 6,684	Net asset value method	Net asset value		- The higher the net asset value, the higher the fair value

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

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

		December 31, 2014				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 67	\$ 67

### 13. SUPPLEMENTARY DISCLOSURES

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

#### (1) Significant transactions information

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

#### (2) Information on investee companies

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

#### (3) Information on investments in Mainland China

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

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Information on significant transactions of the Company and subsidiary and investee company in Mainland China as of and for the year ended December 31, 2015 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, 2015 and 2014 is as follows:

##### Year ended December 31, 2015:

	World Peace Industrial Co., Ltd. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Asian Information Technology Inc. and its subsidiaries	Yosun Industrial Corp. and its subsidiaries	Genuine C&C Inc. and its subsidiaries (Note)	Others	Eliminations	Total
Revenue from external customers	\$ 223,222,853	\$ 61,897,657	\$ 80,081,066	\$ 103,820,384	\$ 8,762,136	\$ 37,752,393	\$ -	\$515,536,489
Revenue from internal customers	10,521,828	3,567,359	1,609,336	10,414,526	2,310	3,160,650	( 29,276,009)	-
Total revenue	<u>\$ 233,744,681</u>	<u>\$ 65,465,016</u>	<u>\$ 81,690,402</u>	<u>\$ 114,234,910</u>	<u>\$ 8,764,446</u>	<u>\$ 40,913,043</u>	<u>(\$ 29,276,009)</u>	<u>\$515,536,489</u>
Segment profit (loss)	<u>\$ 5,164,550</u>	<u>\$ 1,630,258</u>	<u>\$ 2,292,765</u>	<u>\$ 1,836,742</u>	<u>\$ 135,324</u>	<u>(\$ 637,820)</u>	<u>\$ 2,917,557</u>	<u>\$ 13,339,376</u>
Net income	<u>\$ 3,040,713</u>	<u>\$ 876,147</u>	<u>\$ 1,192,293</u>	<u>\$ 850,066</u>	<u>\$ 11,807</u>	<u>(\$ 129,438)</u>	<u>(\$ 405,656)</u>	<u>\$ 5,435,932</u>

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

Year ended December 31, 2014:

	<u>World Peace Industrial Co., Ltd. and its subsidiaries</u>	<u>Silicon Application Corp. and its subsidiaries</u>	<u>Asian Information Technology Inc. and its subsidiaries</u>	<u>Yosun Industrial Corp. and its subsidiaries</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from external customers	\$ 190,274,604	\$ 64,751,843	\$ 64,111,671	\$ 112,207,522	\$ 21,126,358	\$ -	\$ 452,471,998
Revenue from internal customers	<u>3,266,017</u>	<u>3,046,638</u>	<u>1,299,965</u>	<u>5,349,127</u>	<u>5,116,659</u>	<u>( 18,078,406)</u>	<u>-</u>
Total revenue	<u>\$ 193,540,621</u>	<u>\$ 67,798,481</u>	<u>\$ 65,411,636</u>	<u>\$ 117,556,649</u>	<u>\$ 26,243,017</u>	<u>( \$ 18,078,406)</u>	<u>\$ 452,471,998</u>
Segment profit (loss)	<u>\$ 4,541,337</u>	<u>\$ 1,571,648</u>	<u>\$ 1,805,956</u>	<u>\$ 3,055,179</u>	<u>( \$ 890,880)</u>	<u>\$ 1,860,748</u>	<u>\$ 11,943,988</u>
Net income	<u>\$ 2,818,261</u>	<u>\$ 845,324</u>	<u>\$ 922,873</u>	<u>\$ 1,414,061</u>	<u>\$ 125,242</u>	<u>( \$ 311,585)</u>	<u>\$ 5,814,176</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,	
	2015	2014
Core components	\$ 155,862,880	\$ 151,168,015
Analog IC and mixed signal component	85,756,502	78,357,353
Discrete, logic IC	57,295,589	51,726,076
Memory	83,146,404	73,989,956
Optical components	43,004,869	38,659,253
Passive component, connector and magnetic component	31,971,119	12,627,063
Others	58,499,126	45,944,282
	<u>\$ 515,536,489</u>	<u>\$ 452,471,998</u>

5) Geographical information

Information about geographic areas for the years ended December 31, 2015 and 2014 were as follows:

	Years ended December 31,			
	2015		2014	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 93,605,707	\$ 9,161,921	\$ 82,840,942	\$ 8,735,178
Mainland China	357,464,248	2,023,604	317,032,196	2,160,041
Others	64,466,534	641,782	52,598,860	701,168
	<u>\$ 515,536,489</u>	<u>\$ 11,827,307</u>	<u>\$ 452,471,998</u>	<u>\$ 11,596,387</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, 2015 and 2014.



## WPG Holdings Limited and Subsidiaries

## Loans to others

Year ended December 31, 2015

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	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, 2015	December 31, 2015							Item	Value			
1	Genuine C&C (South Asia) Pte. Ltd.	World Peace International Pte. Ltd.	Other receivables - related parties	Y	\$ 65,650	\$ -	\$ -	-	Short-term financing	-	Operation	-	None	-	\$ 118,666	\$ 118,666	Note 3
1	Genuine C&C (South Asia) Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Other receivables - related parties	Y	65,650	65,650	52,520	1.85	Short-term financing	-	Operation	-	None	-	118,666	118,666	Note 3
2	World Peace International (South Asia) Pte. Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	1,313,000	656,500	656,500	1.85	Short-term financing	-	Operation	-	None	-	5,415,496	5,415,496	Note 3
2	World Peace International (South Asia) Pte. Ltd.	World Peace International Pte. Ltd.	Other receivables - related parties	Y	328,250	328,250	-	-	Short-term financing	-	Operation	-	None	-	5,415,496	5,415,496	Note 3
2	World Peace International (South Asia) Pte. Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	951,925	951,925	689,325	3.11	Short-term financing	-	Operation	-	None	-	5,415,496	5,415,496	Note 3
2	World Peace International (South Asia) Pte. Ltd.	WPG China Inc.	Other receivables - related parties	Y	656,500	328,250	328,250	2.79	Short-term financing	-	Operation	-	None	-	5,415,496	5,415,496	Note 3
2	World Peace International (South Asia) Pte. Ltd.	WPG South Asia Pte. Ltd.	Other receivables - related parties	Y	164,125	164,125	-	-	Short-term financing	-	Operation	-	None	-	5,415,496	5,415,496	Note 3
2	World Peace International (South Asia) Pte. Ltd.	Yosun Singapore Pte. Ltd.	Other receivables - related parties	Y	492,375	-	-	-	Short-term financing	-	Operation	-	None	-	5,415,496	5,415,496	Note 3
2	World Peace International (South Asia) Pte. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	98,475	-	-	-	Short-term financing	-	Operation	-	None	-	5,415,496	5,415,496	Note 3
3	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Other receivables - related parties	Y	65,650	65,650	39,390	1.85	Short-term financing	-	Operation	-	None	-	2,392,591	2,392,591	Note 3
4	WPI Investment Holding (BVI) Company Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	91,910	-	-	-	Short-term financing	-	Operation	-	None	-	13,380,778	13,380,778	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	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, 2015	December 31, 2015							Item	Value			
5	AIO Component Co., Limited	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	\$ 49,950	\$ 49,950	\$ 49,950	2.80	Short-term financing	-	Operation	-	None	-	\$ 59,930	\$ 59,930	Note 7
6	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	700,000	400,000	131,000	1.55	Short-term financing	-	Operation	-	None	-	459,338	459,338	Note 2
7	AECO Electronic Co., Ltd.	WPG China Inc.	Other receivables - related parties	Y	98,475	-	-	-	Short-term financing	-	Operation	-	None	-	803,468	803,468	Note 7
7	AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	771,388	754,975	679,478	2.12	Short-term financing	-	Operation	-	None	-	803,468	803,468	Note 7
8	AECO Electronic (Ningbo) Co., Ltd.	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	44,955	44,955	44,955	2.80	Short-term financing	-	Operation	-	None	-	61,874	61,874	Note 7
9	WPI International Trading (Shanghai) Ltd.	Hubei Xinsheng Technology Investment Management Co., Ltd.	Other receivables - related parties	Y	64,935	-	-	-	Short-term financing	-	Operation	-	None	-	135,451	338,627	Note 7
10	WPI International (Hong Kong) Limited	WPG C&C Limited	Other receivables - related parties	Y	1,641,250	1,641,250	613,828	2.12	Short-term financing	-	Operation	-	None	-	13,332,408	13,332,408	Note 7
10	WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	98,475	-	-	-	Short-term financing	-	Operation	-	None	-	13,332,408	13,332,408	Note 7
10	WPI International (Hong Kong) Limited	Long-Think International (Hong Kong) Limited	Other receivables - related parties	Y	738,563	295,425	210,080	2.12	Short-term financing	-	Operation	-	None	-	13,332,408	13,332,408	Note 7
10	WPI International (Hong Kong) Limited	AIO Components Company Limited	Other receivables - related parties	Y	213,363	-	-	-	Short-term financing	-	Operation	-	None	-	13,332,408	13,332,408	Note 7
10	WPI International (Hong Kong) Limited	WPG China Inc.	Other receivables - related parties	Y	98,475	-	-	-	Short-term financing	-	Operation	-	None	-	13,332,408	13,332,408	Note 7
10	WPI International (Hong Kong) Limited	WPG Gain Tune Ltd.	Other receivables - related parties	Y	1,148,875	1,148,875	265,883	2.12	Short-term financing	-	Operation	-	None	-	5,332,963	13,332,408	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	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, 2015	December 31, 2015							Item	Value			
11	World Peace Industrial Co., Ltd.	Long-Think International Co., Ltd.	Other receivables - related parties	Y	\$ 124,735	\$ 108,323	\$ 87,643	1.85	Short-term financing	-	Operation	-	None	-	\$ 4,338,944	\$ 8,677,887	Note 6
11	World Peace Industrial Co., Ltd.	WPG China Inc.	Other receivables - related parties	Y	1,046,100	196,950	-	-	Short-term financing	-	Operation	-	None	-	4,338,944	8,677,887	Note 6
12	Longview Technology Inc.	Long-Think International Co., Ltd.	Other receivables - related parties	Y	160,000	80,000	10,000	1.85	Short-term financing	-	Operation	-	None	-	248,798	248,798	Note 2
13	SILICON APPLICATION (B.V.I.) CORP.	Silicon Application Corp.	Other receivables - related parties	Y	1,280,175	1,280,175	1,280,175	1.00	Short-term financing	-	Operation	-	None	-	1,309,379	3,273,449	Note 7
13	SILICON APPLICATION (B.V.I.) CORP.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	82,063	82,063	82,063	2.20	Short-term financing	-	Operation	-	None	-	3,273,449	3,273,449	Note 7
14	Silicon Application Company Limited	Silicon Application Corp.	Other receivables - related parties	Y	722,150	722,150	722,150	1.00	Short-term financing	-	Operation	-	None	-	731,746	1,829,366	Note 7
14	Silicon Application Company Limited	WPG China Inc.	Other receivables - related parties	Y	262,600	262,600	262,600	2.80	Short-term financing	-	Operation	-	None	-	1,829,366	1,829,366	Note 7
14	Silicon Application Company Limited	WPG China (SZ) Inc.	Other receivables - related parties	Y	65,650	65,650	65,650	2.80	Short-term financing	-	Operation	-	None	-	1,829,366	1,829,366	Note 7
14	Silicon Application Company Limited	Dstar Electronic Company Limited	Other receivables - related parties	Y	22,978	22,978	22,978	1.00	Short-term financing	-	Operation	-	None	-	1,829,366	1,829,366	Note 7
14	Silicon Application Company Limited	WPG Gain Tune Ltd.	Other receivables - related parties	Y	525,200	525,200	525,200	2.12	Short-term financing	-	Operation	-	None	-	731,746	1,829,366	Note 7
15	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	334,665	334,665	334,665	2.80	Short-term financing	-	Operation	-	None	-	385,721	385,721	Note 7
15	Yosun Shanghai Corp. Ltd.	WPG China Inc.	Other receivables - related parties	Y	74,925	-	-	-	Short-term financing	-	Operation	-	None	-	385,721	385,721	Note 7
16	Yosun Industrial Corp.	WPG China Inc.	Other receivables - related parties	Y	393,900	196,950	196,950	2.80	Short-term financing	-	Operation	-	None	-	2,418,922	4,837,845	Note 6

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	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, 2015	December 31, 2015							Item	Value			
16	Yosun Industrial Corp.	Yosun Singapore Pte. Ltd.	Other receivables - related parties	Y	\$ 328,250	\$ 328,250	\$ -	-	Short-term financing	-	Operation	-	None	-	\$ 2,418,922	\$ 4,837,845	Note 6
17	Giatek Corp., Ltd.	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	1,148,875	1,148,875	1,148,875	1.20	Short-term financing	-	Operation	-	None	-	1,181,566	1,181,566	Note 4
18	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	Other receivables - related parties	Y	189,810	189,810	189,810	2.80	Short-term financing	-	Operation	-	None	-	216,741	216,741	Note 7
19	Sertek Limited	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	338,098	338,098	338,098	1.20	Short-term financing	-	Operation	-	None	-	455,325	455,325	Note 7
20	Sertek Incorporated	Yosun Hong Kong Corp. Ltd.	Other receivables - related parties	Y	492,375	492,375	492,375	2.20	Short-term financing	-	Operation	-	None	-	586,115	586,115	Note 2
21	Apache Communication Inc.	WPG China Inc.	Other receivables - related parties	Y	65,650	-	-	-	Short-term financing	-	Operation	-	None	-	461,801	738,882	Note 5
21	Apache Communication Inc.	Frontek Technology Corporation	Other receivables - related parties	Y	164,125	-	-	-	Short-term financing	-	Operation	-	None	-	461,801	738,882	Note 5
22	Asian Information Technology Inc.	Apache Communication Inc.	Other receivables - related parties	Y	262,600	262,600	262,600	1.39	Short-term financing	-	Operation	-	None	-	1,510,889	2,417,422	Note 5
23	Pernas Electronics Co., Ltd.	Silicon Application Corp.	Other receivables - related parties	Y	300,000	-	-	-	Short-term financing	-	Operation	-	None	-	444,776	444,776	Note 2
24	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Other receivables - related parties	Y	200,000	150,000	150,000	1.37	Short-term financing	-	Operation	-	None	-	231,187	231,187	Note 2
25	Richpower Electronic Devices Co., Limited	World Peace Industrial Co., Ltd.	Other receivables - related parties	Y	328,250	-	-	-	Short-term financing	-	Operation	-	None	-	640,534	1,601,336	Note 7
25	Richpower Electronic Devices Co., Limited	WPG Korea Co., Ltd.	Other receivables - related parties	Y	164,125	164,125	-	-	Short-term financing	-	Operation	-	None	-	1,601,336	1,601,336	Note 7
26	Richpower Electronic Devices Pte Ltd.	Yosun Singapore Pte. Ltd.	Other receivables - related parties	Y	229,775	229,775	213,363	1.85	Short-term financing	-	Operation	-	None	-	446,224	446,224	Note 9

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	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, 2015	December 31, 2015							Item	Value			
27	WPG South Asia Pte. Ltd.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	\$ 492,375	\$ 492,375	\$ 229,775	2.48	Short-term financing	-	Operation	-	None	-	\$ 1,312,407	\$ 1,312,407	Note 3
27	WPG South Asia Pte. Ltd.	Yosun Singapore Pte. Ltd.	Other receivables - related parties	Y	426,725	426,725	32,825	1.85	Short-term financing	-	Operation	-	None	-	1,312,407	1,312,407	Note 3
27	WPG South Asia Pte. Ltd.	WPG Americas Inc.	Other receivables - related parties	Y	98,475	-	-	-	Short-term financing	-	Operation	-	None	-	1,312,407	1,312,407	Note 3
27	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Other receivables - related parties	Y	328,250	328,250	311,838	1.85	Short-term financing	-	Operation	-	None	-	1,312,407	1,312,407	Note 3
28	Apache Korea Corp.	WPG Korea Co., Ltd.	Other receivables - related parties	Y	67,452	67,452	-	-	Short-term financing	-	Operation	-	None	-	76,078	76,078	Note 1
29	WPG Gain Tune Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	Y	98,475	-	-	-	Short-term financing	-	Operation	-	None	-	12,619	12,619	Note 2
30	WPG China Inc.	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	Y	24,975	-	-	-	Short-term financing	-	Operation	-	None	-	2,217,838	2,217,838	Note 7
30	WPG China Inc.	WPG China (SZ) Inc.	Other receivables - related parties	Y	478,100	164,125	164,125	2.80	Short-term financing	-	Operation	-	None	-	2,217,838	2,217,838	Note 7
31	WPG China (SZ) Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Other receivables - related parties	Y	74,925	-	-	-	Short-term financing	-	Operation	-	None	-	194,103	485,258	Note 7
32	Genuine C&C Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Other receivables - related parties	Y	99,900	99,900	74,925	2.80	Short-term financing	-	Operation	-	None	-	104,790	209,580	Note 10
33	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Hubei Xinsheng Technology Investment Management Co., Ltd.	Other receivables - related parties	Y	7,493	7,493	-	-	Short-term financing	-	Operation	-	None	-	8,343	16,686	Note 10
34	Mec Technology Co., Limited	Richpower Electronic Devices Co., Ltd.	Other receivables - related parties	Y	147,713	147,713	-	-	Short-term financing	-	Operation	-	None	-	159,178	159,178	Note 2

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

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

- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
- (2) For short-term financing, financing activities to a single company should not be in excess of 40% of creditor's net assets.

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

- (2) For those borrowers which are 100% held investee company, the individual limit amount and the accumulated financing activities to those borrowers should not be in excess of 200% of the creditor's net assets.
- (3) The total limit of (1) and (2) should not exceed 200% of the creditor's net assets.

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

- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
- (2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 10% of the creditor's net assets.

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

- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
- (2) For short-term financing, financing activities to a single company should not be in excess of 25% of creditor's assets.
- (3) The financing activities to an overseas company which is 100% directly or indirectly held by the creditor should not be restricted by (1) and (2).

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

- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
- (2) For short-term financing, financing activities to a single company should not be in excess of 20% of creditor's assets.

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

- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
- (2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.

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

- (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
- (2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 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 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 10: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

- (1) For business transaction to the creditor, the individual limit should not exceed 20% of the Company's net assets and the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
- (2) For short-term financing, financing activities to a single company should not be in excess of 10% of creditor's net assets. Limit on total loans to a single party is 20% of creditor's net assets.

WPG Holdings Limited and Subsidiaries  
Provision of endorsements and guarantees to others  
Year ended December 31, 2015

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, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	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	\$ 23,885,210	\$ 181,902	\$ 89,667	\$ 89,667	\$ 89,667	0.19	\$ 23,885,210	Y	N	N	Notes 4 and 5
0	WPG Holdings Limited	RichPower Electronic Devices Co., Limited	Note 1	23,885,210	700,000	-	-	-	-	23,885,210	Y	N	N	Note 4
1	World Peace International Pte. Ltd.	WPG Americas Inc.	Note 3	5,946,451	229,775	196,950	-	-	6.70	5,946,451	N	N	N	Note 7
1	World Peace International Pte. Ltd.	WPG C&C Computers And Peripheral (India) Private Ltd.	Note 1	5,946,451	252,753	252,753	-	-	8.59	5,946,451	N	N	N	Note 7
1	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	5,946,451	3,758,463	2,708,063	1,739,892	-	87.60	5,946,451	N	N	N	Note 7
2	World Peace Industrial Co., Ltd.	World Peace International (South Asia) Pte. Ltd.	Note 1	10,847,359	1,444,300	1,444,300	722,150	-	6.86	17,355,774	N	N	N	Note 6
2	World Peace Industrial Co., Ltd.	WPG China Inc.	Note 3	10,847,359	404,404	202,202	901	-	0.96	17,355,774	N	N	Y	Note 6
2	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Note 1	10,847,359	3,616,425	2,434,725	1,086,256	-	11.57	17,355,774	N	N	N	Note 6
2	World Peace Industrial Co., Ltd.	Vitec WPG Limited	Note 1	10,847,359	73,857	73,856	52,520	-	0.35	17,355,774	N	N	N	Note 6
2	World Peace Industrial Co., Ltd.	WPI International Trading (Shanghai) Ltd.	Note 1	10,847,359	1,325,717	1,227,242	727,908	-	5.83	17,355,774	N	N	Y	Note 6
2	World Peace Industrial Co., Ltd.	Long-Think International (Hong Kong) Limited	Note 1	10,847,359	361,075	361,075	105,136	-	1.72	17,355,774	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, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	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											
3	Silicon Application Corp.	Silicon Application Company Limited	Note 1	\$ 5,335,133	\$ 65,650	\$ -	\$ -	\$ -	-	\$ 6,668,916	N	N	N	Note 9
3	Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Note 1	5,335,133	65,650	65,650	-	-	1.00	6,668,916	N	N	N	Note 9
4	Yosun Industrial Corp.	Yosun Singapore Pte. Ltd.	Note 1	12,094,612	2,093,788	1,436,588	738,829	-	11.89	24,189,224	N	N	N	Note 10
4	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	Note 1	12,094,612	2,527,525	2,527,525	516,851	-	20.91	24,189,224	N	N	N	Note 10
4	Yosun Industrial Corp.	Sertek Incorporated	Note 1	12,094,612	3,282,500	1,641,250	1,113,818	-	13.58	24,189,224	N	N	N	Note 10
4	Yosun Industrial Corp.	RichPower Electronic Devices Co., Limited	Note 1	12,094,612	350,000	350,000	125,977	-	2.90	24,189,224	N	N	N	Note 10
5	Genuine C&C Inc.	Hubei Xinsheng Technology Investment Management Co., Ltd.	Note 1	419,161	281,292	281,292	227,346	-	26.99	523,951	N	N	Y	Note 11
5	Genuine C&C Inc.	Peng Yu (Shanghai) Digital Technology Co., Ltd.	Note 1	419,161	196,950	196,950	193,668	-	18.89	523,951	N	N	Y	Note 11
6	Asian Information Technology Inc.	Frontek Technology Corporation	Note 1	2,417,422	740,350	740,350	369,906	-	12.78	3,021,777	N	N	N	Note 8
6	Asian Information Technology Inc.	AITG Electronic Limited	Note 1	2,417,422	296,450	-	-	-	-	3,021,777	N	N	N	Note 8
6	Asian Information Technology Inc.	WPG China Inc.	Note 3	2,417,422	16,413	16,413	2,828	-	0.28	3,021,777	N	N	Y	Note 8
6	Asian Information Technology Inc.	AIT Japan Inc.	Note 1	2,417,422	656,500	656,500	174,431	-	11.33	3,021,777	N	N	N	Note 8
7	Frontek Technology Corporation	Asian Information Technology Inc.	Note 2	1,146,742	600,000	320,000	320,000	-	11.62	1,433,428	N	N	N	Note 8
8	WPG South Asia Pte. Ltd.	WPG India Electronics Private Limited	Note 1	1,312,407	16,413	16,413	-	-	2.55	1,312,407	N	N	N	Note 12

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 \$89,667.
- Note 6: The cumulative guarantee amount to others should not be in excess of 80% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 50% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.
- Note 7: The cumulative guarantee amount and the guarantee amount to a single company both should not be in excess of 200% of guarantor's net assets.
- Note 8: The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 40% of guarantor's net assets. However, guarantee amount to a single overseas affiliate should not be in excess of 40% of guarantor's net assets.
- Note 9: The cumulative guarantee amount to others should not be in excess of 100% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 80% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The net asset value is based on the latest audited or reviewed financial statements.
- Note 10: The cumulative guarantee amount to others should not be in excess of 200% of guarantor and its subsidiaries' total net assets. The guarantee amount to a single company should not be in excess of 100% of guarantor and its subsidiaries' total net assets. The net asset value is based on the latest audited or reviewed financial statements.
- Note 11: The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets. The guarantee amount to a single company should not be in excess of 20% of guarantor's net assets. However, guarantee amount to a single overseas affiliate should not be in excess of 30% of guarantor's net assets.
- Note 12: The cumulative guarantee amount to others should not be in excess of 200% of the Company's net assets. The guarantee amount to a single company should not be in excess of 200% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The guarantee amount to a subsidiary which is 90%~100% directly or indirectly held by the Company should not exceed 10% of the Company's net assets.

## 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, 2015

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2015				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value (Note 1)	Footnote
				(in thousands)				
WPG Holdings Limited	Ability I Venture Capital Corporation, etc. - Equity securities	None	Financial assets at cost - non-current	-	\$ 243,164	-	\$ 243,164	
Silicon Application Corp.	Genesis Photonics Inc., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	17,700	-	17,700	Note 2
World Peace Industrial Co., Ltd.	Prohubs International Corp., etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	51,534	-	51,534	
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, etc.	-	8,565	-	8,565	
Yosun Industrial Corp.	Nichidenbo Corporation	None	Available-for-sale financial assets - non-current	9,647	214,648	5.78	214,648	
Genuine C&C Inc.	TekCare Corporation, etc. - Equity securities	None	Financial assets at cost - non-current	-	21,400	-	21,400	
Hat-Trick Co., Ltd.	Mega Diamond Morey Market	None	Financial assets measured at fair value through profit or loss - current	-	20,668	-	20,668	
Richpower Electronic Devices Co., Ltd.	Promaster Technology Co., Ltd., etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	20,665	-	20,665	
Mec Technology Co., Limited	Promaster Technology Co., Ltd. - Equity securities	None	Available-for-sale financial assets - non-current	1,368	6,582	4.00	6,582	
WPG Investment Co., Ltd.	CDIB CME Fund Ltd., etc. - Equity securities	None	Financial assets at cost - non-current, etc.	-	151,376	-	151,376	
WPG Investment Co., Ltd.	Sunrise Technology Co., Ltd, etc. - Equity securities	None	Available-for-sale financial assets - non-current, etc.	-	167,418	-	167,418	
SILICON APPLICATION (B.V.I.) CORP.	Apollo Electronics Group Ltd.	None	Available-for-sale financial assets - non-current, etc.	6,825	47,414	-	47,414	
SILICON APPLICATION (B.V.I.) CORP.	MCUBE, Inc., etc. - Equity securities	None	Financial assets at cost - non-current	-	6,565	-	6,565	
Win-Win Systems Ltd.	Silicon Electronics Company(s) Pte. Ltd. - Equity securities	None	Financial assets at cost - non-current	180	-	10.00	-	

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

Note 2: There are 1,133 thousand shares of Kingmax Technology Inc. which have been pledged for purchases as of December 31, 2015.

## 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, 2015

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, 2015		Addition		Disposal				Balance as at December 31, 2015	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	Number of shares (in thousands)	Amount
WPG Holdings Limited	Genuine C&C Inc.	Note 1	Tender offer (Note 3 and Note 4)	Subsidiary	-	\$ -	35,175	\$ 502,347	-	\$ -	\$ -	\$ -	35,175	\$ 502,347
World Peace International Pte. Ltd.	WPG SCM Limited	Note 1	WPG South Asia Pte. Ltd.	Same parent company	12,800	329,424	-	-	12,800	329,424	329,424	-	-	-
WPG South Asia Pte. Ltd.	WPG SCM Limited	Note 1	World Peace International Pte. Ltd.	Same parent company	-	-	12,800	388,929	-	-	-	-	12,800	388,929

Note 1: Investment under equity method.

Note 2: The company invested \$329,424 and recognised investment income (loss) and cumulative translation adjustment totaling \$59,505.

Note 3: Price is the same as the acquisition is through tender offer. If the Company's related parties participated in selling securities, the Company cannot reject or exclude them. Thus, related parties can be the counterparty.

Note 4: The acquisition cost of \$510,041 is calculated at \$14.5 per share, which includes investment gain (loss) and cumulative translation adjustments amount to (\$7,694).

## 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, 2015

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term		Balance	Percentage of total notes/accounts receivable (payable)	
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Subsidiary	Sales	(\$ 249,988) (	43.99)	Note 7	Note 7	Note 7	\$	35,883	53.75	
"	Asian Information Technology Inc.	"	"	( 109,081) (	19.19)	"	"	"		14,371	21.53	
"	Yosun Industrial Corp.	"	"	( 112,123) (	19.73)	"	"	"		6,048	9.06	
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same parent company	"	( 15,461,082) (	15.81)	Note 3	Note 3	Note 3		3,627,065	14.36	
"	WPG Electronics (HK) Limited	"	"	( 616,293) (	0.63)	"	"	"		303,326	1.20	
"	AECO Technology Co., Ltd.	"	"	( 506,978) (	0.52)	"	"	"		34,680	0.14	
"	Genuine C&C Inc.	"	"	( 140,458) (	0.14)	"	"	"		10,157	0.04	
AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	"	"	( 116,006) (	14.76)	"	"	"		4,896	5.88	
Longview Technology Inc.	WPI International (Hong Kong) Limited	"	"	( 575,972) (	28.67)	"	"	"		161,705	31.54	
"	AIO Components Company Limited	"	"	( 111,415) (	5.50)	"	"	"		76,271	14.87	
Long-Think International (Hong Kong) Limited	Longview Technology Inc.	"	"	( 294,075) (	19.32)	"	"	"		40,589	12.04	
"	WPI International (Hong Kong) Limited	"	"	( 291,491) (	19.15)	"	"	"		55,660	16.51	
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	"	( 4,454,066) (	3.80)	"	"	"		401,511	1.76	
"	WPG China (SZ) Inc.	"	"	( 1,849,868) (	1.58)	"	"	"		852,617	3.74	
"	World Peace International (South Asia) Pte Ltd.	"	"	( 1,655,399) (	1.41)	"	"	"		331,217	1.45	
"	WPG Electronics (HK) Limited	"	"	( 1,222,161) (	1.04)	"	"	"		1,056,235	4.63	
"	WPG SCM Limited	"	"	( 811,677) (	0.69)	"	"	"		158,381	0.69	

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term					
WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Same parent company	Sales	(\$ 640,528) (	0.55)	Note 3	Note 3	Note 3	\$ 47,464	0.21	
"	WPG China Inc.	"	"	( 303,991) (	0.26)	"	"	"	66,395	0.29	
"	WPG Korea Co., Ltd.	"	"	( 276,106) (	0.24)	"	"	"	56,031	0.25	
"	VITEC WPG Limited	"	"	( 206,090) (	0.18)	"	"	"	24,456	0.11	
"	Apache Communication Inc.	"	"	( 158,933) (	0.14)	"	"	"	18,476	0.08	
WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	"	"	( 1,534,091) (	17.82)	"	"	"	281,984	34.57	
"	WPI International (Hong Kong) Limited	"	"	( 1,374,736) (	15.97)	"	"	"	141,811	17.39	
AIO Components Company Limited	"	"	"	( 272,298) (	58.65)	"	"	"	8,171	30.13	
Genuine C&C (IndoChina) Pte Ltd.	P.T. WPG Electrindo Jaya	Investment under equity method	"	( 1,033,484) (	76.63)	"	"	"	297,338	100.00	
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	"	"	( 4,579,936) (	19.13)	"	"	"	1,652,425	38.13	
"	WPG C&C Computers And Peripheral (India) Private Limited	"	"	( 1,367,051) (	5.71)	"	"	"	243,552	5.62	
"	Genuine C&C (IndoChina) Pte Ltd.	"	"	( 924,584) (	3.86)	"	"	"	200,690	4.63	
"	WPG C&C (Malaysia) Sdn Bhd	"	"	( 758,665) (	3.17)	"	"	"	260,569	6.01	
"	World Peace Industrial Co., Ltd.	"	"	( 329,370) (	1.38)	"	"	"	148,049	3.42	
"	WPG C&C (Thailand) Co., Ltd.	"	"	( 212,313) (	0.89)	"	"	"	21,963	0.51	
Silicon Application Corp.	WPG Electronics (HK) Limited	"	"	( 1,977,665) (	3.38)	90 days after monthly billings	Note 4	Note 4	634,171	5.56	
"	WPG China (SZ) Inc.	"	"	( 858,085) (	1.47)	120 days after monthly billings	"	"	334,530	2.93	
"	WPG SCM Limited	"	"	( 205,161) (	0.35)	30 days after monthly billings	"	"	33,156	0.29	
Dstar Electronic Company Limited	WPG China (SZ) Inc.	"	"	( 127,059) (	99.67)	90 days after monthly billings	"	"	40,464	98.93	
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	"	"	( 2,553,385) (	6.51)	Credit 75 days	Note 5	Note 5	146,330	2.56	

Table 5, Page 2

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term					
Yosun Industrial Corp.	Sertek Incorporated	Investment under equity method	Sales	(\$ 836,857)	( 2.13)	Credit 75 days	Note 5	Note 5	\$ 6,406	0.11	
"	WPG China (SZ) Inc.	"	"	( 132,128)	( 0.34)	"	"	"	97,428	1.71	
Yosun Hong Kong Corp. Ltd.	WPG China Inc.	"	"	( 5,264,798)	( 12.49)	"	Note 1	Note 1	2,082,170	28.09	
"	WPG China (SZ) Inc.	"	"	( 1,825,873)	( 4.33)	"	Note 5	Note 5	745,710	10.06	
"	RichPower Electronic Devices Co., Limited	"	"	( 1,643,382)	( 3.90)	"	"	"	28,214	0.38	
"	Yosun Industrial Corp.	"	"	( 1,056,791)	( 2.51)	"	"	"	34,969	0.47	
"	Asian Information Technology Inc.	"	"	( 342,668)	( 0.81)	"	"	"	-	-	
"	WPG SCM Limited	"	"	( 314,038)	( 0.75)	"	"	"	44,265	0.60	
"	Yosun Singapore Pte Ltd.	"	"	( 124,486)	( 0.30)	"	"	"	10,314	0.14	
Yosun Singapore Pte Ltd.	Yosun Hong Kong Corp. Ltd.	"	"	( 516,907)	( 9.83)	"	"	"	5,894	0.59	
"	WPG SCM Limited	"	"	( 240,193)	( 4.57)	"	"	"	34,582	3.48	
Sertek Incorporated	Yosun Hong Kong Corp. Ltd.	"	"	( 603,830)	( 3.96)	"	"	"	22,772	4.05	
"	Yosun Industrial Corp.	"	"	( 216,741)	( 1.42)	"	"	"	1,981	0.35	
Asian Information Technology Inc.	AIT Japan Inc.	"	"	( 5,615,448)	( 17.97)	Note 2	Note 2	Note 2	504,379	10.66	
"	Silicon Application Corp.	"	"	( 179,588)	( 0.57)	"	"	"	55,826	1.14	
"	WPG China (SZ) Inc.	"	"	( 149,458)	( 0.48)	"	"	"	57,424	1.21	
"	WPG Electronics (HK) Limited	"	"	( 101,833)	( 0.33)	"	"	"	62,171	1.31	
AIT Japan Inc.	Asian Information Technology Inc.	"	"	( 1,897,610)	( 24.49)	"	"	"	151,821	22.45	
AITG Electronic Limited	Frontek Technology Corporation	"	"	( 1,129,896)	( 100.00)	"	"	"	-	-	
Frontek Technology Corporation	WPG Electronics (HK) Limited	"	"	( 496,190)	( 2.24)	"	"	"	183,798	4.56	
"	Asian Information Technology Inc.	"	"	( 172,635)	( 0.78)	"	"	"	30,645	0.76	
Apache Communication Inc.	WPG China (SZ) Inc.	"	"	( 260,584)	( 0.94)	"	"	"	112,967	2.74	
"	Frontek Technology Corporation	"	"	( 222,194)	( 0.80)	"	"	"	11,199	0.27	

Table 5, Page 3

							Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)					
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote			
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term								
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Investment under equity method	Sales	(\$	1,782,445)	(	40.19)	90 days after monthly billings or 15 days after receipt of inventory	Note 4	Note 4	\$	470,145	35.32	
"	WPG China (SZ) Inc.	"	"	(	136,941)	(	3.09)	90 days after monthly billings	"	"		50,640	3.80	
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	"	"	(	449,808)	(	12.36)	"	"	"		162,190	17.46	
RichPower Electronic Devices Co., Limited	WPG Electronics (HK) Limited	"	"	(	1,099,509)	(	14.97)	Note 6	Note 6	Note 6		415,003	21.70	
"	RichPower Electronic Devices Co., Limited	"	"	(	625,938)	(	8.52)	"	"	"		19,805	1.04	
Mec Technology Co., Limited	WPG Electronics (HK) Limited	"	"	(	476,117)	(	17.99)	"	"	"		221,017	45.47	
"	RichPower Electronic Devices Co., Limited	"	"	(	246,276)	(	9.31)	"	"	"		-	-	
RichPower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	"	"	(	2,908,842)	(	20.80)	"	"	"		751,290	34.25	
"	WPG Electronics (HK) Limited	"	"	(	262,358)	(	1.88)	"	"	"		27,948	1.27	
"	RichPower Electronic Devices Co., Limited	"	"	(	202,146)	(	1.45)	"	"	"		6,451	0.29	
Dstar Electronic Company Limited	WPG China (SZ) Inc.	"	"	(	127,059)	(	99.67)	90 days after monthly billings	Note 4	Note 4		40,464	98.93	
WPG Americas Inc.	World Peace Industrial Co., Ltd.	"	"	(	230,676)	(	7.42)	30 days after monthly billings	"	"		3,285	0.62	
"	WPI International (Hong Kong) Limited	"	"	(	160,277)	(	5.16)	"	"	"		4,272	0.80	
WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd	"	"	(	293,702)	(	49.77)	60 days after monthly billings	"	"		-	0.00	
WPG China (SZ) Inc.	WPG China Inc.	"	"	(	220,743)	(	2.29)	"	Note 5	Note 5		40,912	1.59	
WPG China Inc.	WPG China (SZ) Inc.	"	"	(	513,235)	(	6.47)	"	"	"		167,172	9.07	
"	WPI International (Hong Kong) Limited	"	"	(	184,071)	(	2.32)	30 days after monthly billings	"	"		-	-	
"	Long-Think International (Shanghai) Limited	"	"	(	105,656)	(	1.33)	60 days after monthly billings	"	"		39,451	2.14	

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, 2015

Table 6

Express  
(Except

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)
					Amount	Action taken	
Silicon Application Corp.	WPG Electronics (HK) Limited	Same parent company	\$ 634,171	3.12	\$ -	-	\$ 526,886
"	WPG China (SZ) Inc.	"	334,530	2.53	-	-	166,747
SILICON APPLICATION (B.V.I.) CORP.	Silicon Application Corp.	"	1,286,896	0.00	-	-	-
Silicon Application Company Limited	WPG China Inc.	"	268,316	0.00	-	-	268,316
"	Silicon Application Corp.	"	722,511	0.00	-	-	-
"	WPG Gain Tune Ltd.	"	529,205	0.00	-	-	529,205
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	"	3,627,065	6.24	-	-	3,627,065
"	WPG Electronics (HK) Limited	"	303,326	2.30	-	-	254,224
Longview Technology Inc.	WPI International (Hong Kong) Limited	"	161,705	6.25	-	-	161,705
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	401,511	10.63	-	-	401,511
"	World Peace International (South Asia) Pte. Ltd.	"	331,218	5.36	-	-	331,218
"	WPG Electronics (HK) Limited	"	1,056,235	1.79	-	-	625,090
"	WPG China (SZ) Inc.	"	852,617	3.02	-	-	397,481
"	WPG SCM Limited	"	158,381	5.81	-	-	158,381
WPG C&C Limited.	WPI International (Hong Kong) Limited	"	141,811	13.01	-	-	141,811
"	WPI International Trading (Shanghai) Ltd.	"	281,984	5.70	-	-	281,984
Genuine C&C (IndoChina) Pte Ltd.	P.T. WPG Electrindo Jaya	Investment under equity method	297,338	3.85	-	-	63,769
World Peace International (South Asia) Pte. Ltd.	Genuine C&C (IndoChina) Pte Ltd.	Same parent company	200,690	6.01	-	-	170,763
"	WPG C&C Computers And Peripheral (India) Pte. Ltd.	"	243,552	7.68	-	-	243,552
"	WPG C&C (Malaysia) Sdn Bhd	"	260,569	3.08	-	-	47,573

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)
					Amount	Action taken	
World Peace International (South Asia) Pte. Ltd.	WPG SCM Limited	Same parent company	\$ 1,652,425	3.69	\$ -	-	\$ 1,652,425
"	World Peace Industrial Co., Ltd.	"	148,049	4.09	-	-	128,185
AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	"	131,819	0.00	-	-	23,082
AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	"	683,777	0.00	-	-	7
WPI International (Hong Kong) Limited	WPG C&C Limited.	"	621,077	0.00	-	-	395,461
"	Long-Think International (Hong Kong) Limited	"	210,273	0.00	-	-	82,128
"	WPG Gain Tune Ltd.	"	266,839	0.00	-	-	266,839
World Peace International (South Asia) Pte. Ltd.	WPI International (Hong Kong) Limited	"	665,937	0.00	-	-	-
"	WPG China Inc.	"	332,397	0.00	-	-	-
"	WPG Americas Inc.	"	696,659	0.00	-	-	218,497
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	"	146,330	8.6	-	-	146,330
"	WPG China Inc.	"	199,983	0.00	-	-	-
Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	"	745,710	3.00	-	-	271,268
"	WPG China Inc.	"	2,082,170	3.56	-	-	1,007,384
"	Yosun Industrial Corp.	"	298,914	0.00	-	-	298,914
Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	"	1,158,187	0.00	-	-	829,346
Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	"	190,268	0.00	-	-	458
Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	"	335,384	0.00	-	-	1,362
Sertek Limited	Yosun Hong Kong Corp. Ltd.	"	340,735	0.00	-	-	-
Sertek Incorporatedy Inc.	Yosun Hong Kong Corp. Ltd.	"	497,641	0.00	-	-	-
Asian Information Technology Inc.	AIT Japan Inc.	"	504,379	8.76	-	-	504,379
Frontek Technology Corporation	WPG Electronics (HK) Limited	"	183,798	2.35	-	-	141,827
AIT Japan Inc.	Asian Information Technology Inc.	"	151,821	13.97	-	-	79,275
Apache Communication Inc.	WPG China (SZ) Inc.	"	112,967	2.31	-	-	56,390
Asian Information Technology Inc.	Apache Communication Inc.	"	272,104	0.00	-	-	272,104
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	"	470,145	3.16	-	-	467,246

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note 1)	Turnover rate (Note 2)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 3)
					Amount	Action taken	
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Same parent company	\$ 151,362	0.00	\$ -	-	\$ -
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	"	162,190	3.35	-	-	161,311
Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	"	415,003	2.54	-	-	339,385
"	Yosun Singapore Pte Ltd.	"	213,543	0.00	-	-	-
RichPower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	"	751,290	7.69	-	-	751,290
Mec Technology Co., Limited	WPG Electronics (HK) Limited	"	221,017	2.37	-	-	141,496
WPG China Inc.	WPG China (SZ) Inc.	"	167,172	3.60	-	-	167,172
"	WPG China (SZ) Inc.	"	164,125	0.00	-	-	-
WPG South Asia Pte Ltd	WPG Korea Co., Ltd	"	230,233	0.00	-	-	-
"	World Peace International (South Asia) Pte. Ltd.	"	360,670	0.00	-	-	100,049

Note 1: Balance as at December 31, 2015 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 29, 2016.

sed in thousands of NTD  
t as otherwise indicated)

Allowance for doubtful accounts	
\$	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-



Allowance for doubtful accounts	
------------------------------------	--

\$	-
	-
	-
	-
	-
	-
	-
	-
	-

WPG Holdings Limited and Subsidiaries  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2015

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Sales	\$ 15,461,082	Note 5	3.00
1	"	WPG Electronics (HK) Limited	3	"	616,293	"	0.12
1	"	AECO Technology Co., Ltd.	3	"	506,978	"	0.10
1	"	Genuine C&C Inc.	3	"	140,458	"	0.03
2	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	3	"	116,006	"	0.02
3	Longview Technology Inc.	WPI International (Hong Kong) Limited	3	"	575,972	"	0.11
3	"	AIO Components Company Limited	3	"	111,415	"	0.02
4	Long-Think International (Hong Kong) Limited	Longview Technology Inc.	3	"	294,075	"	0.06
4	"	WPI International (Hong Kong) Limited	3	"	291,491	"	0.06
5	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	4,454,066	"	0.86
5	"	WPG China (SZ) Inc.	3	"	1,849,868	"	0.36
5	"	World Peace International (South Asia) Pte Ltd.	3	"	1,655,399	"	0.32
5	"	WPG Electronics (HK) Limited	3	"	1,222,161	"	0.24
5	"	WPG SCM Limited	3	"	811,677	"	0.16
5	"	WPI International Trading (Shanghai) Ltd.	3	"	640,528	"	0.12
5	"	WPG China Inc.	3	"	303,991	"	0.06
5	"	WPG Korea Co., Ltd.	3	"	276,106	"	0.05
5	"	VITEC WPG Limited	3	"	206,090	"	0.04
5	"	Apache Communication Inc.	3	"	158,933	"	0.03
6	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	1,977,665	Notes 9 and 13	0.38
6	"	WPG China (SZ) Inc.	3	"	858,085	Notes 6 and 9	0.17
6	"	WPG SCM Limited	3	"	205,161	Notes 9 and 11	0.04

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	
7	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	Sales	\$ 2,553,385	Notes 7 and 16	0.50
7	"	Sertek Incorporatedy Inc.	3	"	836,857	"	0.16
7	"	WPG China (SZ) Inc.	3	"	132,128	Notes 7 and 19	0.03
8	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	5,264,798	Notes 7 and 16	1.02
8	"	WPG China (SZ) Inc.	3	"	1,825,873	"	0.35
8	"	RichPower Electronic Devices Co., Limited	3	"	1,643,382	"	0.32
8	"	Yosun Industrial Corp.	3	"	1,056,791	"	0.20
8	"	Asian Information Technology Inc.	3	"	342,668	"	0.07
8	"	WPG SCM Limited	3	"	314,038	"	0.06
8	"	Yosun Singapore Pte Ltd.	3	"	124,486	"	0.02
9	Yosun Singapore Pte Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	516,907	"	0.10
9	"	WPG SCM Limited	3	"	240,193	"	0.05
10	Sertek Incorporatedy Inc.	Yosun Hong Kong Corp. Ltd.	3	"	603,830	"	0.12
10	"	Yosun Industrial Corp.	3	"	216,741	"	0.04
11	Asian Information Technology Inc.	AIT Japan Inc.	3	"	5,615,448	Note 4	1.09
11	"	WPG China (SZ) Inc.	3	"	149,458	"	0.03
11	"	Silicon Application Corp.	3	"	179,588	"	0.03
11	"	WPG Electronics (HK) Limited	3	"	101,833	"	0.02
12	AIT Japan Inc.	Asian Information Technology Inc.	3	"	1,897,610	"	0.37
13	AITG Electronic Limited	Frontek Technology Corporation	3	"	1,129,896	"	0.22
14	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	496,190	"	0.10
14	"	Asian Information Technology Inc.	3	"	172,635	"	0.03
15	Apache Communication Inc.	WPG China (SZ) Inc.	3	"	260,584	"	0.05
15	"	Frontek Technology Corporation	3	"	222,194	"	0.04
16	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	1,782,445	Notes 9 and 15	0.35
16	"	WPG China (SZ) Inc.	3	"	136,941	Notes 9 and 19	0.03
17	Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	3	"	449,808	"	0.09
18	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	1,099,509	Note 8	0.21

Table 7, Page 2



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	
18	Richpower Electronic Devices Co., Ltd.	RichPower Electronic Devices Co., Limited	3	Sales	\$ 625,938	Note 8	0.12
19	Mec Technology Co., Limited	WPG Electronics (HK) Limited	3	"	476,117	"	0.09
19	"	Richpower Electronic Devices Co., Ltd.	3	"	246,276	"	0.05
20	RichPower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	3	"	2,908,842	"	0.56
20	"	WPG Electronics (HK) Limited	3	"	262,358	"	0.05
20	"	Richpower Electronic Devices Co., Ltd.	3	"	202,146	"	0.04
21	Dstar Electronic Company Limited	WPG China (SZ) Inc.	3	"	127,059	Notes 9 and 10	0.02
22	WPG Americas Inc.	World Peace Industrial Co., Ltd.	3	"	230,676	Note 20	0.04
22	"	WPI International (Hong Kong) Limited	3	"	160,277	"	0.03
23	WPG South Asia Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	3	"	293,702	Notes 9 and 10	0.06
21	WPG China Inc.	WPG China (SZ) Inc.	3	"	513,235	"	0.10
21	"	WPI International (Hong Kong) Limited	3	"	184,071	"	0.04
21	"	Long-Think International (Shanghai) Limited	3	"	105,656	"	0.02
22	WPG China (SZ) Inc.	WPG China Inc.	3	"	220,743	"	0.04
23	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	"	1,534,091	Note 5	0.30
23	"	WPI International (Hong Kong) Limited	3	"	1,374,736	"	0.27
24	AIO Components Company Limited	WPI International (Hong Kong) Limited	3	"	272,298	"	0.05
25	Genuine C&C (IndoChina) Pte Ltd.	P.T. WPG Electrindo Jaya	3	"	1,033,484	"	0.20
26	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	4,579,936	"	0.89
26	"	WPG C&C Computers And Peripheral (India) Private Limited	3	"	1,367,051	"	0.27
26	"	Genuine C&C (IndoChina) Pte Ltd.	3	"	924,584	"	0.18
26	"	WPG C&C (Malaysia) Sdn Bhd	3	"	758,665	Note 5	0.15
26	World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	3	"	329,370	"	0.06
26	World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	3	"	212,313	"	0.04
27	Dstar Electronic Company Limited	WPG China (SZ) Inc.	3	"	127,059	Notes 9 and 19	0.02
1	Silicon Application Corp.	WPG Electronics (HK) Limited	3	Accounts receivable	634,171	Notes 9 and 13	0.35

Table 7, Page 3

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	
1	Silicon Application Corp.	WPG China (SZ) Inc.	3	Accounts receivable	\$ 334,530	Notes 6 and 9	0.19
2	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	"	3,627,065	Note 5	2.03
2	World Peace Industrial Co., Ltd.	WPG Electronics (HK) Limited	3	"	303,326	"	0.17
3	Longview Technology Inc.	WPI International (Hong Kong) Limited	3	"	161,705	"	0.09
4	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	401,511	"	0.22
4	"	World Peace International (South Asia) Pte. Ltd.	3	"	331,217	"	0.18
4	"	WPG Electronics (HK) Limited	3	"	1,056,235	"	0.59
4	"	WPG China (SZ) Inc.	3	"	852,617	"	0.48
4	"	WPG SCM Limited	3	"	158,381	"	0.09
5	WPG C&C Limited	WPI International (Hong Kong) Limited	3	"	141,811	"	0.08
5	"	WPI International Trading (Shanghai) Ltd.	3	"	281,984	"	0.16
6	Genuine C&C (IndoChina) Pte Ltd.	P.T. WPG Electrindo Jaya	3	"	297,338	"	0.17
7	World Peace International (South Asia) Pte. Ltd.	Genuine C&C (IndoChina) Pte Ltd.	3	"	200,690	"	0.11
7	"	WPG C&C Computers And Peripheral (India) Pte. Ltd.	3	"	243,552	"	0.14
7	"	WPG C&C (Malaysia) Sdn Bhd	3	"	260,569	"	0.15
7	"	WPG SCM Limited	3	"	1,652,425	"	0.92
7	"	World Peace Industrial Co., Ltd.	3	"	148,049	"	0.08
8	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	146,330	Notes 7 and 16	0.08
9	Yosun Hong Kong Corp. Ltd.	WPG China (SZ) Inc.	3	"	745,710	"	0.42
9	Yosun Hong Kong Corp. Ltd.	WPG China Inc.	3	"	2,082,170	Notes 7 and 16	1.16
10	Asian Information Technology Inc.	AIT Japan Inc.	3	"	504,379	Note 4	0.28
11	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	183,798	"	0.10
12	AIT Japan Inc.	Asian Information Technology Inc.	3	"	151,821	"	0.08
13	Apache Communication Inc.	WPG China (SZ) Inc.	3	"	112,967	"	0.06
14	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	470,145	Notes 9 and 15	0.26
15	Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	3	"	162,190	Notes 9 and 19	0.09
16	Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	3	"	415,003	Note 8	0.23

Table 7, Page 4

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	
17	RichPower Electronic Devices Co., Limited	Yosun Hong Kong Corp. Ltd.	3	Accounts receivable	\$ 751,290	Note 8	0.42
18	WPG China Inc.	WPG China (SZ) Inc.	3	"	167,172	Notes 9 and 10	0.09
19	Mec Technology Co., Limited	WPG Electronics (HK) Limited	3	"	221,017	Note 8	0.12
1	Silicon Application Corp.	WPG China Inc.	3	Other receivables	268,316	Note 17	0.15
1	"	Silicon Application Corp.	3	"	722,511	"	0.40
1	"	WPG Gain Tune Ltd.	3	"	529,205	"	0.30
2	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	3	"	131,819	"	0.07
3	AECO Electronic Co., Ltd.	WPI International (Hong Kong) Limited	3	"	683,777	"	0.38
4	WPI International (Hong Kong) Limited	WPG C&C Limited	3	"	621,077	"	0.35
4	"	Long-Think International (Hong Kong) Limited	3	"	210,273	"	0.12
4	"	WPG Gain Tune Ltd.	3	"	266,839	"	0.15
5	World Peace International (South Asia) Pte. Ltd.	WPI International (Hong Kong) Limited	3	"	665,937	"	0.37
5	"	WPG China Inc.	3	"	332,397	"	0.19
5	"	WPG Americas Inc.	3	"	696,659	"	0.39
6	Yosun Industrial Corp.	WPG China Inc.	3	"	199,983	"	0.11
7	Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	1,158,187	Notes 17 and 18	0.65
8	Yosun South China Corp. Ltd.	WPG China (SZ) Inc.	3	"	190,268	Note 17	0.11
9	Yosun Shanghai Corp. Ltd.	WPG China (SZ) Inc.	3	"	335,384	Note 17	0.19
10	Sertek Limited	Yosun Hong Kong Corp. Ltd.	3	"	340,735	"	0.19
11	Sertek Incorporated Inc.	Yosun Hong Kong Corp. Ltd.	3	"	497,641	"	0.28
12	Asian Information Technology Inc.	Apache Communication Inc.	3	"	272,104	"	0.15
13	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	151,362	"	0.08
14	Richpower Electronic Devices Pte., Ltd.	Yosun Singapore Pte Ltd.	3	"	213,543	"	0.12
15	WPG China Inc.	WPG China (SZ) Inc.	3	"	164,125	"	0.09
16	WPG South Asia Pte Ltd.	WPG Korea Co., Ltd	3	"	230,233	"	0.13
16	"	World Peace International (South Asia) Pte. Ltd.	3	"	360,670	"	0.20
17	Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	3	"	298,914	Note 18	0.17

Table 7, Page 5

Transaction							Percentage of consolidated total operating revenues or total assets (Note 3)
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	
18	SILICON APPLICATION (B.V.I.) CORP.	Silicon Application Corp.	3	Other receivables	\$ 1,286,896	Note 17	0.72

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

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

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

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

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

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

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

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

Note 12: The collection period is 75~120 days after sale.

Note 13: The collection period is 90~120 days from the end of the month of sales.

Note 14: Mainly accrued payment on behalf of others and transfer pricing of intangible assets.

Note 15: The collection period is 90 days from the end of the month of sales or 15 days after sale.

Note 16: The collection period is 75 days after sale.

Note 17: Mainly accrued financing charges.

Note 18: The amount pertains mainly to receivables from related parties for collections of sales on behalf of the Company.

Note 19: The collection period is 90 days from the end of the month of sales.

Note 20: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30 days from the end of the month of sales.

## WPG Holdings Limited and Subsidiaries

## Information on investees

Year ended December 31, 2015

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value			
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Taiwan	Sales of electronic /electrical components	\$ 13,484,384	\$ 13,484,384	981,100,000	100.00	\$ 21,696,782	\$ 3,032,362	\$ 3,032,362	Note 4
WPG Holdings Limited	Asian Information Technology Inc.	Taiwan	Sales of electronic /electrical components	4,063,464	4,063,464	346,812,367	100.00	6,043,555	1,192,293	1,192,293	Note 4
WPG Holdings Limited	Silicon Application Corp.	Taiwan	Sales of electronic /electrical components	4,717,962	4,717,962	406,570,000	100.00	6,668,916	876,147	876,147	Note 4
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic /electrical components	14,735	14,735	3,920,000	100.00	41,821	2,639	2,639	Note 4
WPG Holdings Limited	WPG Korea Co., Ltd.	South Korea	Sales of electronic /electrical components	169,071	169,071	1,087,794	100.00	338,381	40,441	40,441	Note 4
WPG Holdings Limited	WPG International (CI) Limited	Cayman Islands	Holding company	3,783,583	3,724,646	124,442,727	100.00	3,658,553 (	184,587) (	184,587)	Note 4
WPG Holdings Limited	Yosun Industrial Corp.	Taiwan	Sales of electronic /electrical components	16,131,691	16,131,691	649,650,000	100.00	16,920,576	850,066	846,551	Note 4
WPG Holdings Limited	WPG Investment Co., Ltd.	Taiwan	Investment company	502,997	502,997	50,000,000	100.00	498,207	14,695	14,695	Note 4
WPG Holdings Limited	WPG Core Investment Co., Ltd.	Taiwan	Investment company	45,000	30,000	4,500,000	100.00	8,719 (	17,827) (	17,827)	Note 4
WPG Holdings Limited	Genuine C&C Inc.	Taiwan	Sales of electronic /electrical components	510,041	-	35,175,221	44.21	502,347	28,142	12,514	Note 4
Silicon Application Corp.	SILICON APPLICATION (B.V.I.) CORP.	British Virgin Islands	International investment	706,402	706,402	22,000,000	100.00	3,273,449	22,900		Notes 2 and 5
Silicon Application Corp.	Win-Win Systems Ltd.	British Virgin Islands	International investment	24,015	24,015	765,000	100.00	26,663	99		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	116,258	5,320		Notes 2 and 5
Silicon Application Corp.	Win-Win Electronic Corp.	Taiwan	Sales of computer software, hardware and electronic components	10,000	10,000	1,000,000	100.00	9,450 (	370)		Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015				Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 1)	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value				
Silicon Application Corp.	Pernas Electronics Co., Ltd.	Taiwan	Sales of computer software, hardware and electronic components	\$ 959,504	\$ 959,504	73,500,000	100.00	\$ 1,125,283	\$ 237,015			Notes 2 and 5
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	3,093,311	190,891			Notes 2 and 5
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	British Virgin Islands	Holding company	2,774,146	2,774,146	83,179,435	100.00	13,381,156	1,334,727			Notes 2 and 5
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic /electrical components	364,290	364,290	33,900,000	100.00	623,813	94,730			Notes 2 and 5
World Peace Industrial Co., Ltd.	ChainPower Technology Corp.	Taiwan	Sales of electronic /electrical components	116,650	116,650	14,820,382	39.00	201,873	34,442			Notes 2 and 3
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	Taiwan	Sales of electronic /electrical components	1,468,555	2,242,555	94,600,000	100.00	1,752,111	45,934			Notes 2 and 5
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	Taiwan	Sales of electronic /electrical components	149,130	149,130	12,964,098	16.29	170,733	28,142			Notes 2 and 3
Longview Technology Inc.	Longview Technology GC Limited	British Virgin Islands	Holding company	335,328	335,328	11,300,000	100.00	397,168	16,420			Notes 2 and 5
Longview Technology Inc.	Long-Think International Co., Ltd.	Taiwan	Sales of electronic /electrical components	37,302	37,302	4,000,000	100.00	60,238	17,140			Notes 2 and 5
AECO Technology Co., Ltd.	TECO Enterprise Holding (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	436,280	436,280	12,610,000	100.00	801,392	10,594			Notes 2 and 5
Yosun Industrial Corp.	Suntop Investments Ltd.	Cayman Islands	Investment company	1,812,188	1,812,188	50,700,000	100.00	4,670,579	37,960			Notes 2 and 5
Yosun Industrial Corp.	Sertek Incorporated Inc.	Taiwan	Sales of office machinery and electronic components	1,616,722	1,616,722	94,828,100	100.00	1,760,709	216,980			Notes 2 and 5
Yosun Industrial Corp.	Yosun Green Technology Corp.	Taiwan	Sales of electronic components	-	26,100	-	-	-	579			Notes 2, 3 and 7
Yosun Industrial Corp.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	19,920	19,920	1,660,000	24.24	205 (	4,317)			Notes 2 and 3
Yosun Industrial Corp.	Eesource Corp.	Taiwan	Sales of electronic components	11,520	11,520	1,080,000	20.00	36,758	37,910			Notes 2 and 3
Yosun Industrial Corp.	Yosun Japan Corp.	Japan	Sales of electronic components	44,172	44,172	15,015	50.00	40,257	2,239			Notes 2 and 3
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Taiwan	Sales of electronic components	2,092,631	2,092,631	85,000,000	100.00	2,362,019	401,824			Notes 2 and 5

				Initial investment amount		Shares held as at December 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	Net profit (loss) of	Investment income	Footnote
				December 31, 2015	December 31, 2014				the investee for the year ended December 31, 2015	(loss) recognised by the Company for the year ended December 31, 2015 (Note 1)	
Sertek Incorporated Inc.	Sertek Limited	Hong Kong	Import and export business for electronic components	\$ 83,494	\$ 83,494	19,500,000	100.00	\$ 455,325	\$ 9,796		Notes 2 and 5
Genuine C&C Inc.	Hat-Trick Co., Ltd.	Taiwan	Investment and retail business of other grocery	79,999	79,995	8,000,000	100.00	38,726	( 13,979)		Notes 2 and 5
Genuine C&C Inc.	GENUINE C&C HOLDING INC. (Seychelles)	Seychelles	Holding company	163,400	132,549	5,500,000	100.00	110,927	( 11,178)		Notes 2 and 5
Genuine C&C Inc.	Taibao Creation Co., Ltd.	Taiwan	Retail business of other grocery	20,000	20,000	2,000,000	50.00	7,616	( 7,018)		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	12,636	51,300		Notes 2 and 3
Asian Information Technology Inc.	Frontek Technology Corporation	Taiwan	Import and export business for electrical components	1,515,256	1,515,256	214,563,352	100.00	2,866,856	408,016		Notes 2 and 5
Asian Information Technology Inc.	Apache Communication Inc.	Taiwan	Import and export business for electrical components	680,313	680,313	136,445,400	100.00	1,847,204	229,028		Notes 2 and 5
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	Taiwan	Import and export business for electrical components	124,521	124,521	10,000,000	100.00	121,984	14,717		Notes 2 and 5
Asian Information Technology Inc.	Adivic Technology Co., Ltd.	Taiwan	Import and export business for electrical components	127,800	98,400	10,780,000	49.00	31,230	( 60,260)		Notes 2 and 3
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	British Virgin Islands	International investment	155,558	155,558	4,703,107	100.00	276,935	83,533		Notes 2 and 5
Frontek Technology Corporation	Frontek International Limited	British Virgin Islands	International investment	101,862	101,862	2,970,000	100.00	126,757	3,657		Notes 2 and 5
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Taiwan	Import and export business for electrical components	343,959	343,959	28,000,000	100.00	770,231	143,295		Notes 2 and 5
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	Samoa	International investment	33,287	33,287	1,000,000	100.00	4,169	58		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	1,601,336	202,806		Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Limited	Taiwan	Sales of electronic components	401,247	401,247	24,300,000	100.00	445,776	68,404		Notes 2 and 5

				Initial investment amount		Shares held as at December 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 1)	Footnote
Mec Technology Co., Limited	Mec Technology Co., Limited	Hong Kong	Sales of electronic components	\$ 1,092	\$ 1,092	25,000	100.00	\$ 10,873	\$ 940		Notes 2 and 5
Mec Technology Co., Limited	Richpower Electronic Devices Pte. Ltd.	Singapore	Sales of electronic components	1,988	1,988	10,000	100.00	223,112	10,046		Notes 2 and 5
WPG Investment Co., Ltd.	Eesource Corp.	Taiwan	Sales of office machinery and electronic components	11,520	11,520	1,080,000	20.00	36,629	37,910		Notes 2 and 3
WPG Investment Co., Ltd.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	17,800	14,800	1,565,218	22.86	- (	4,317)		Notes 2 and 3
WPG Investment Co., Ltd.	Taibao Creation Co., Ltd.	Taiwan	Retail business of other grocery	10,000	10,000	1,000,000	25.00	3,808 (	7,018)		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	67,275	51,300		Notes 2 and 3
WPG Korea Co., Ltd.	Apache Communication Inc.	British Virgin Islands	International investment	68,812	71,939	2,795,000	100.00	88,238	1,122		Notes 2, 5 and 6

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: Original investment exchange rate KRW1:NTD 0.028105 on December 31, 2015, and KRW 1 : NTD 0.0292255 on December 31, 2014.

Note 7: Yosun Green Technology Corp. was liquidated in August 2015.



WPG Holdings Limited and Subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2015

Table 9

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, 2015	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of Decemer 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 15)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
WPG China Inc.	Sales of electronic /electrical components	\$ 1,913,041	1	\$ 1,914,943	\$ -	-	\$ 1,914,943	(\$ 19,825)	100.00	(\$ 19,825)	\$ 2,217,838	-	
WPG China (SZ) Inc.	Sales of computer software and electronic components	156,695	1	114,811	-	-	114,811	39,533	100.00	39,533	485,259	-	Note 9
Suzhou Xinning Bonded Warehouse Co., Ltd.	Warehousing services	32,825	1	30,800	-	-	30,800	16,588	49.00	8,128	55,123	-	
Gain Tune Logistics (Shanghai) Co., Ltd.	Sales of electronic / electrical components	41,589	1	16,267	-	-	16,267	21,718	40.00	8,687	35,199	-	
Suzhou Xinning Logistics Co., Ltd.	Warehousing services / extra work	69,459	1	20,179	-	-	20,179	11,466	29.40	3,371	37,604	-	
Shenzhen HQPG Electronic Information Co., Ltd.	Sales, import and export trade of electronic related products	159,954	1	78,378	-	-	78,378	( 113)	-	489	-	-	Note 13
Silicon Application (Shanghai) Ltd.	Sales of computer software and electronic components	-	1	7,200	-	-	7,200	-	-	-	-	-	Note 3
Silicon Application (Wuhon) Ltd.	Sales of computer software and electronic components	-	1	6,975	-	-	6,975	-	-	-	-	-	Note 5

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, 2015	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of Decemer 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 15)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
WPI International Trading (Shenzhen) Ltd.	Sales of electronic /electrical components	\$ 105,040	1	\$ 105,040	\$ -	-	\$ 105,040	(\$ 4,638)	100.00	(\$ 4,638)	\$ -	-	
WPI International Trading (Shanghai) Ltd.	Sales of electronic /electrical components	218,286	1	21,336	-	-	21,336	26,036	100.00	26,036	338,627	-	
AIO (Shanghai) Components Company Limited	Sales of electronic /electrical components	8,269	1	-	-	-	-	1,174	100.00	1,174	59,930	-	Note 8
Long-Think International (Shanghai) Limited	Sales of electronic /electrical components	16,539	1	143,490	-	-	143,490	213	100.00	( 4,868)	172,628	-	Note 7
AECO Electronic (Ningbo) Co., Ltd.	International trade of electronic components and products	128,674	1	128,674	-	-	128,674	617	100.00	617	61,874	-	
Sertek (Shanghai) Limited	Sales of electronic components	82,063	1	-	-	-	-	4,469	100.00	4,469	87,432	-	
Yosun Shanghai Corp. Ltd.	Sales of electronic components and warehousing services	252,756	1	252,756	-	-	252,756	9,476	100.00	9,476	385,721	-	
Yosun South China Corp. Ltd.	Sales of electronic components	141,148	1	-	-	-	-	3,811	100.00	3,811	216,741	-	
Dalian Kaiyuan Innovations Digital Co., Ltd.	Development, import, export and sales of software and electronic products	49,950	1	25,439	-	-	25,439	197	-	97	-	-	Note 14
Peng Yu (Shanghai) Digital Technology Co., Ltd.	Sales of electronic products	77,423	1	-	43,789	-	43,789	6,010	55.00	2,000	27,761	-	
Hubei Xinsheng Technology Management Co., Ltd.	Sales of electronic products and peripherals	149,850	1	77,395	-	-	77,395	( 15,373)	83.33	( 9,001)	37,496	-	

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, 2015	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 15)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
World Components Agent (Shanghai) Inc.	Sales of electronic components	\$ 6,574	1	\$ 6,565	\$ -	-	\$ 6,565	\$ 58	100.00	\$ 58	\$ 4,147	-	
Arise Component Corp.	Sales of electronic components	-	1	26,260	-	-	26,260	-	-	-	-	-	Note 6
Software World Limited	Sales of electronic /electrical components	-	1	6,073	-	-	6,073	-	-	-	-	-	Note 4
Mec Technology (Shanghai) Co., Ltd.	Sales of electronic /electrical components	-	1	16,413	-	-	16,413	-	-	-	-	-	Note 2
Qegoo Technology Co., Ltd.	Business e-commerce platform	60,726	1	5,263	-	-	5,263	-	15.00	-	5,263	-	

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

Note 2: It was liquidated in March, 2011.

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

Note 4: It was liquidated in December, 2008.

Note 5: It was liquidated in November, 2007.

Note 6: It was liquidated in December, 2011.

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

Note 8: WPI International (Hong Kong) Limited acquired AIO Components Company Limited as of July 1, 2010, and AIO (Shanghai) Company Limited became the Company's indirect subsidiary. The investment of USD469 thousand in AIO (Shanghai) Company Limited had been permitted by Investment Commission.

Note 9: WPG International (Hong Kong) Limited invested in WPG (Shenzhen) Inc. in the amount of HKD10 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 10: For paid-in capital, amount remitted from Taiwan to Mainland China/ amount remitted back to Taiwan for the year ended December 31, 2015, accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015, book value of investments in Mainland China as of December 31, 2015, accumulated amount of investment income remitted back to Taiwan as of December 31, 2015, etc., the exchange rates used were USD 1: NTD 32.825, HKD 1: NTD 4.235 and RMB 1: NTD 4.995.

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

Note 12: It was liquidated in September 2015.

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

Note 14: For the year ended December 31, 2015, Genuine C&C Holding Inc. (Seychelles) has sold Dalian Kaiyuan Innovation Digital Co., Ltd. and the transaction amounted to RMB\$2,150 thousand. However, the amount was not collected as of March 29, 2016.

Note 15: The investment income/loss that was recognised by the Company was based on the financial statements audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
WPG Holdings Limited	\$ 2,175,377	\$ 2,290,809	\$ 28,990,655
World Peace Industrial Co., Ltd.	269,866	634,757	13,058,091
Richpower Electronic Devices Co., Ltd.	22,485	16,413	1,417,211
Silicon Application Corp.	14,175	20,612	4,001,350
Pernas Electronics Co., Ltd.	32,825	32,825	667,164
Yosun Industrial Corp.	252,756	484,632	7,256,767
Sertek Incorporated Inc.	-	82,063	879,173
AECO Technology Co., Ltd.	128,674	128,674	689,006
WPG Investment Co., Ltd.	5,263	16,032	298,924
Genuine C&C Inc.	146,623	146,890	671,977

(1) Exchange rates as of December 31, 2015 were USD 1: NTD 32.825, HKD 1 : NTD 4.235 and RMB 1 : NTD 4.995.

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

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