CHENG UEI PRECISION INDUSTRY CO., LTD.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2016 AND 2015

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
TRANSLATED FROM CHINESE-LANGUAGE

PWCR16000343
To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

Opinion

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

In our opinion, based on our audits and the report of other independent accountants (which are described in the *Other matters* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions applied to inventory valuation, and Note 6(6) for details of inventory. As of December 31, 2016, the balances of inventory and allowance for inventory valuation losses were NT$ 9,651,060 thousand and NT$ 463,763 thousand, respectively.

The Group is primarily engaged in the manufacture and sale of electronic components and parts. As the electronic products' life cycles are short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or obsolescence due to economic depression or an excess of supply over demand. Since the inventory and allowance for inventory valuation losses were material to the financial statements, we consider the assessment of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. We assessed the reasonableness of the provision policies on allowance for inventory valuation losses based on our understanding of the nature of the business and the industry and that the ensured relevant accounting policies were consistent with the prior period;

B. We assessed the inventory aging that was used in the valuation and the calculation in the net realisable value report system and tested whether the information in the report was consistent with its policies; and

C. We tested the appropriateness of separate net realisable valuation basis of inventory, by randomly checking and testing the sales and purchase prices to ensure that they were consistent with the information in the report.

Valuation of property, plant and equipment impairment

Description

Please refer to Note 4(18) for accounting policies on property, plant and equipment impairment, Note 5(3) for the uncertainty of accounting estimates and assumptions applied to property, plant and equipment, and Note 6(8) for details of property, plant and equipment.

As the systems and peripheral products department of the Group became a saturated market, the supply was in excess of demand and resulted in deficits. The management assessed the impairment of property, plant and equipment that were the cash generating unit of the segment. The impairment valuation mainly relied on an external appraiser who was commissioned by the Group. As the valuation involved many assumptions, involved subjective judgment and high degree of uncertainty, and may have significant effects on the valuation result, we consider the valuation of property, plant and equipment impairment as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. We obtained the assessment table of the cash generating unit with assets that had any indication that it may be impaired, and reviewed relevant policies and processes on impairment valuation, including collection of internal and external data, long-term and short-term forecast and industry changes.

B. We obtained the external appraisal report and performed the following procedures:

(a) We examined the appraiser's qualification and assessed the independence, objectiveness and competence.

(b) We assessed whether the valuation method in the appraisal report was common industry practice and appropriate.

(c) We assessed the reasonableness of significant assumptions (including expected growth rate and discount rate) applied in the appraisal report.

Valuation of Goodwill impairment

Description

Please refer to Note 4(18) for accounting policies on impairment loss on non-financial assets, Note 5(1) for the uncertainty of accounting estimates and assumptions applied to goodwill impairment valuation, and Note 6(10) for details of goodwill impairment valuation.

The amount of goodwill (including indefinite useful life trademarks) that was generated from the acquisition of a subsidiary through the consolidated entity, Power Quotient International Co., Ltd. (‘PQI’), in prior years was material. The Group valued the impairment of goodwill (including indefinite useful life trademarks) through the discounted cash flow method. As the assumption of expected future cash flow contained subjective judgment and involved a high degree of uncertainty which would cause a material impact on the valuation result, we consider the valuation of goodwill impairment (including indefinite useful life trademarks) as a key audit matter.

<u>How our audit addressed the matter</u>

The consolidated financial statements of PQI was audited by other independent accountants who performed the following audit procedures on the above key audit matter:

A. Obtained external appraisal report on intangible assets, assessed and inquired the external appraiser for the assumptions and sensitivity of expected cash flow and discount rate.

B. Assessed whether the valuation method used by management was common industry practice, and assessed the reasonableness of assumptions on expected operating revenue growth rate, economic life and other factors used by management on separately identifiable intangible assets.

C. Assessed the adequacy of financial statement disclosures by management.

Other matter – Using the work of other auditors

We did not audit the financial statements of certain consolidated subsidiaries, which reflect total assets of NT$ 7,179,938 thousand and NT$ 6,491,079 thousand as at December 31, 2016 and 2015, constituting 10.56% and 8.55% of consolidated total assets; total operating revenue of NT$ 5,240,999 thousand and NT$ 9,845,116 thousand, for the years ended December 31, 2016 and 2015, constituting 5.79% and 9.10% of consolidated total operating revenue, respectively. In addition, the balances of investment accounted for using equity method were NT$ 505,273 thousand and NT$ 441,267 thousand, constituting 0.74% and 0.58% of consolidated total assets; comprehensive income (including share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method) were NT$ 49,216 thousand and NT$ 59,555 thousand, for the years ended December 31, 2016 and 2015, constituting (3.85%) and 4.22% of consolidated total profit or loss. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose report thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Cheng Uei Precision Industry Co., Ltd. as at and for the years ended December 31, 2016 and 2015.

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

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

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

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

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

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

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

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The consolidated financial statements as of and for the year ended December 31, 2016 expressed in United States (US) dollars are presented solely for the convenience of the readers and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of US$1:00:NT 32.25 as at December 31, 2016. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

Lin, Se-Kai　　　　　　　　　　Chou, Hsiao-Tzu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 31, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the 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 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.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF DOLLARS)

	December 31, 2016		December 31, 2015		December 31, 2016	
	Amount	%	Amount	%	Amount	%
	New Taiwan Dollars				US Dollars	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Notes 6(1) and 8)	$ 6,685,113	10	$ 7,314,136	10	$ 207,290	10
Financial assets carried at cost - current (Note 6(3))	470	-	-	-	15	-
Investments in debt instrument without active market - current (Note 6(4))	9,205	-	-	-	285	-
Notes receivable, net	65,653	-	26,163	-	2,036	-
Accounts receivable, net (Note 6(5))	15,260,936	22	16,882,181	22	473,207	22
Accounts receivable, net - related parties (Note 7)	1,122,300	2	775,771	1	34,800	2
Other receivables (Notes 6(8) and 8)	293,347	-	354,825	-	9,096	-
Other receivables - related parties (Note 7)	320,192	-	687,842	1	9,928	-
Current income tax assets (Note 6(25))	5,266	-	7,461	-	163	-
Inventories, net (Note 6(6))	9,187,297	14	12,009,342	16	284,877	14
Prepayments	1,185,551	2	1,473,794	2	36,761	2
Other current assets (Note 8)	406,535	1	234,533	-	12,606	1
	34,541,865	51	39,766,048	52	1,071,064	51
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 6(2) and 12(3))	1,042,965	2	1,922,305	3	32,340	2
Financial assets carried at cost-non-current (Note 6(3))	668,438	1	670,846	1	20,727	1
Investments accounted for using equity method (Note 6(7))	5,684,963	8	5,537,666	7	176,278	8
Property, plant and equipment, net (Note 6(8))	20,045,665	30	22,093,979	29	621,571	30
Investment property, net (Note 6(9))	274,147	-	297,705	-	8,501	-
Intangible assets, net (Note 6(10))	2,738,439	4	2,832,260	4	84,913	4
Deferred income tax assets (Note 6(25))	174,854	-	197,454	-	5,422	-
Prepayments for business facilities	612,988	1	1,271,706	2	19,007	1
Other non-current assets, others (Notes 6(11) and 8)	2,205,600	3	1,335,162	2	68,391	3
	33,448,059	49	36,159,083	48	1,037,150	49
TOTAL ASSETS	$ 67,989,924	100	$ 75,925,131	100	$ 2,108,214	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 6(12))	$ 8,738,009	13	$ 11,137,953	15	$ 270,946	13
Notes payable	4,493	-	3,307	-	139	-
Accounts payable	13,623,823	20	16,731,718	22	422,444	20
Accounts payable - related parties (Note 7)	354,842	1	646,217	1	11,003	1
Other payables (Note 6(13))	6,891,542	10	6,654,962	9	213,691	10
Current income tax liabilities (Note 6(25))	262,514	-	354,771	-	8,140	-
Other current liabilities (Note 6(14))	1,185,931	2	711,235	1	36,773	2
	31,061,154	46	36,240,163	48	963,136	46
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 6(14))	6,988,969	10	7,190,214	9	216,712	10
Deferred income tax liabilities (Note 6(25))	806,500	1	1,409,451	2	25,008	1
Other non-current liabilities (Notes 6(7) and 6(15))	2,048,369	3	1,643,582	2	63,515	3
	9,843,838	14	10,243,247	13	305,235	14
TOTAL LIABILITIES	40,904,992	60	46,483,410	61	1,268,371	60
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Common stock (Note 6(16))	5,123,269	8	5,123,269	7	158,861	8
Capital reserve (Note 6(17))	9,434,481	13	9,407,975	12	292,542	13
Retained earnings						
Legal reserve	2,529,745	4	2,364,742	3	78,441	4
Special reserve	665,206	1	665,206	1	20,627	1
Unappropriated earnings (Notes 6(18) and 6(25))	5,874,326	9	6,277,731	8	182,150	9
Other equity (Note 6(19))	9,689	-	1,988,291	3	300	-
Equity attributable to owners of the parent	23,636,716	35	25,827,214	34	732,921	35
Non-controlling interests	3,448,216	5	3,614,507	5	106,922	5
TOTAL EQUITY	27,084,932	40	29,441,721	39	839,843	40
Significant contingent liabilities and unrecognised contract commitments (Note 9)						
Significant events after the balance sheet date (Note 11)						
TOTAL LIABILITIES AND EQUITY	$ 67,989,924	100	$ 75,925,131	100	$ 2,108,214	$ 100

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	Years ended December 31,					
	2016		2015		2016	
	Amount	%	Amount	%	Amount	%
	New Taiwan Dollars				US Dollars	
Operating revenue (Note 7)	$ 90,499,529	100	$ 108,233,074	100	2,806,187	100
Operating costs (Notes 6(6), 6(23) ,6(24) and 7)	(81,278,756)	(90)	(98,234,524)	(91)	(2,520,271)	(90)
Gross profit	9,220,773	10	9,998,550	9	285,916	10
Operating expenses (Notes 6(23), 6(24) and 6(27))						
Sales and marketing expenses	(2,545,437)	(3)	(2,902,740)	(3)	(78,928)	(3)
General and administrative expenses	(3,922,174)	(4)	(4,480,777)	(4)	(121,618)	(4)
Research and development expenses	(2,438,350)	(3)	(2,320,960)	(2)	(75,608)	(3)
Total operating expenses	(8,905,961)	(10)	(9,704,477)	(9)	(276,154)	(10)
Operating income	314,812	-	294,073	-	9,762	-
Non-operating income and expenses						
Other income (Notes 6(9), 6(20) and 7)	324,416	-	1,143,610	1	10,059	-
Other gains and losses (Note 6(21))	593,956	1	1,488,430	1	18,417	1
Finance costs (Note 6(22))	(364,081)	-	(308,279)	-	(11,289)	-
Share of profit of associates and joint ventures accounted for under equity method (Note 6(7))	451,472	-	230,833	-	13,999	-
Total non-operating income and expenses	1,005,763	1	2,554,594	2	31,186	1
Income before income tax	1,320,575	1	2,848,667	2	40,948	1
Income tax expense (Note 6(25))	(552,494)	(1)	(1,122,089)	(1)	(17,131)	(1)
Net income	$ 768,081	-	$ 1,726,578	1	$ 23,817	-
Other comprehensive income, net						
Gains (losses) on remeasurements of defined benefit plans (Note 6(15))	$ 11,555	-	($ 24,866)	-	$ 358	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	224	-	(925)	-	7	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(25))	(2,039)	-	4,160	-	(63)	-
Total components of other comprehensive (loss) income that will be reclassified to profit or loss	9,740	-	(21,631)	-	302	-
Exchange differences arising on translation of foreign operations	(2,137,876)	(3)	(284,714)	-	(66,291)	(3)
Unrealised (loss) gain on valuation of available-for-sale financial assets (Note 6(2))	(292,409)	-	32,344	-	(9,067)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(221,358)	-	(14,333)	-	(6,863)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(25))	594,018	1	(26,421)	-	18,419	1
Total components of other comprehensive loss that will not be reclassified to profit or loss	(2,057,625)	(2)	(293,124)	-	(63,802)	(2)
Other comprehensive loss, net	($ 2,047,885)	(2)	($ 314,755)	-	($ 63,500)	(2)
Total comprehensive (loss) income for the year	($ 1,279,804)	(2)	$ 1,411,823	1	($ 39,683)	(2)
Net income attributable to:						
Shareholders of the parent	$ 792,765	-	$ 1,650,031	1	$ 24,582	-
Non-controlling interests	(24,684)	-	76,547	-	(765)	-
Total	$ 768,081	-	$ 1,726,578	1	$ 23,817	-
Total comprehensive (loss) income attributable to:						
Shareholders of the parent	($ 1,175,418)	(2)	$ 1,248,560	1	($ 36,447)	(2)
Non-controlling interests	(104,386)	-	163,263	-	(3,237)	-
Total	($ 1,279,804)	(2)	$ 1,411,823	1	($ 39,684)	(2)
Basic earnings per share (in dollars) (Note 6(26))	$	1.55	$	3.22	$	0.05
Diluted earnings per share (in dollars) (Note 6(26))	$	1.54	$	3.20	$	0.05

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to shareholders of the parent									
			Retained earnings			Other equity				
	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealised gain or loss from available-for-sale financial assets	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Year ended December 31, 2015										
Balance at January 1	$ 5,123,269	$ 9,419,502	$ 2,186,163	$ 665,206	$ 5,853,307	1,123,014	$ 1,245,345	$ 25,615,806	$ 3,488,588	$ 29,104,394
Appropriation of 2014 earnings (Note 6(18))										
Legal reserve	-	-	178,579	-	(178,579)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,024,654)	-	-	(1,024,654)	-	(1,024,654)
Adjustments to share of changes in equity of associates and joint ventures accounted for using equity method (Note 6(17))	-	(11,480)	-	-	(971)	-	-	(12,451)	-	(12,451)
Adjustments due to not participating in non-proportional investment	-	(47)	-	-	-	-	-	(47)	-	(47)
Change in non-controlling interest	-	-	-	-	-	-	-	-	(37,344)	(37,344)
Other comprehensive income (loss) for the year (Note 6(19))	-	-	-	-	(21,403)	(403,933)	23,865	(401,471)	86,716	(314,755)
Net income for the year	-	-	-	-	1,650,031	-	-	1,650,031	76,547	1,726,578
Balance at December 31,	$ 5,123,269	$ 9,407,975	$ 2,364,742	$ 665,206	$ 6,277,731	$ 719,081	$ 1,269,210	$ 25,827,214	$ 3,614,507	$ 29,441,721
Year ended December 31, 2016										
Balance at January 1	$ 5,123,269	$ 9,407,975	$ 2,364,742	$ 665,206	$ 6,277,731	$ 719,081	$ 1,269,210	$ 25,827,214	$ 3,614,507	$ 29,441,721
Appropriation of 2015 earnings (Note 6(18))										
Legal reserve	-	-	165,003	-	(165,003)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,024,654)	-	-	(1,024,654)	-	(1,024,654)
Adjustments to share of changes in equity of associates and joint ventures accounted for using equity method (Note 6(17))	-	26,506	-	-	(11,909)	-	-	14,597	-	14,597
Adjustments due to not participating in non-proportional investment	-	-	-	-	(5,023)	-	-	(5,023)	-	(5,023)
Change in non - controlling interest	-	-	-	-	-	-	-	-	(61,905)	(61,905)
Other comprehensive income (loss) for the year (Note 6(19))	-	-	-	-	10,419	(1,802,826)	(175,776)	(1,968,183)	(79,702)	(2,047,885)
Net income (loss) for the year	-	-	-	-	792,765	-	-	792,765	(24,684)	768,081
Balance at December 31,	$ 5,123,269	$ 9,434,481	$ 2,529,745	$ 665,206	$ 5,874,326	($ 1,083,745)	$ 1,093,434	$ 23,636,716	$ 3,448,216	$ 27,084,932

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF US DOLLARS)

	Equity attributable to shareholders of the parent									
			Retained earnings			Other equity				
	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealised gain or loss from available-for-sale financial assets	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Year ended December 31, 2016										
Balance at January 1	$ 158,861	$ 291,720	$ 73,325	$ 20,627	$ 194,658	$ 22,297	$ 39,355	$ 800,843	$ 112,078	$ 912,921
Appropriation of 2015 earnings (Note 6(18))										
Legal reserve	-	-	5,116	-	(5,116)	-	-	-	-	-
Cash dividends	-	-	-	-	(31,772)	-	-	(31,772)	-	(31,772)
Adjustments to share of changes in equity of associates and joint ventures accounted for using equity method (Note 6(17))	-	822	-	-	(369)	-	-	453	-	453
Adjustments due to not participating in non-proportional investment	-	-	-	-	(156)	-	-	(156)	-	(156)
Change in non - controlling interest	-	-	-	-	-	-	-	-	(1,920)	(1,920)
Other comprehensive income (loss) for the year (Note 6(19))	-	-	-	-	323	(55,902)	(5,450)	(61,029)	(2,471)	(63,500)
Net income (loss) for the year	-	-	-	-	24,582	-	-	24,582	(765)	23,817
Balance at December 31,	$ 158,861	$ 292,542	$ 78,441	$ 20,627	$ 182,150	($ 33,605)	$ 33,905	$ 732,921	$ 106,922	$ 839,843

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF DOLLARS)

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	$ 1,320,575	$ 2,848,667	$ 40,948
Adjustments to reconcile income before income tax to net cash provided by operating activities:			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property) (Notes 6(8), 6(9) and 6(23))	3,781,126	3,596,860	117,244
Amortisation (including long-term prepaid rent amortisation) (Notes 6(10), 6(11) and 6(23))	84,284	73,717	2,613
Bad debts (gains on bad debt recoveries) (Note 6(5))	53,013	(109,918)	1,644
Gain recognised in bargain purchase transaction (Notes 6(20))	-	(852,006)	
Interest expense (Note 6(22))	364,081	308,279	11,289
Interest income (Note 6(20))	(87,816)	(86,784)	(2,723)
Share of profit of associates accounted for using the equity method	(451,472)	(230,833)	(13,999)
Loss on disposal of property, plant and equipment (Note 6(21))	131,342	160,712	4,073
Gain on disposal of investments (Note 6(21))	(679,788)	(1,329,563)	(21,079)
Impairment loss on non-financial assets (Note 6(21))	-	79,155	-
Changes in assets/liabilities relating to operating activities			
Net changes in operating assets			
Financial assets measured at fair value through profit or loss - current	-	79	-
Notes receivable	(39,490)	36,203	(1,224)
Accounts receivable	1,568,232	(991,561)	48,627
Accounts receivable from related parties	346,529	(88,035)	10,745
Other receivables	61,478	592,361	1,906
Other receivables from related parties	367,650	22,695	11,400
Inventories	2,808,296	(4,451,889)	87,079
Prepayments	288,243	(624,100)	8,938
Other current assets	(172,002)	(11,936)	(5,333)
Other non-current assets	121,422	29,423	3,765
Net changes in liabilities relating to operating activities			
Notes payable	1,186	(766)	37
Accounts payable	(3,107,895)	4,194,404	(96,369)
Accounts payables to related parties	(291,375)	253,606	(9,035)
Other payables	868,862	1,254,753	26,942
Other current liabilities	477,934	382,606	14,820
Other non-current liabilities	580,866	411,072	18,011
Cash generated from operations	8,395,281	5,467,201	260,319
Interest received	87,816	86,784	2,723
Dividends received	229,492	203,036	7,116
Interest paid	(381,384)	(345,409)	(11,826)
Income tax paid	(633,121)	(1,207,164)	(19,632)
Net cash provided by operating activities	7,698,084	4,204,448	238,700

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF DOLLARS)

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments in debt instrument without active market (Note 6(4))	($ 9,205)	$ -	($ 285)
Proceeds from disposal of available - for - sale financial assets	716,439	1,395,284	22,215
Acquisition of financial assets carried at cost (Note 6(3))	(470)	(136,220)	(15)
Acquisitions of investments accounted for using equity method	(233,793)	(900,000)	(7,249)
Proceeds from disposal of subsidiary company	-	2,090	-
Acquisitions of property, plant and equipment (Note 6(28))	(4,317,638)	(5,643,894)	(133,880)
Proceeds from disposal of property, plant and equipment (Note 6(8) and 6(21))	443,967	433,240	13,766
Acquisitions of intangible assets (Note 6(10))	(57,816)	(68,371)	(1,793)
Proceeds from disposal of intangible assets (Note 6(10))	1,377	834	43
Increase in long-term prepaid rent (Note 6(11))	(1,016,696)	-	(31,525)
Decrease (increase) in prepayments for business facilities	658,718	(919,904)	20,425
Net cash used in investing activities	(3,815,117)	(5,836,941)	(118,298)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short - term borrowings	(2,399,944)	871,174	(74,417)
Increase in long-term borrowings	95,569	1,637,724	2,963
Repayment of long - term borrowings	(250,509)	(62,799)	(7,768)
Cash dividends paid (Note 6(18))	(1,024,654)	(1,024,654)	(31,772)
Net cash (used in) provided by financing activities	(3,579,538)	1,421,445	(110,994)
Effect of change in exchange rates	(932,452)	89,697	(28,913)
Net decrease in cash and cash equivalents	(629,023)	(121,351)	(19,505)
Cash and cash equivalents, beginning of year (Note 6(1))	7,314,136	7,435,487	226,795
Cash and cash equivalents, end of year (Note 6(1))	$ 6,685,113	$ 7,314,136	$ 207,290

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Cheng Uei Precision Industry Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on July 14, 1986 and has begun operations on July 31, 1986. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the manufacture of cable assemblies, connectors, battery packs, and power modules. Effective September 1999, the shares of the Company were listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 31, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, ‘Regulatory deferral accounts’	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 'Financial instruments' with IFRS 4 'Insurance contacts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018

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

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

A. IFRS 9, ‘Financial instruments’

(a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses (‘ECL’) or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

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

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

(a) If sales or contributions of assets that constitute a ‘business’, the full gain or loss is recognised;

(b) If sales or contributions of assets that do not constitute a ‘business’, the partial gain or loss is recognised only to the extent of unrelated investors’ interests in the associate or joint venture.

C. IFRS 15, ‘Revenue from contracts with customers’

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

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

Step 1: Identify contracts with customer.

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

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

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

D. Amendments to IFRS 15, ‘Clarifications to Revenue from Contracts with Customers’

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

E. IFRS 16, ‘Leases’

IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognise a ‘right-of-use asset’ and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

F. Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'

These amendments clarify the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset's tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits. The amendments are effective from January 1, 2017.

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, the 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 obligations.

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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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 (transactions with non-controlling interests) 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. 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. Any difference between fair value and carrying amount is recognised in profit or loss. 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. Conversely, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be transferred directly to retained earnings, if such gains or losses would be transferred directly to retained earnings when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main activity	% of shares held December 31, 2016	December 31, 2015	Description
The Company	CU International Ltd. (CU)	Manufacture of electronic telecommunication components and reinvestment business	100	100	
The Company	Culink International Ltd. (CULINK)	Reinvestment business	100	100	
The Company	Foxlink International Investment Ltd. (FII)	General investments holding	100	100	
The Company	Fu Uei International Investment Ltd. (FUII)	General investments holding	100	100	
The Company	Darts Technologies Corporation (Darts)	Manufacture of electronic telecommunication and wireless components	97	97	
The Company	Foxlink (Vietnam) Inc.	Manufacture of electronic telecommunication components	100	100	
The Company	Du Precision Industry Co., Ltd. (Du Precision)	Manufacture of electronic telecommunication components	100	100	
The Company	Foxlink Technology Ltd. (Foxlink Tech)	Holding company	100	100	
The Company	Solteras Inc. (SOLTERAS)	Manufacture of electronic telecommunication components	47.77	47.77	
The Company	Suntain Co., Ltd.	Electroplating processing services	100	100	
CU	Fugang Electronic (Dong Guan) Co., Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100	100	
CU	New Start Industries Ltd. (NEW START)	Reinvestment business	100	100	
CU	Fugang Electric (KunShan) Co., Ltd. (FGEKS)	Manufacture of electronic telecommunication components	100	100	
CU	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Manufacture of electronic telecommunication components	100	100	

Investor	Subsidiary	Main activity	% of shares held December 31, 2016	December 31, 2015	Description
CU	Foxlink Electronics (Dong Guan) Co., Ltd. (FEDG)	Manufacture of electronic telecommunication components	100	100	
CU	Culink (Tian Jin) Co., Ltd. (CTJ)	Manufacture of electronic telecommunication components	25	25	
CU	Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Manufacture of electronic telecommunication components	81.69	81.69	Note 4
CU	Neosonic Energy Technology (Tianjin) Ltd. (NE)	Manufacture of electronic telecommunication components	100	100	
CU	Foxlink Automotive Technology (Kunshan) Co., Ltd. (KAFE)	Manufacture of electronic telecommunication components	100	100	
CU	Future Victory Ltd. (FUTURE VICTORY)	Reinvestment business	100	100	
CU	Solteras Limited	General investments holding	100	100	
CU	Fu Shi Neng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fu Shi Xiang Research & Development Center (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fu Gang Electronic (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	100	100	
CU	Fugang Electric (YANCHENG) Co., Ltd.	Manufacture of electronic telecommunication components	80	80	
CU	Fuqiang Electric (YANCHENG) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fugang Electric (MAANSHAN) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Kunshan Fugang Investment Co., Ltd	General investments holding	100	100	

			% of shares held		
Investor	Subsidiary	Main activity	December 31, 2016	December 31, 2015	Description
NEW START	Foxlink TianJin Co., Ltd. (FTJ)	Manufacture of electronic telecommunication components	100	100	
NEW START	Culink (Tian Jin) Co., Ltd. (CTJ)	Manufacture of electronic telecommunication components	75	75	
NEW START	Solteras Inc. (SOLTERAS)	Manufacture of electronic telecommunication components	26.64	26.64	
FTJ	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	46.93	46.93	
CULINK	Pacific Wealth Limited (PACIFIC WEALTH)	Holding company and reinvestment business	100	100	
PACIFIC WEALTH	Foxlink International Inc. (FOXLINK)	Sales agent	100	100	
Kunshan Fugang Investment Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Manufacture of electronic telecommunication components	18.31	18.31	Note 4
Kunshan Fugang Investment Co., Ltd.	Fuqiang Electric (MAANSHAN) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	Note 2
FII	Link Media Co., Ltd. (LM)	Manufacture of electronic telecommunication components	100	100	
FII	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and flexible printed circuit	69.56	69.56	
FII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	50.03	50.03	
FII	Power Quotient International Co., Ltd. (PQI)	Manufacture of electronic telecommunication components	9.22	9.22	Note 5
FII	Shin Ke International Co., Ltd.	Manufacture of electronic telecommunication components	100	100	Note 2
WCT	Value Success Limited (VALUE SUCCESS)	Holding company and reinvestment business	100	100	

Investor	Subsidiary	Main activity	% of shares held December 31, 2016	December 31, 2015	Description
VALUE SUCCESS	Capital Guardian Limited (CAPITAL)	Holding company and reinvestment business	100	100	
CAPITAL	World Circuit Technology (Hong Kong) Limited (WCTHK)	Holding company and reinvestment business	100	100	
WCTHK	Shanghai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	53.07	53.07	
Darts	Benefit Right Ltd. (BENEFIT)	Reinvestment business	100	100	
BENEFIT	Power Channel Limited (POWER)	Reinvestment business	64.25	64.25	
FUTURE VICTORY	Darts Technologies (Shang Hai) Co., Ltd. (DTSH)	Development communication equipment	100	100	
Du Precision	Ce Link International Ltd. (CELINK)	Manufacture of electronic telecommunication components	100	100	
SOLTERAS LIMITED	Solteras Inc. (SOLTERAS)	Manufacture of electronic telecommunication components	25.59	25.59	
FUII	Studio A Inc. (Studio A)	Manufacture of electronic telecommunication components	51	51	
FUII	VA Product Inc.	Manufacture of electronic telecommunication components	75.63	75.63	
FUII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	1.3	1.3	
FUII	Zhi De Investment Co., Ltd. (Zhi De Investment)	General investments holding	100	100	
FUII	Shinfox Co., Ltd. (Shinfox)	Mechanical installation and piping engineering	57.17	57.17	
Zhi De Investment	Power Quotient International Co., Ltd. (PQI)	Manufacture of electronic telecommunication components	33.34	33.34	Note 5
Shinfox	WORLDWIDE FAMOUS CORP.	Energy service management	100	100	

Investor	Subsidiary	Main activity	% of shares held December 31, 2016	December 31, 2015	Description
Shinfox	Foxwell Energy Corporation Ltd.	Energy service management	100	100	
Shinfox	Shinfox Energy International Inc. (SHINFOX ENERGY)	Energy service management	40	40	Note 6
Shinfox	Kinmen Gas Co., Ltd.	Energy service management	100	100	
WORLDWIDE	Kunshan Xing Wei Installation Engineering Co., Ltd.	Mechanical installation and piping engineering	100	100	
PROCONN	Advance Electronic Ltd. (Advance Electronic)	General investments holding	100	100	
PROCONN	Byford International Ltd. (BYFORD)	General international trade	100	100	
PROCONN	Media Universe Inc. (MEDIA UNIVERSE)	General international trade	100	100	
ADVANCE ELECTRONIC	Proconn Technology Co., Ltd. (PROCONN)	General investments holding	100	100	
ADVANCE ELECTRONIC	Smart Technology International Ltd. (SMART)	General investments holding	100	100	
PROCONN	Proconn Electron Technology (Shenzhen) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
SMART	SUZHOU YUHANG ELECTONICS TECH. CO., LTD.	Manufacture of electronic telecommunication components	100	100	
Studio A Inc.	Jing Sheng Technology Co., Ltd.	Sale of electronic telecommunication components	100	100	
Studio A Inc.	Studio A Technology Limited (Studio A Hong Kong)	Sale of electronic telecommunication components	51	51	
Studio A Inc.	Ashop Co., Ltd. (ASHOP)	Sale of electronic telecommunication components	58	51	

Investor	Subsidiary	Main activity	% of shares held December 31, 2016	December 31, 2015	Description
Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	Sale of electronic telecommunication components	100	100	
Studio A Inc. (Hong Kong)	Studio A Macau Limited	Sale of electronic telecommunication components	100	100	
FGEKS	Kunshan Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	51	51	
Kunshan Fugang Electric Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	100	100	
Kunshan Fugang Electric Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	Sale of electronic telecommunication components	100	100	
PQI	Power Quotient International (H.K.) Co., Ltd. (PQI H.K.)	Sale of electronic telecommunication components	100	100	
PQI	Pqi Japan Co., Ltd. (PQI JAPAN)	Sale of electronic telecommunication components	100	100	
PQI	Syscom Development Co., Ltd. (SYSCOM)	Specialized investments holding	100	100	
PQI	Apix Limited (APIX)	Specialized investments holding	100	100	
PQI	PQI Mobility Inc. (PQI MOBILITY)	Specialized investments holding	100	100	
PQI	Power Sufficient International Co., Ltd.	Sale of medical instruments	100	100	
SYSCOM	Power Quotient International (SHANGHAI) Co., Ltd. (PQI SHANGHAI)	Sale of electronic telecommunication components	100	100	
SYSCOM	Pqi Corporation (PQI USA)	Sale of electronic telecommunication components	100	100	
PQI MOBILITY	Power Quotient Technology (YANCHENG) Co., Ltd. (PQI YANCHENG)	Manufacture of electronic telecommunication components	100	100	

			% of shares held		
Investor	Subsidiary	Main activity	December 31, 2016	December 31, 2015	Description
APIX Limited	Sinocity Industries Limited	Sale of electronic telecommunication components	100	100	Note 3
APIX Limited	Perennial Ace Limited	Specialized investments holding	100	100	
SINOCITY INDUSTRIES Limited	DG LIFESTYLE STORE LIMITED	Sale of 3C products	100	100	Note 3
PERENNIAL	Studio A Technology Limited (Studio A Hong Kong)	Sale of 3C products	24.50	24.50	
PQI YANCHENG	Kunshan Oderea Trading Co., Ltd.(Kunshan Oderea)	Sale of 3C products	100	-	Note 1
PQI YANCHENG	Jiangsu Foxlink New Energy Technology Co.,Ltd.(Jiangsu Foxlink)	Manufacture of electronic telecommunication components	100	-	Note 1

Note 1: Investment or incorporation began in 2016.

Note 2: Investment or incorporation began in 2015.

Note 3: Sinocity Industries Limited and DG LIFESTYLE STORE LIMITED are subsidiaries of Power Quotient International Co., Ltd. in Hong Kong and Macau, respectively, with balance sheet date of September 30. For the preparation of consolidated financial statements, Power Quotient International Co., Ltd. had required Sinocity Industries Limited and DG LIFESTYLE STORE LIMITED as consolidated entities to prepare financial statements with balance sheet date on December 31 to conform to the balance sheet date of the consolidated financial statements.

Note 4: CU has participated in Dongguan Fuqiang Electronics Co., Ltd.'s capital increase on February 27, 2015 and March 3, 2015 and held 81.69% shares in Dongguan Fuqiang Electronics Co., Ltd. CU along with Kunshan Fugang Investment Co., Ltd. hold 100% of shares in Dongguan Fuqiang Electronics Co., Ltd.

Note 5: The Group holds 42.56% of shares in Power Quotient International Co., Ltd..However, the Group has obtained more than half of the seats on the Board of Directors, so the Group is substantively determined as having control over Power Quotient International Co., Ltd.

Note 6: The Group holds 40% of shares in SHINFOX ENERGY. However, the Group has obtained more than half of the seats on the Board of Directors, so the Group is substantively determined as having control over SHINFOX ENERGY.

C. Subsidiaries not included in the consolidated financial statements:

			% of shares held		
Investor	Subsidiary	Main activity	December 31, 2016	December 31, 2015	Description
Foxlink International Investment Ltd. (FII)	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and electronic machinery equipment	75	75	Note 1
Studio A Inc. (Studio A)	Tayih Digital Technology Co., Ltd. (TAYIH)	Manufacture of electronic telecommunication components	60	60	Note 2

Note 1: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on October 5, 2004 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

Note 2: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on July 7, 2010 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

D. Adjustments for subsidiaries with different balance sheet dates:

Sinocity Industries Limited and DG LIFESTYLE STORE LIMITED are subsidiaries of Power Quotient International Co., Ltd. in Hong Kong and Macau, respectively, with balance sheet date on September 30. For the preparation of consolidated financial statements, Power Quotient International Co., Ltd. had required Sinocity Industries Limited and DG LIFESTYLE STORE LIMITED as consolidated entities to prepare financial statements with balance sheet date of December 31 to conform with the balance sheet date of the Group.

E. Significant restrictions: None.

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

As of December 31, 2016 and 2015, the non-controlling interest amounted to $3,448,216 and $3,614,507, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2016		December 31, 2015	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
PQI	Taiwan	$ 2,721,741	57.44	$ 2,831,805	57.44

Summarized financial information of the subsidiaries:

Balance sheets

	PQI		
	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Current assets	$ 2,025,468	$ 2,285,459	$ 62,805
Non-current assets	5,136,380	4,188,856	159,268
Current liabilities	(1,591,977)	(1,022,511)	(49,364)
Non-current liabilities	(831,781)	(520,428)	(25,792)
Total net assets	$ 4,738,090	$ 4,931,376	$ 146,917

Statements of comprehensive income

	PQI	
	Years ended December 31,	
	2016	2015
Revenue	$ 3,813,691	$ 8,399,618
(Loss) profit before income tax	(85)	198,939
Income tax expense (benefit)	4,878	(51,424)
Profit for the period from continuing operations	4,793	147,515
Profit from non-controlling interest	-	-
Profit for the period	4,793	147,515
Other comprehensive (loss) income (net of tax)	(134,229)	121,138
Total comprehensive (loss) income for the period	($ 129,436)	268,653
Comprehensive income attributable to non-controlling interest	$ -	$ -

Statements of cash flows

	PQI	
	Years ended December 31,	
	2016	2015
Net cash used in operating activities	($ 208,735)	($ 403,839)
Net cash used in investing activities	(511,975)	(12,817)
Net cash provided by (used in) financing activities	996,979	(13,529)
Effect of exchange rates on cash and cash equivalents	(43,508)	21,979
Increase (decrease) in cash and cash equivalents	232,761	(408,206)
Cash and cash equivalents, beginning of period	832,110	1,240,316
Cash and cash equivalents, end of period	$ 1,064,871	$ 832,110

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

a) The operating results and financial position of all the group entities associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

b) 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, even when the Group still 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 the foreign operation.

c) 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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and 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 above criteria 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 categorised as financial assets held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss 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 receivable

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 recognised 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. Investments in debt instrument without active market

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

   i. Not designated on initial recognition as at fair value through profit or loss;

   ii. Not designated on initial recognition as available-for-sale;

   iii. Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

b) On a regular way purchase or sale basis, investments in debt instrument without active market are recognised and derecognised using trade date accounting.

c) Investments in debt instrument 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) A breach of contract, such as a default or delinquency in interest or principal payments;

   c) 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;

   d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

   e) The disappearance of an active market for that financial asset because of financial difficulties;

f) 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;

g) 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

h) 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 directly.

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'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through 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 directly.

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

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

A. The contractual rights to receive cash flows from the financial asset expire.

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

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

(12) <u>Inventories</u>

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated fixed production overheads based on actual capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) <u>Investments accounted for under the equity method / associates</u>

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 percent 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 its 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. Borrowing costs incurred during the construction period are capitalised.

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. If each component of property, plant and equipment is significant, it is 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	20～50 years
Machinery and equipment	1～5 years
Office equipment	3 years
Other equipment	3～8 years

(15) Leased assets/ leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) 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 20 ~ 50 years.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

B. Goodwill

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

C. Trademark right (indefinite useful life)

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

(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 recognising impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortised cost where no impairment loss was recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use 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. Goodwill for impairment testing purpose is allocated to cash generating units. This allocation is identified based on operating segments. Goodwill is allocated to a cash generating unit or a group of cash generating units that expects to benefit from business combination that will produce goodwill.

(19) Borrowings

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

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(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 if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also 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

Bonds payable

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus—stock warrants') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

a) Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

b) 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.

c) Conversion options embedded in convertible corporate bonds issued by the Group, 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.

d) 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.

e) When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') 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 above-mentioned 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. Any changes in the fair value are recognised in profit or loss.

(26) Employee benefits

A. 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. 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 obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

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.

B. 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 obligation 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.

(27) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(28) 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 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 income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income 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 income tax asset is realised or the deferred income tax liability is settled.

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

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

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(29) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company's equity holders.

(30) 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.

(31) Revenue recognition

A. The Group manufactures and sells electronic telecommunication component products. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added 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 should be 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.

B. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised. The volume discounts are estimated based on the anticipated annual sale quantities.

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(33) 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.

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.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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:

Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group’s subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(10) for the information of goodwill impairment.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Cash on hand and revolving funds	$ 23,168	$ 18,196	$ 718
Checking accounts and demand deposits	4,984,605	5,208,062	154,561
Cash equivalents			
Time deposits	1,993,540	2,259,860	61,815
Short-term notes and bills	74,930	34,972	2,323
	7,076,243	7,521,090	219,417
Less: Shown as "other current assets"- restricted assets	(391,130)	(206,954)	(12,127)
Total	$ 6,685,113	$ 7,314,136	$ 207,290

A. The Group transacts 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. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Available-for-sale financial assets

Items	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Non-current items			
Listed stocks	$ 74,492	$ 126,082	$ 2,310
Valuation adjustment of available -for - sale financial assets	968,473	1,796,223	30,030
Total	$ 1,042,965	$ 1,922,305	$ 32,340

A. The Group recognised ($292,409) and $32,344 in other comprehensive income for fair value change and reclassified $679,788 and $1,329,036 from equity to profit or loss for the years ended December 31, 2016 and 2015, respectively.

B. As of December 31, 2016 and 2015, no available-for-sale financial assets were pledged to others.

(3) Financial assets measured at cost

Items	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Current item			
Conversion options	$ 470	$ -	$ 15
Non-current item			
Non-publicly traded company	$ 668,438	$ 670,846	$ 20,727

A. Based on the Group's intention, its investment in stocks and conversion options embedded in convertible corporate bonds should be classified as 'available-for-sale financial assets' and 'financial assets at fair value through profit and loss'. However, as the above stocks and conversion options are not traded in an active market, and no sufficient industry information of companies similar to the above company or above company's financial information can be obtained, the fair value of the investment in stocks and conversion options cannot be measured reliably. Thus, the Group classified those stocks and conversion options as "financial assets measured at cost".

B. As of December 31, 2016 and 2015, no financial assets measured at cost held by the Group were pledged to others.

(4) Investments in debt instrument without active market

	December 31, 2016	December 31, 2015	December 31, 2016
Items	New Taiwan Dollars		US Dollars
Current item			
Corporate bonds	$ 9,205	$ -	$ 285

A. On April 9, 2016, the Group invested in the convertible corporate bonds issued by foreign unlisted companies. The bonds are with a total issuance amount of US$1,750 thousand dollars and a coupon rate of 6% and mature on October 30, 2016. The Group and the unlisted company extended the duration for one year on October, 2016. The interest is payable at maturity. The bonds can be converted to corresponding common stocks based on the agreement if the investee companies reach an agreement before the maturity. The amount of the host debt contract was recognised as investments in debt instrument without active market and the amount of conversion options of convertible bonds was recognised as financial assets measured at cost. Details are provided in Note 6(3)

B. As of December 31, 2016, no investments in debt instrument without active markets held by the Group were pledged to others.

(5) Accounts receivable

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Accounts receivable	$ 15,606,875	$ 17,150,568	$ 483,934
Less: allowance for sales returns and discounts	(55,022)	(30,483)	(1,706)
Less: allowance for bad debts	(290,917)	(237,904)	(9,021)
	$ 15,260,936	$ 16,882,181	$ 473,207

A. The quality information of accounts receivable is based on customers' credit ranking and recoverable period of receivables in order to calculate the accrual of impairment. The Group's internal credit ranking policy is that the Group's business and management segment assesses periodically or periodically whether the credit ranking of existing customers are appropriate and adjusts to obtain the latest information when necessary. Customers' credit ranking assessment is based on industrial operating scale, profitability and ranking assessed by financial insurance institutions. The Group has insured accounts receivable of certain customers and the Group will receive 80%~90% compensation if bad debts occur.

B. The ageing analysis of financial assets that were past due but not impaired is as follows:

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Up to 30 days	$ 675,402	$ 2,067,644	$ 20,943
31 to 120 days	202,535	659,694	6,280
	$ 877,937	$ 2,727,338	$ 27,223

The ageing analysis is based on the days past due.

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

a) As of December 31, 2016 and 2015, the Group's accounts receivable that were impaired amounted to $290,917 and $237,904, respectively.

b) Movements on the Group's provision for impairment of accounts receivable are as follows:

	2016		
	Individual provision	Group provision	Total
January 1, 2016	$ -	$ 237,904	$ 237,904
Provision for impairment	-	53,013	53,013
December 31, 2016	$ -	$ 290,917	$ 290,917

	2015		
	Individual provision	Group provision	Total
January 1, 2015	$ -	$ 127,986	$ 127,986
Provision for impairment	-	109,918	109,918
December 31, 2015	$ -	$ 237,904	$ 237,904

D. The Group does not hold any collateral as security.

(6) Inventories

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
	New Taiwan Dollars		
Raw materials	$ 3,406,836	($ 264,905)	$ 3,141,931
Work in process	600,785	(11,202)	589,583
Finished goods (including merchandise)	5,641,699	(187,656)	5,454,043
Inventory in transit	1,740	-	1,740
	$ 9,651,060	($ 463,763)	$ 9,187,297

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
	US Dollars		
Raw materials	$ 105,638	($ 8,214)	$ 97,424
Work in process	18,629	(347)	18,282
Finished goods (including merchandise)	174,936	(5,819)	169,117
Inventory in transit	54	-	54
	$ 299,257	($ 14,380)	$ 284,877

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
	New Taiwan Dollars		
Raw materials	$ 4,461,412	($ 227,100)	$ 4,234,312
Work in process	341,041	(5,674)	335,367
Finished goods (including merchandise)	7,974,935	(612,214)	7,362,721
Inventory in transit	76,942	-	76,942
	$ 12,854,330	($ 844,988)	$ 12,009,342

The cost of inventories recognised as expense for the period:

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Cost of inventories sold	$ 81,744,168	$ 97,932,761	$ 2,534,702
(Gain on reversal of) decline in market value	(381,225)	406,645	(11,821)
Others (revenue from sale of scraps)	(84,187)	(104,882)	(2,610)
	$ 81,278,756	$ 98,234,524	$ 2,520,271

The portion of inventories that have been provided with allowance have been sold during the year ended December 31, 2016. Therefore, the allowance for decline in market value was reversed.

(7) Investments accounted for under the equity method

Investee	December 31, 2016 New Taiwan Dollars	December 31, 2016 US Dollars	Ownership percentage (%)
Central Motion Picture Corporation	$ 1,723,039	$ 53,428	13.60%
Glory Science Co., Ltd.	1,090,168	33,804	41.50%
Well Shin Technology Co., Ltd.	1,098,230	34,054	18.84%
Foxlink Image Technology Co., Ltd.	816,902	25,330	30.47%
Sharetronic Data Technology Co., Ltd.	446,598	13,848	32.65%
Castles Technology Co., Ltd.	310,640	9,632	19.84%
CMPC Cultural & Creative Co., Ltd.	125,506	3,892	42.86%
Microlink Communications Inc.	(24,802)	(769)	21.43%
Kleine Developments Ltd.	73,880	2,291	41.53%
	5,660,161	175,509	
Add :Credit balance of long - term equity investments reclassified to other non-current liabilities-others	24,802	769	
Total	$ 5,684,963	$ 176,278	

Investee	December 31, 2015 New Taiwan Dollars	Ownership percentage (%)
Central Motion Picture Corporation	$ 1,749,203	13.60%
Glory Science Co., Ltd.	1,103,396	41.98%
Well Shin Technology Co., Ltd.	1,100,524	18.84%
Foxlink Image Technology Co., Ltd.	863,640	30.47%
Sharetronic Data Technology Co., Ltd.	359,632	42.00%
Castles Technology Co., Ltd.	216,854	22.41%
CMPC Cultural & Creative Co., Ltd.	144,417	42.86%
Microlink Communications Inc.	(25,312)	21.43%
Kleine Developments Ltd.	(162,874)	33.33%
	5,349,480	
Add : Credit balance of long - term equity investments reclassified to other non-current liabilities-others	188,186	
Total	$ 5,537,666	

A. Associates

(a) The basic information of the associates that are material to the Group is summarized below:

Company name	Principal place of business	Shareholding ratio December 31, 2016	Shareholding ratio December 31, 2015	Nature of Relationship	Methods of measurement
Central Motion Picture Corporation	Taiwan	13.60%	13.60%	Note	Equity method
Glory Science Co., Ltd.	Taiwan	41.98%	41.98%	Hold more than 20% of voting rights	Equity method
Well Shin Technology Co., Ltd.	Taiwan	18.84%	18.84%	Note	Equity method
Foxlink Image Technology Co., Ltd.	Taiwan	30.47%	30.47%	Hold more than 20% of voting rights	Equity method

Note: As the Group's management holds several seats in the Board of Directors of Central Motion Picture Corporation and Well Shin Technology Co., Ltd. The Group is assessed to have significant influence.

(b) Summarized financial information of the associates that are material to the Group is as follows:

Balance sheet

	Central Motion Picture Corp.		
	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Current assets	$ 3,151,522	$ 858,302	$ 97,722
Non-current assets	15,225,379	15,294,330	472,105
Current liabilities	(507,893)	(2,071,664)	(15,749)
Non-current liabilities	(5,205,903)	(1,225,474)	(161,423)
Total net assets	$ 12,663,105	$ 12,855,494	$ 392,655
Share in associate's net assets	$ 1,723,039	$ 1,749,203	$ 53,428
Goodwill	-	-	-
Carrying amount of the associate	$ 1,723,039	$ 1,749,203	$ 53,428

	Glory Science Co., Ltd.		
	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Current assets	$ 1,788,751	$ 1,669,425	$ 55,465
Non-current assets	1,735,994	1,887,690	53,829
Current liabilities	(997,945)	(766,925)	(30,944)
Non-current liabilities	(123,578)	(382,528)	(3,832)
Total net assets	$ 2,403,222	$ 2,407,662	$ 74,519
Share in associate's net assets	$ 997,449	$ 1,010,677	$ 30,929
Goodwill	92,719	92,719	2,875
Carrying amount of the associate	$ 1,090,168	$ 1,103,396	$ 33,804

	Well Shin Technology Co., Ltd.		
	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Current assets	$ 4,545,223	$ 4,433,857	$ 140,937
Non-current assets	2,650,757	2,777,695	82,194
Current liabilities	(1,232,846)	(1,262,161)	(38,228)
Non-current liabilities	(340,567)	(314,517)	(10,560)
Total net assets	$ 5,622,567	$ 5,634,874	$ 174,343
Share in associate's net assets	$ 1,061,641	$ 1,063,935	$ 32,919
Goodwill	36,589	36,589	1,135
Carrying amount of the associate	$ 1,098,230	$ 1,100,524	$ 34,054

	Foxlink Image Technology Co., Ltd.		
	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Current assets	$ 2,746,569	$ 3,220,968	$ 85,165
Non-current assets	2,683,729	2,497,458	83,216
Current liabilities	(2,370,523)	(2,660,543)	(73,505)
Non-current liabilities	(378,786)	(223,507)	(11,745)
Total net assets	$ 2,680,989	$ 2,834,376	$ 83,131
Share in associate's net assets	$ 816,902	$ 863,640	$ 25,330
Goodwill	-	-	-
Carrying amount of the associate	$ 816,902	$ 863,640	$ 25,330

Statement of comprehensive income

	Central Motion Picture Corporation		
	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Revenue	$ 547,392	$ 556,830	$ 16,973
Profit for the period from continuing operations	$ 81,882	$ 56,494	$ 2,539
Other comprehensive income, net of tax	-	11,668	-
Total comprehensive income	$ 81,882	$ 68,162	$ 2,539
Dividends received from associates	$ 9,000	$ 9,000	$ 279

	Glory Science Co., Ltd.		
	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Revenue	$ 1,990,262	$ 1,819,832	$ 61,714
Profit for the period from continuing operations	$ 253,868	$ 287,867	$ 7,872
Other comprehensive loss, net of tax	(78,732)	(14,108)	(2,441)
Total comprehensive income	$ 175,136	$ 273,759	$ 5,431
Dividends received from associates	$ 79,882	$ 39,941	$ 2,477

	Well Shin Technology Co., Ltd.		
	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Revenue	$ 4,921,244	$ 5,421,302	$ 152,597
Profit for the period from continuing operations	$ 702,623	$ 729,120	$ 21,787
Other comprehensive loss, net of tax	(241,898)	(3,553)	(7,501)
Total comprehensive income	$ 460,725	$ 725,567	$ 14,286
Dividends received from associates	$ 89,130	$ 57,934	$ 2,764

	Foxlink Image Technology Co., Ltd.		
	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Revenue	$ 4,797,147	$ 5,509,890	$ 148,749
Profit for the period from continuing operations	$ 355,653	$ 163,612	$ 11,028
Other comprehensive (loss) income, net of tax	(361,360)	3,357	(11,205)
Total comprehensive (loss) income	($ 5,707)	$ 166,969	($ 177)
Dividends received from associates	$ 51,480	$ 102,960	$ 1,596

(c) The carrying amount of the Group's interests in all individually immaterial associates (Note) and the Group's share of the operating results are summarized below:

As of December 31, 2016 and 2015, the carrying amount of the Group's individually immaterial associates amounted to $931,822 and $532,717, respectively.

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Profit for the period from continuing operations	$ 243,138	$ 101,252	$ 7,539
Total comprehensive income	$ 243,138	$ 101,252	$ 7,539

Note: Sharetronic Data, Castles, CMPC Cultural & Creative, Microlink and Kleine.

(d) The fair value of the Group's material associates with quoted market prices is as follows:

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Glory Science Co., Ltd.	$ 2,052,957	$ 2,368,490	$ 63,658
Well Shin Technology Co., Ltd.	1,134,175	1,198,794	35,168
Foxlink Image Technology Co., Ltd.	839,124	857,142	26,019
	$ 4,026,256	$ 4,424,426	$ 124,845

B. The Group has signed a stock purchase agreement with an individual on May 15, 2014 to purchase all the Company's shares in CMPC amounting to $150,000 thousand. As of December 31, 2016, uncollected amount was $144,000 thousand (shown as 'notes receivable') and accrued impairment loss was $144,000 thousand.

C. On April 2, 2015, the Board of Directors of Foxlink International Investment Ltd. has resolved to participate in the cash capital increase of Central Motion Picture Corporation. The investment was increased by $900,000 thousand, and the shareholding ratio was 13.60%. Gain recognised in bargain purchase transaction for the acquisition of Central Motion Picture Corporation was $852,006 thousand. Abovementioned amounts were assessed based on the report of appraisers.

D. On October 13, 2014, the Board of Directors of Foxlink Technology Limited has resolved to sell 25% of its share capital in Xie Xun Electronics (Ji An) Ltd. to Liantao Electronics Co., Ltd.

for RMB$149,722 thousand. The amount has been collected on October 30, 2015.

E. Sharetronic Precision Industry (Shen Zhen) Co., Ltd. is undergoing liquidation procedures starting from 2014. The Company has received proceeds from the liquidation amounting to approximately RMB$22,697 thousand in 2016.

F. On December 28, 2015, the Board of Directors has resolved the liquidation of the investee company, KLEINE. The Company accrued additional loss amounting to $170,136 within the scope of legal obligations. As of March 31, 2017, the liquidation process has not been completed.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Others	Construction-in-progress	Total
	New Taiwan Dollars						
At January 1, 2016							
Cost	$ 412,428	$ 12,989,523	$ 9,659,616	$ 461,623	$ 6,806,298	$ 1,764,186	$ 32,093,674
Accumulated depreciation and impairment	-	(2,210,947)	(4,375,535)	(281,626)	(3,131,587)	-	(9,999,695)
	$ 412,428	$ 10,778,576	$ 5,284,081	$ 179,997	$ 3,674,711	$ 1,764,186	$ 22,093,979
Year ended December 31, 2016							
Opening net book amount	$ 412,428	$ 10,778,576	$ 5,284,081	$ 179,997	$ 3,674,711	$ 1,764,186	$ 22,093,979
Additions	-	421,656	1,830,792	73,572	880,917	495,722	3,702,659
Disposals	-	(189,095)	(297,117)	(17,381)	(71,716)	-	(575,309)
Reclassifications	-	18,814	-	13,749	-	(21,107)	11,456
Depreciation charge	-	(325,066)	(2,297,417)	(89,928)	(1,045,099)	-	(3,757,510)
Net exchange differences	-	(713,225)	(345,404)	(6,090)	(231,161)	(133,730)	(1,429,610)
Closing net book amount	$ 412,428	$ 9,991,660	$ 4,174,935	$ 153,919	$ 3,207,652	$ 2,105,071	$ 20,045,665

	Land	Buildings	Machinery	Office equipment	Others	Construction-in-progress	Total
	New Taiwan Dollars						
At December 31, 2016							
Cost	$ 412,428	$ 12,336,290	$ 7,998,038	$ 396,124	$ 6,269,324	$ 2,105,071	$ 29,517,275
Accumulated depreciation and impairment	-	(2,344,630)	(3,823,103)	(242,205)	(3,061,672)	-	(9,471,610)
	$ 412,428	$ 9,991,660	$ 4,174,935	$ 153,919	$ 3,207,652	$ 2,105,071	$ 20,045,665
	US Dollars						
At December 31, 2016							
Cost	$ 12,788	$ 382,521	$ 248,001	$ 12,283	$ 194,398	$ 65,274	$ 915,265
Accumulated depreciation and impairment	-	(72,702)	(118,546)	(7,510)	(94,936)	-	(293,694)
	$ 12,788	$ 309,819	$ 129,455	$ 4,773	$ 99,462	$ 65,274	$ 621,571

	Land	Buildings and structures	Machinery	Office equipment	Others	Construction-in-progress	Total
	New Taiwan Dollars						
At January 1, 2015							
Cost	$ 412,428	$ 13,171,400	$ 8,396,676	$ 413,408	$ 6,473,755	$ 731,576	$ 29,599,243
Accumulated depreciation and impairment	-	(1,962,972)	(3,957,196)	(248,793)	(3,184,217)	-	(9,353,178)
	$ 412,428	$ 11,208,428	$ 4,439,480	$ 164,615	$ 3,289,538	$ 731,576	$ 20,246,065
Year ended December 31, 2015							
Opening net book amount	$ 412,428	$ 11,208,428	$ 4,439,480	$ 164,615	$ 3,289,538	$ 731,576	$ 20,246,065
Additions	-	215,867	3,530,801	113,982	1,598,846	869,408	6,328,904
Disposals	-	(8,174)	(422,159)	(9,702)	(153,917)	-	(593,952)
Reclassifications	-	49,748	-	-	-	(51,154)	(1,406)
Depreciation charge	-	(328,830)	(2,171,924)	(87,558)	(984,533)	-	(3,572,845)
Net exchange differences	-	(358,463)	(92,117)	(1,340)	(75,223)	214,356	(312,787)
Closing net book amount	$ 412,428	$ 10,778,576	$ 5,284,081	$ 179,997	$ 3,674,711	$ 1,764,186	$ 22,093,979

	Land	Buildings	Machinery	Office equipment	Others	Construction-in-progress	Total
	New Taiwan Dollars						
At December 31, 2015							
Cost	$ 412,428	$ 12,989,523	$ 9,659,616	$ 461,623	$ 6,806,298	$ 1,764,186	$ 32,093,674
Accumulated depreciation and impairment	-	(2,210,947)	(4,375,535)	(281,626)	(3,131,587)	-	(9,999,695)
	$ 412,428	$ 10,778,576	$ 5,284,081	$ 179,997	$ 3,674,711	$ 1,764,186	$ 22,093,979

The property, plant and equipment were not pledged to others as collaterals.

(9) Investment property

	Land	Buildings and structures	Total
	New Taiwan Dollars		
At January 1, 2016			
Cost	$ 65,923	$ 560,702	$ 626,625
Accumulated depreciation and impairment	-	(328,920)	(328,920)
	$ 65,923	$ 231,782	$ 297,705
Year ended December 31, 2016			
Opening net book amount	$ 65,923	$ 231,782	$ 297,705
Reclassifications	-	2,293	2,293
Depreciation charge	-	(23,616)	(23,616)
Net exchange differences	-	(2,235)	(2,235)
Closing net book amount	$ 65,923	$ 208,224	$ 274,147
At December 31, 2016			
Cost	$ 65,923	$ 552,918	$ 618,841
Accumulated depreciation and impairment	-	(344,694)	(344,694)
	$ 65,923	$ 208,224	$ 274,147
	US Dollars		
At December 31, 2016			
Cost	$ 2,044	$ 17,145	$ 19,189
Accumulated depreciation and impairment	-	(10,688)	(10,688)
	$ 2,044	$ 6,457	$ 8,501

	Land	Buildings and structures	Total
	New Taiwan Dollars		
At January 1, 2015			
Cost	$ 65,923	$ 522,759	$ 588,682
Accumulated depreciation and impairment	-	(273,623)	(273,623)
	$ 65,923	$ 249,136	$ 315,059
Year ended December 31, 2015			
Opening net book amount	$ 65,923	$ 249,136	$ 315,059
Reclassifications	-	1,406	1,406
Depreciation charge	-	(24,015)	(24,015)
Net exchange differences	-	5,255	5,255
Closing net book amount	$ 65,923	$ 231,782	$ 297,705
At December 31, 2015			
Cost	$ 65,923	$ 560,702	$ 626,625
Accumulated depreciation and impairment	-	(328,920)	(328,920)
	$ 65,923	$ 231,782	$ 297,705

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

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Rental income from the lease of the investment property	$ 35,516	$ 36,850	$ 1,101
Direct operating expenses arising from the investment property that generated rental income in the period	$ 23,616	$ 24,015	$ 732

B. Investment property is stated initially at its cost and is depreciated on a straight-line basis over its estimated useful life. The fair value of the investment property held by the Group as at December 31, 2016 and 2015 was $768,423 and $712,814, respectively, which was evaluated based on the market prices of similar real estate in the areas nearby. Market prices on December 31, 2016 and 2015 did not change significantly.

C. There was no impairment loss on investment property.

D. The investment property was not pledged to others as collaterals.

(10) Intangible assets

	Trademark Rights	Goodwill	Others	Total
	New Taiwan Dollars			
At January 1, 2016				
Cost	$ 54,270	$ 2,698,516	$ 159,959	$ 2,912,745
Accumulated amortisation and impairment	-	-	(80,485)	(80,485)
	$ 54,270	$ 2,698,516	$ 79,474	$ 2,832,260
Year ended December 31, 2016				
Opening net book amount	$ 54,270	$ 2,698,516	$ 79,474	$ 2,832,260
Additions	-	-	57,816	57,816
Disposals	-	-	(1,377)	(1,377)
Amortisation charge	-	-	(59,448)	(59,448)
Reclassifications	-	(49,543)	-	(49,543)
Net exchange differences	(951)	(38,845)	(1,473)	(41,269)
Closing net book amount	$ 53,319	$ 2,610,128	$ 74,992	$ 2,738,439
At December 31, 2016				
Cost	$ 53,319	$ 2,610,128	$ 205,422	$ 2,868,869
Accumulated amortisation and impairment	-	-	(130,430)	(130,430)
	$ 53,319	$ 2,610,128	$ 74,992	$ 2,738,439
	US Dollars			
At December 31, 2016				
Cost	$ 1,653	$ 80,934	$ 6,370	$ 88,957
Accumulated amortisation and impairment	-	-	(4,044)	(4,044)
	$ 1,653	$ 80,934	$ 2,326	$ 84,913

	Trademark Rights	Goodwill	Others	Total
	New Taiwan Dollars			
At January 1, 2015				
Cost	$ 52,327	$ 2,698,180	$ 187,678	$ 2,938,185
Accumulated amortization and impairment	-	-	(127,208)	(127,208)
	$ 52,327	$ 2,698,180	$ 60,470	$ 2,810,977
Year ended December 31, 2015				
Opening net book amount	$ 52,327	$ 2,698,180	$ 60,470	$ 2,810,977
Additions	-	-	68,371	68,371
Disposals	-	-	(834)	(834)
Amortisation charge	-	(79,042)	(113)	(79,155)
Reclassifications	-	-	(47,939)	(47,939)
Net exchange differences	1,943	79,378	(481)	80,840
Closing net book amount	$ 54,270	$ 2,698,516	$ 79,474	$ 2,832,260
At December 31, 2015				
Cost	$ 54,270	$ 2,698,516	$ 159,959	$ 2,912,745
Accumulated amortisation and impairment	-	-	(80,485)	(80,485)
	$ 54,270	$ 2,698,516	$ 79,474	$ 2,832,260

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

	December 31, 2016			December 31, 2016		
	Retail of computer, communication and consumer electronics	Memory module	Others	Retail of computer, communication and consumer electronics	Memory module	Others
	New Taiwan Dollars			US Dollars		
Taiwan	$ -	$ 419,858	$ -	$ -	$ 13,019	$ -
Hong Kong	2,178,663	-	-	67,555	-	-
All other segments	-	-	11,607	-	-	360
	$ 2,178,663	$ 419,858	$ 11,607	$ 67,555	$ 13,019	$ 360

	December 31, 2015		
	Retail of computer, communication and consumer electronics	Memory module	Others
	New Taiwan Dollars		
Taiwan	$ -	$ 419,858	$ -
Hong Kong	2,217,507	-	-
All other segments	49,543	-	11,608
	$ 2,267,050	$ 419,858	$ 11,608

B. The goodwill of computer, communication and consumer electronics product retails and trademarks with indefinite useful life were amortised to PQI's identified cash generating unit. 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 and decisions assisted by independent valuation institutions based on financial budgets approved by the management covering a five-year period. The recoverable amount based on value-in-use calculation is greater than the carrying amount, thus, trademarks and goodwill with uncertain useful life are not impaired. The calculation of value-in-use is mainly based on gross profit margin, growth rate and discount rate. Management determines profit margin based on prior performance and expectation to the market development. Weighted average growth rate adopted is the same as the expectation stated in the industry report. Discount rate adopted is pre-tax ratio and reflects specific risk of related operating segments. Management believes that any reasonable adjustment of key assumptions used to estimate recoverable amounts of each cash generating unit would not result in carrying value exceeding the recoverable amount. Comparing the calculation of recoverable amount in accordance with the aforementioned assumption with PQI's assets available for operation and carrying value of goodwill at assessment date, there was no impairment to assets for the years ended December 31, 2016 and 2015.

C. The Group assesses recoverable amount based on net fair value for impairment assessment on recoverable amount of memory module. The fair value is assessed to be higher than the carrying amount, thus, goodwill is not impaired.

D. As Ashop Co., Ltd. continued to generate losses, the Group has accrued impairment loss of $79,042 for the existing objective evidence of impairment on December 31, 2015.

E. The intangible assets were not pledged to others as collaterals.

(11) Long-term prepaid rents (Shown in other non-current assets)

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Land use right	$ 1,945,700	$ 1,083,312	$ 60,332

A. On November 9, 2016, the Board of Directors of PQI's subsidiary company resolved to participate in the bid of Ministry of Land and Resources of the People's Republic of China, and acquired the ownership of land for residential/commercial use and industrial use, on November 17, 2016, and the lease terms were 40 to 70 years and 50 years, respectively. The acquisition price of aforementioned land was RMB 265,170 thousand. As of December 31, 2016, PQI's subsidiary company had paid RMB 209,670 thousand, with another RMB 55,550 thousand to be paid after signing transaction finish confirmation. In addition, PQI's subsidiary company received a grant from the government of Donghai County, Jiangsu amounting to RMB 100 million to build the plant, and recognised as long-term deferred revenue.

B. On December 14, 2015, the Group signed a land use right contract amounting to $267,272 with the People's Government of MaAnShan with a term of 50 years.

C. Mainly consisting of land access right, the Group signed land access rights contracts for the use of land in Mainland China. All rentals had been paid on the contract date. The Group recognised rental expenses of $24,836 and $25,778 for the years ended December 31, 2016 and 2015, respectively.

(12) Short-term borrowings

Type of borrowings	December 31, 2016 New Taiwan Dollars	December 31, 2016 US Dollars	Interest rate range	Collateral
Bank borrowings				
Credit borrowings	$ 8,738,009	$ 270,946	0.9%~4.35%	-

Type of borrowings	December 31, 2015 New Taiwan Dollars	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 11,137,953	0.905%~6%	-

(13) Other payables

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Payables on salary and bonus	$ 1,715,846	$ 1,618,540	$ 53,205
Employees' compensation and remumeration for supervisors and directors	94,429	155,741	2,928
Payables on equipment	1,197,679	1,812,658	37,137
Others	3,883,588	3,068,023	120,421
	$ 6,891,542	$ 6,654,962	$ 213,691

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2016	Unused credit line	December 31, 2016
			New Taiwan dollars		US dollars	
Long-term loan borrowings						
Bank credit borrowing	The amount of NTD 538,493 thousand, is payable in installments starting from August 2013 to June 2020	1.48%~2.32%	$ 60,000	$ 538,493	$ 1,860	$ 16,697
Bank secured borrowings	The amount of NTD 33,166 thousand is payable in installments starting from July 2014 to July 2024.	1.85%~1.95%	80,000	33,166	2,481	1,028
Medium-term and long-term syndicated loans	The amount of NTD 6,600,000 thousand is payable in installments from March 2013 to March 2018. The Company may issue a drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.58%	1,400,000	6,600,000	43,411	204,651
				7,171,659		222,376
Less: Current portion				(182,690)		(5,664)
				$ 6,988,969		$ 216,712

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2015
			New Taiwan dollars	
Long-term loan borrowings				
Bank credit borrowing	The amount of NTD 614,409 thousand is payable in installments starting from January 2013 to June 2020.	1.7%~2.55%	$ 325,000	$ 614,409
Bank secured borrowings	The amount of NTD 112,190 thousand is payable in installments starting from July 2014 to July 2024.	1.97%~2.07%	80,000	112,190
Medium-term and long-term syndicated loans	The amount of NTD 6,600,000 thousand is payable in installments from March 2013 to March 2018. The Company may issue a drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.58%	1,400,000	6,600,000
				7,326,599
Less: Current portion				(136,385)
				$ 7,190,214

A. In March 2013, the Company signed a medium-term syndicated revolving NTD credit facility agreement with the consortium-Mega International Commercial Bank as the lead bank. The terms of agreement are summarized below:

a) Duration of loan: The loan period of the agreement was 3 years from the agreement signing date and extended to 5 years in June 2015.

b) Credit line and draw-down: The credit line was $8,000,000, which can be drawn down in installments of at least $100,000 thousand per draw-down.

c) Principal repayment: The duration of each loan drawn down is either 90 days or 180 days at the Company's option. The Company, if without any default, may submit an application to the banks to draw down a new loan with principal equal to the old one before its maturity, and the new loan is directly used to repay the original loan. The banks and the Company are not required to make remittances for such draw-down and repayment, which is viewed that the Company has received the new loan on the maturity of original loan.

d) Commitment: The Company should maintain the following financial ratios during the contract duration for semi-annual consolidated and annual consolidated financial statements:

i. Current assets to current liabilities ratio of at least 1:1;

ii. Liabilities not exceeding 200% of tangible net equity;

iii. Interest coverage of at least 400%; and

iv. Tangible net equity of at least NT$15,000,000,000

e) The loan period is decided by the borrower. The borrower may choose to early repay the loans during the contract period according to the syndicated loan contract.

(15) Pensions

A. 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 contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

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

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Present value of defined benefit obligations	($ 302,890)	($ 324,884)	($ 9,227)
Fair value of plan assets	89,814	65,359	2,736
Net defined benefit liability	($ 213,076)	($ 259,525)	($ 6,491)

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

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit asset (liability)
Year ended December 31, 2016			
Balance at January 1	($ 324,884)	$ 65,359	($ 259,525)
Current service cost	(2,928)	-	(2,928)
Interest (expense) income	(5,544)	1,186	(4,358)
	(333,356)	66,545	(266,811)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(570)	(570)
Change in financial assumptions	(10,600)	-	(10,600)
Experience adjustments	23,789	-	23,789
	13,189	(570)	12,619
Pension fund contribution	-	41,116	41,116
Paid pension	17,277	(17,277)	-
Balance at December 31	($ 302,890)	89,814	($ 213,076)

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit asset (liability)
Year ended December 31, 2015			
Balance at January 1	($ 313,645)	$ 85,417	($ 228,228)
Current service cost	(3,167)	-	(3,167)
Interest (expense) income	(8,175)	1,708	(6,467)
	(324,987)	87,125	(237,862)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	601	601
Change in financial assumptions	(11,386)	-	(11,386)
Experience adjustments	(14,081)	-	(14,081)
	(25,467)	601	(24,866)
Pension fund contribution	-	3,203	3,203
Paid pension	25,570	(25,570)	-
Balance at December 31	($ 324,884)	$ 65,359	($ 259,525)

d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and 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 has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2016 and 2015 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2016	2015
Discount rate	1.40%	1.70%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2016				
Effect on present value of defined benefit obligation	$ 8,178	($ 8,504)	($ 7,632)	$ 7,391
December 31, 2015				
Effect on present value of defined benefit obligation	$ 8,647	($ 10,188)	($ 9,110)	$ 7,956

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 amounts to $35,000.

g) As of December 31, 2016, the weighted average duration of that retirement plan is 12 years.

B. a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a funded 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 contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

b) The Company's Mainland China subsidiaries have a funded defined contribution plan. Monthly contributions are based on the employees' monthly salaries (the contribution ratio for the years ended December 31, 2016 and 2015 is between 10.2%~21%) and wages to an independent fund administered by the government in accordance with the pension regulations. Other than the monthly contributions, the Group has no further obligations.

c) The pension costs under the defined contribution pension plan for the years ended December 31, 2016 and 2015 were $905,730 and $1,021,021, respectively.

(16) Share capital

As of December 31, 2016, the Company's authorized common stock was $7,000,000 (including 50,000,000 shares reserved for the issuance of employees' warrants), and the issued and outstanding shares were both 512,326,940 shares, with a par value of $10 (in dollars) per share. The number of the Company's ordinary shares outstanding at January 1 and December 31, 2016 was the same.

(17) Capital surplus

Pursuant to the R.O.C. Company Law, capital reserve 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 reserve to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	Share premium	Treasury share transactions	Difference between proceeds from disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
At January 1, 2016	$ 9,337,850	$ 3,065	$ 7,124	$ 3,234	$ 56,702	$ 9,407,975
Adjustments due to not participating in the capital increase of investees proportionately	-	-	-	-	26,506	26,506
At December 31, 2016	$ 9,337,850	$ 3,065	$ 7,124	$ 3,234	$ 83,208	$ 9,434,481

	Share premium	Treasury share transactions	Difference between proceeds from disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
At January 1, 2015	$ 9,337,850	$ 3,065	$ 7,124	$ 3,281	$ 68,182	$ 9,419,502
Adjustments due to not participating in the capital increase of investees proportionately	-	-	-	(47)	(11,480)	(11,527)
At December 31, 2015	$ 9,337,850	$ 3,065	$ 7,124	$ 3,234	$ 56,702	$ 9,407,975

(18) Retained earnings

A. Based on the Company's Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior three months’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of remainder shall be proposed by the Board of Directors and be resolved by the shareholders.

B. According to the Company’s Articles of Incorporation, no more than 90% of the distributable retained earnings shall be distributed as stockholders’ bonus and cash dividend distributed in any calendar year shall be at least 20% of the total distributable earnings in that year based on future capital expenditures budget and capital requirements.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. a) 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.

b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. a) The Company recognised dividends distributed to owners for the years ended December 31, 2015 and 2014. Details of the appropriation of 2015's and 2014's net income which was resolved at the stockholders' meeting on June 8, 2016 and June 10, 2015, respectively, are as follows:

	Year ended December 31, 2015		Year ended December 31, 2014	
	Amount	Dividend per share (NTD)	Amount	Dividend per share (NTD)
Legal reserve	$ 165,003	$ -	$ 178,579	$ -
Cash dividend	1,024,654	2.0	1,024,654	2.0
Total	$ 1,189,657	$ 2.0	$ 1,203,233	$ 2.0

b) The appropriation of 2016 earnings had been proposed by the Board of Directors on March 31, 2017. Details are summarized below:

	Year ended December 31, 2016	
	Amount	Dividend per share (NTD)
Legal reserve	$ 79,277	$ -
Cash dividend	768,490	1.5
Total	$ 847,767	$ 1.5

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(24).

(19) Other equity items

	Available-for-sale investments	Currency translation differences	Total
At January 1, 2016	$ 1,269,210	$ 719,081	$ 1,988,291
Valuation adjustment of available-for-sale investments	(175,776)	-	(175,776)
Currency translation differences:			
Group	-	(1,701,422)	(1,701,422)
Associates	-	(101,404)	(101,404)
At December 31, 2016 (New Taiwan dollars)	$ 1,093,434	($ 1,083,745)	$ 9,689
At December 31, 2016 (US Dollars)	$ 33,905	($ 33,605)	$ 300

	Available-for-sale investments	Currency translation differences	Total
At January 1, 2015	$ 1,245,345	$ 1,123,014	$ 2,368,359
Valuation adjustment of available-for-sale investments	23,865	-	23,865
Currency translation differences:			
Group	-	(407,409)	(407,409)
Associates	-	3,476	3,476
At December 31, 2015 (New Taiwan dollars)	$ 1,269,210	$ 719,081	$ 1,988,291

(20) Other income

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Gain recognised in bargain purchase transaction	$ -	$ 852,006	$ -
Rental revenue	35,516	36,850	1,101
Interest income	87,816	86,784	2,723
Diviend income	3,592	2,655	111
Management service income	17,872	22,401	554
Others	179,620	142,914	5,570
	$ 324,416	$ 1,143,610	$ 10,059

(21) Other gains and losses

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Net currency exchange gains	$ 123,067	$ 412,649	$ 3,816
Loss on disposal of property, plant and equipment	(131,342)	(160,712)	(4,073)
Gain on disposal of investments	679,788	1,329,563	21,079
Impairment loss	-	(79,155)	-
Others	(77,557)	(13,915)	(2,405)
	$ 593,956	$ 1,488,430	$ 18,417

(22) Finance costs

	2016	2015	2016
	New Taiwan Dollars		US Dollars
Interest expense:			
Bank borrowings	$ 364,081	$ 308,279	$ 11,289

(23) Expenses by nature

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Employee benefit expense	$ 15,371,158	$ 16,704,588	$ 476,625
Depreciation charges on property, plant and equipment and investment property	3,781,126	3,596,860	117,244
Amortisation charges on intangible assets	84,284	73,717	2,613
Transportation expenses	814,756	963,653	25,264
Advertising costs	240,950	235,848	7,471
Operating lease payments	717,061	755,772	22,234
Manufacture costs and operating expenses	$ 21,009,335	$ 22,330,438	$ 651,451

(24) Employee benefit expense

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Wages and salaries	$ 12,871,645	$ 13,942,248	$ 399,121
Labour and health insurance fees	1,283,568	1,426,902	39,801
Pension costs	913,016	1,030,655	28,310
Other personnel expenses	302,929	304,783	9,393
	$ 15,371,158	$ 16,704,588	$ 476,625

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors’ and supervisors’ remuneration. The ratio shall not be lower than 6% for employees’ compensation and shall not be higher than 3% for directors’ and supervisors’ remuneration.

B. For the years ended December 31, 2016 and 2015, employees’ compensation (bonus) was accrued at $60,242 and $116,120 respectively; directors’ and supervisors’ remuneration was accrued at $4,708 and $9,000, respectively. The aforementioned amounts were recognised in salary expenses.

C. The employee’ compensation and directors’ and supervisors’ remuneration were estimated and accrued based on the distributable profit of current year for the year ended December 31, 2016 and percentage as prescribed by the Company’s Articles of Incorporation. The Board of Directors resolved the actual appropriation amount of $60,000 and $4,800 and appropriated in cash.

   Employees’ compensation and directors’ and supervisors’ remuneration of 2015 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2015 financial statements.

   Information about employees’ compensation and directors’ and supervisors’ remuneration of the Company as approved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

a) Components of income tax expense:

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Current tax:			
Tax payable incurred in current period	$ 535,675	$ 896,174	$ 16,609
Tax on unappropriated surplus earnings	46,311	74,913	1,436
Adjustments in respect of prior years	(41,120)	54,337	(1,275)
Total current tax	540,866	1,025,424	16,770
Deferred tax:			
Origination and reversal of temporary differences	11,628	96,665	361
Income tax expense	$ 552,494	$ 1,122,089	$ 17,131

b) The income tax relating to components of other comprehensive income is as follows:

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Currency translation differences	($ 378,200)	21,777	($ 11,727)
Remeasurement of defined benefit obligations	2,039	(4,160)	63
Fair value gains/losses on available-for-sale financial assets	(215,818)	4,644	(6,692)
	($ 591,979)	22,261	($ 18,356)

B. Reconciliation between income tax expense and accounting profit

	2016	2015	2016
	New Taiwan Dollars		US Dollars
Tax calculated based on profit before tax and statutory tax rate	$ 653,510	$ 916,411	$ 20,263
Effects from items disallowed by tax regulation	(106,207)	76,428	(3,293)
Prior year income tax (over) underestimation	(41,120)	54,337	(1,275)
10% surtax on undistributed earnings	46,311	74,913	1,436
Income tax expense	$ 552,494	$ 1,122,089	$ 17,131

C. Amounts of deferred tax assets or liabilities as a result of temporary difference, taxable loss and investment tax credit are as follows:

	Year ended December 31, 2016				Year ended December 31, 2016			
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	December 31,	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	December 31,
	New Taiwan Dollars				US Dollars			
Temporary differences:								
-Deferred tax assets:								
Bad debts expense	$ 3,027	$ 296	$ -	$ 3,323	$ 94	$ 9	$ -	$ 103
Impairment losses on slow-moving inventory	33,500	(9,021)	-	24,479	1,039	(280)	-	759
Unrealised exchange (loss) gain	270	686	-	956	8	21	-	30
Unrealised profit from sales	-	7,926	-	7,926	-	246	-	246
Unrealised appropriation of pension	2,595	(2,595)	-	-	81	(81)	-	-
Remeasurement of defined benefit plan	7,273	-	(2,241)	5,032	226	-	(69)	156
Taxable loss	116,012	(18,646)	-	97,366	3,597	(578)	-	3,019
Others	34,777	995	-	35,772	1,078	31	-	1,109
Subtotal	$ 197,454	($ 20,359)	($ 2,241)	$ 174,854	$ 6,123	($ 632)	($ 69)	$ 5,422
-Deferred tax liabilities:								
Gain of investments	($ 506,300)	$ 12,685	$ -	($ 493,615)	($ 15,699)	$ 393	$ -	($ 15,306)
Unrealised exchange (loss) gain	(32,864)	1,300	-	(31,564)	(1,019)	40	-	(979)
Appropriation of pension	-	(2,677)	-	(2,677)	-	(83)	-	(83)
Remeasurement of defined benefit plan	(5,232)	(93)	202	(5,123)	(162)	(3)	6	(159)
Unrealised gains (losses) on available-for-sale financial assets	(445,898)	-	215,818	(230,080)	(13,826)	-	6,692	(7,134)
Cumulative translation adjustments	(416,226)	-	378,200	(38,026)	(12,906)	-	11,727	(1,179)
Others	(2,931)	(2,484)	-	(5,415)	(91)	(76)	-	(168)
Subtotal	($ 1,409,451)	$ 8,731	$ 594,220	($ 806,500)	($ 43,704)	$ 271	$ 18,425	($ 25,008)
Total	($ 1,211,997)	($ 11,628)	$ 591,979	($ 631,646)	($ 37,581)	($ 361)	$ 18,356	($ 19,586)

	Year ended December 31, 2015			
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	December 31,
	New Taiwan Dollars			
Temporary differences:				
-Deferred tax assets:				
Bad debts expense	$ 3,891	($ 864)	$ -	$ 3,027
Impairment losses on slow-moving inventory	36,131	(2,631)	-	33,500
Unrealised exchange (loss) gain	441	(171)	-	270
Unrealised profit from sales	48	(48)	-	-
Unrealised appropriation of pension	1,696	899	-	2,595
Remeasurement of defined benefit plan	3,116	-	4,157	7,273
Taxable loss	154,294	(38,282)	-	116,012
Others	36,992	(2,215)	-	34,777
Subtotal	$ 236,609	($ 43,312)	$ 4,157	$ 197,454
-Deferred tax liabilities:				
Gain of investments	($ 438,990)	($ 67,310)	$ -	($ 506,300)
Unrealised exchange (loss) gain	(49,484)	16,620	-	(32,864)
Remeasurement of defined benefit plan	(5,503)	268	3	(5,232)
Unrealised gains (losses) on available-for-sale financial assets	(441,254)	-	(4,644)	(445,898)
Cumulative translation adjustments	(394,449)	-	(21,777)	(416,226)
Others	-	(2,931)	-	(2,931)
Subtotal	($ 1,329,680)	($ 53,353)	($ 26,418)	($ 1,409,451)
Total	($ 1,093,071)	($ 96,665)	($ 22,261)	($ 1,211,997)

D. Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

December 31, 2016				
New Taiwan Dollars				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2008-2016	$ 2,033,871	$ 2,033,871	$ 1,461,129	2018-2026

December 31, 2015				
New Taiwan Dollars				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2008-2015	$ 2,095,682	$ 2,095,682	$ 1,413,259	2018-2024

December 31, 2016				
US Dollars				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2008-2016	$ 63,066	$ 63,066	$ 45,306	2018-2026

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Deductible temporary differences	$ 2,723,159	$ 2,707,453	$ 84,439

F. The latest year of the Company's and its domestic subsidiaries' income tax returns that have been assessed and approved by the Tax Authority is as follows:

	Status of Assessment
Dart	Assessed and approved up to 2013
The Company, FUII, Zhi De Investment, PQI, Va Product Inc., FII, WCT, Shinfox, Du Precision, PROCONN, LM, Studio A	Assessed and approved up to 2014

G. Unappropriated retained earnings:

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Earnings generated in and before1998	$ 5,874,326	$ 6,277,731	$ 182,150

H. As of December 31, 2016 and 2015, the balance of the imputation tax credit account was $861,211 and $837,305, respectively. The creditable tax rate is estimated to be 14.66% for the year ended December 31, 2016 and was 15.05% for the year ended December 31, 2015.

(26) Earnings per share

	Year ended December 31, 2016				
	Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)	
	New Taiwan Dollars	US Dollars		New Taiwan Dollars	US Dollars
Basic earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 792,765	$ 24,582	512,327	$ 1.55	$ 0.05
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 792,765	$ 24,582	512,327		
Assumed conversion of all dilutive potential ordinary shares					
Employees' bonus	-	-	1,646		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 792,765	$ 24,582	513,973	$ 1.54	$ 0.05

	Year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	New Taiwan Dollars		Dollars
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,650,031	512,327	$ 3.22
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,650,031	512,327	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2,552	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,650,031	514,879	$ 3.20

(27) Operating leases

The Group leases offices, warehouses and branch locations under non-cancellable operating lease agreements. The lease terms are between 1 to 6 years, and all the lease agreements are renewable at the end of the lease period. The Group recognised rental expenses of $690,419 and $721,994 and contingent rents of $26,642 and $33,778 for these leases in profit or loss for the years ended December 31, 2016 and 2015, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
No later than one year	$ 334,289	$ 228,345	$ 10,366
Later than one year but not later than five years	242,383	258,733	7,516
	$ 576,672	$ 487,078	$ 17,882

(28) Supplemental cash flow information

Investment activities with partial cash payments:

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Purchase of property, plant and equipment	$ 3,702,659	$ 6,328,904	$ 114,811
Add: opening balance of payable on equipment	1,812,658	1,127,648	56,206
Less: ending balance of payable on equipment	(1,197,679)	(1,812,658)	(37,137)
Cash paid during the period	$ 4,317,638	$ 5,643,894	$ 133,880

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Sales of goods:			
-Associates	$ 2,598,301	$ 1,611,765	$ 82,854

All the credit terms on sales to related parties were 120 to 180 days after monthly billings. The credit terms on sales to third parties were 30 to 120 days after monthly billing or upon shipment of goods, except for receivables arising from the sales of tooling that are collectible upon acceptance by customers.

B. Purchases of goods

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Purchases of goods:			
-Associates	$ 1,481,169	$ 1,985,801	$ 45,928

All purchases from related parties are at arm's-length. Payment period was 60 to 120 days after receipt of goods from suppliers.

C. Non-operating income-Miscellaneous Income

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Other income			
-Associates	$ 22,617	$ 32,895	$ 701

The Group charged technical service compensation and management service fees from related parties, and collected the net balance after offsetting with payables to related parties and considering the financial situation.

D. Receivables from related parties

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Accounts receivable:			
Associates	$ 1,122,300	$ 775,771	$ 34,800
Other receivables :			
-Associates			
Financing	$ 294,850	$ 582,243	$ 9,143
Others	25,342	105,599	785
	$ 320,192	$ 687,842	$ 9,928

E. Payables from related parties

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Accounts payable:			
-Associates	$ 354,842	$ 646,217	$ 11,003

F. Loans to related parties:

a) Receivables from related parties

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Associates	$ 294,850	$ 582,243	$ 9,143

b) Interest income

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Associates	$ 30,086	$ 32,377	$ 959

The loans to associates are repayable according to the contract’s repayment schedule and carry interest at both 6.5% per annum for the years 2016 and 2015.

(2) Key management compensation

	Years ended December 31,		
	2016	2015	2016
	New Taiwan Dollars		US Dollars
Salaries and other short-term employee benefits	$ 78,014	$ 82,245	$ 2,419
Post-employment benefits	1,443	1,504	45
Total	$ 79,457	$ 83,749	$ 2,464

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2016	December 31, 2015	Pledged purpose
Restricted assets-current (Shown as other current assets)	$ 391,130 (US$ 12,128)	$ 206,954	Customs deposit, guarantee for L/C issued for purchases of materials and government grants and coupon trust
Refundable deposits (Shown as other non-current assets)	192,757 (US$ 5,977)	205,141	Customs deposit and plant deposit
Other assets-other (Shown as other non-current assets)	6,015 (US$ 187)	16,310	Litigation deposit and collaterals for long-term borrowings
	$ 589,902	$ 428,405	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2016	December 31, 2015	December 31, 2016
	New Taiwan Dollars		US Dollars
Property, plant and equipment	$ 486,275	$ 1,174,779	$ 15,078

(2) On December 16, 2011, PQI was informed by its US subsidiary that it had a dispute over accounts receivable with a customer in Central and South America. Through the Company's investigation, it was found that this event was caused by one employee of the US subsidiary of PQI, who altered the related delivery documents without permission, which resulted to the delivery of the goods to a location that was not designated by the customer. The related amount was estimated at US$19,447 thousand (NT$577,633 thousand). Based on the attorney's opinion, the US subsidiary of PQI has the credit right to the employee on this event. However, based on conservatism principle, the US subsidiary of PQI has recognized bad debts in full for the credit right (shown under non-operating expenses-other expenses). This case has been under the

investigation of the courts in ROC and USA. However, actual loss depends on the judgement of the courts. PQI had filed a lawsuit in ROC and USA, respectively, against the employee and applied to Taiwan New Taipei District Court for ***provisional*** seizure with a deposit of $2,500 as security. Based on the attorney's opinion, the collectability of the credit right was uncertain. In addition, the US subsidiary of PQI filed a lawsuit against its client-Private Label Pc, Inc. (PLPC), seeking compensation. PLPC also filed a counterclaim against the Company, US subsidiary and HK subsidiary of PQI, seeking compensation of US$3,224 thousand. The US indirect subsidiary has reached an out-of-court settlement with certain defendants and collected compensation of US$950 thousand and US$400 thousand in March and September 2015, respectively. On October 7, 2015, PLPC withdrew the claim against the Hong Kong subsidiary. On July 25, 2016, PQI and PLPC reached a settlement in the abovementioned lawsuit. PQI was not required to pay the payments for settlement. The settlement amount was not required to be disclosed as both companies have signed the confidentiality agreement. Both parties have withdrawn the complaint on August 12, 2016. On November 30, 2016, the U.S. subsidiary won the civil lawsuit over two defendants with ex parte proceedings and settled the civil dispute by settlement with other parties. On March 22, 2017, one defendant in this case was affirmed not indictable under the criminal procedure in Taiwan.

(3) Ashop Co. Ltd. is considered a subsidiary of Studio A Inc.. Ashop Co., Ltd. consults and requests the Company to provide capital of US$7,000 thousand at the maximum and guarantee for material purchases from Apple of US$5,000 thousand at the maximum. As of December 31, 2016, Ashop Co., Ltd. has received the loan granted by the Company that amounted to US$7,000 thousand and the guarantee for material purchases of US$5,000 thousand**.** If there is any loss on the loan and the endorsement, Studio A Inc. has joint and several liability and the maximum amount of compensation is US$12,000 thousand. However, the result is dependent upon the completion of the transaction.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Please refer to Note 6(17).

(2) On March 30, 2017, the Board of Director of PQI resolved to participate in the capital increase of Foxwell Energy Corporation Ltd. at the amount of $600 million, constituting 89.29% equity interest.

12.OTHERS

(1) Capital 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 sell assets to reduce debt. The Group monitors capital on the basis of the actual financial condition.

(2) Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amount of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables) is approximate to their fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3):

	December 31, 2016			
	Book value	Fair value	Book value	Fair value
	New Taiwan Dollars		US Dollars	
Financial assets:				
Financial assets measured at cost	$ 668,908	$ -	$ 20,742	$ -
Financial liabilities:				
Long-term borrowings (including current portion)	$ 7,171,659	$ 6,953,945	$ 222,376	$ 215,626

	December 31, 2015	
	Book value	Fair value
	New Taiwan Dollars	
Financial assets:		
Financial assets measured at cost	$ 670,846	$ -
Financial liabilities:		
Long-term borrowings (including current portion)	$ 7,326,599	$ 6,998,565

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.

b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

i. The Group primarily uses US dollars as the valuation unit in purchases and sales, and the fair value of foreign currency will change as the market exchange rate changes. However, the positions and collection and payment periods of assets and liabilities denominated in foreign currencies are approximately the same and the assets and liabilities have offsetting positions in market risks. If a short-term position gap arises, the Group will enter into foreign exchange forward contracts. Hence, it does not expect to have significant market risk.

ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2016		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 452,786	32.25	$ 14,602,344
RMB：NTD	859	4.62	3,964
HKD：NTD	7,204	4.16	29,954
JPY：NTD	373,704	0.28	102,993
USD：HKD	1,818	7.76	58,631
RMB : HKD	5,947	1.11	27,457
USD : RMB	200,542	6.95	6,467,480
Non-monetary items			
RMB : HKD	$ 107,407	1.11	$ 495,897
Financial liabilities			
Monetary items			
USD：NTD	$ 361,655	32.25	$ 11,663,388
HKD：NTD	3,849	4.16	16,005
JPY：NTD	20,238	0.28	5,578
USD：HKD	165,938	7.76	5,351,501
RMB : HKD	353,221	1.11	1,630,821
USD : RMB	39,924	6.95	1,287,549

	December 31, 2015		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 484,534	32.83	$ 15,907,264
RMB：NTD	9,224	5.00	46,121
HKD：NTD	8,726	4.24	36,998
JPY：NTD	864,462	0.27	233,405
USD：HKD	10,171	7.75	333,914
RMB : HKD	6,453	1.18	32,265
USD : RMB	9,447	6.49	310,145
Non-monetary items			
RMB : HKD	$ 63,544	1.18	$ 317,722
Financial liabilities			
Monetary items			
USD：NTD	$ 416,062	32.83	$ 13,659,328
HKD：NTD	7,149	4.24	30,313
JPY：NTD	662,718	0.27	178,934
USD：HKD	28,693	7.75	941,991
RMB : HKD	51,438	1.18	257,190
USD : RMB	60,303	6.49	1,979,747

iii. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015 amounted to $123,067 and $412,649, respectively.

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

	Year ended December 31, 2016		
	Sensitivity Analysis		
	Extent of variation	Effect on profit or loss before income tax	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 146,023	$ -
RMB：NTD	1%	40	-
HKD：NTD	1%	300	-
JPY：NTD	1%	1,030	-
USD：HKD	1%	586	-
RMB：HKD	1%	275	-
USD：RMB	1%	64,675	-
Financial liabilities			
Monetary items			
USD：NTD	1%	$ 116,634	$ -
HKD：NTD	1%	160	-
JPY：NTD	1%	56	-
USD : HKD	1%	53,515	-
RMB：HKD	1%	16,308	-
USD：RMB	1%	12,875	-

	Year ended December 31, 2015				
	Sensitivity Analysis				
	Extent of variation	Effect on profit or loss before income tax		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD：NTD	1%	$	159,073	$	-
RMB：NTD	1%		461		-
HKD：NTD	1%		370		-
JPY：NTD	1%		2,334		-
USD：HKD	1%		3,339		-
RMB：HKD	1%		323		-
USD：RMB	1%		3,101		-
Financial liabilities					
Monetary items					
USD：NTD	1%	$	136,593	$	-
HKD：NTD	1%		303		-
JPY：NTD	1%		1,789		-
USD : HKD	1%		9,420		-
RMB：HKD	1%		2,572		-
USD：RMB	1%		19,797		-

Price risk

i. 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 or measured at cost. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group has set stop-loss amounts. No significant market risk is expected.

ii. The Group’s investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2016 and 2015; other components of equity would have increased/decreased by $7,822 and $14,417, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Group’s interest rate risk arises from long-term borrowings. 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. During the years ended December 31, 2016 and 2015, the Group’s borrowings at variable rate were denominated in the NTD .

ii. As of December 31, 2016 and 2015, if interest rates on borrowings at that date had been 1% lower/higher with all other variables held constant, post-tax profit for the years ended December 31, 2016 and 2015 would have been $59,525 and $60,811 lower/higher, respectively, mainly as a result of higher 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 in accordance with limits set by the Board of Directors. 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 wholesale and retail customers, including outstanding receivables. For banks and financial institutions, only financial institutions with high credit quality are accepted as counterparties of trade.

ii. Loan guarantees provided by the Company are in compliance with the Company’s “Procedures for Provision of Endorsements and Guarantees” and are only provided to subsidiaries of which the Company owns directly more than 50% ownership or affiliates of which the Company owns directly or indirectly more than 50% ownership and on which the Company has a significant influence. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Company is the total amount of loan guarantees.

iii. For years ended December 31, 2016 and 2015, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iv. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The equity instruments are traded in active markets and accordingly, are expected to be readily sold at approximately its fair value. Therefore, the Group expects no significant liquidity risk.

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

Non-derivative financial liabilities:

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	$ 8,738,009	$ -	$ -	$ -	$ -
Notes payable	4,493	-	-	-	-
Accounts payable	13,978,665	-	-	-	-
Other payables	6,891,542	-	-	-	-
Long-term borrowings (including current portion)	182,690	7,049,967	23,367	8,455	11,385

Non-derivative financial liabilities:

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	$ 11,137,953	$ -	$ -	$ -	$ -
Notes payable	3,307	-	-	-	-
Accounts payable	17,377,935	-	-	-	-
Other payables	6,654,962	-	-	-	-
Long-term borrowings (including current portion)	136,385	7,254,875	51,032	27,251	20,763

iv. 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(10).

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: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. 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 or indirectly. The fair value of the Group's investment in non-hedging derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

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

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Available-for-sale financial assets	$ 1,042,965	$ -	$ -	$ 1,042,965

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Available-for-sale financial assets	$ 1,922,305	$ -	$ -	$ 1,922,305

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

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

	Listed shares
Market quoted price	Closing price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, 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) 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.

(e) 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 years ended December 31, 2016 and 2015, there was no transfer between Level 1 and Level 2.

13. SUPPLEMENTARY DISCLOSURES

1) Significant transactions information

For the investees' information, except for financial statements of CU, FII, FUII, Zhi De Investment, Studio A, Studio A (Hong Kong), FGEDG, FGEKS, DGFQ and FOXLINK which were reviewed by independent accountants, and PQI, APIX and Sinocity Industries Ltd. which were reviewed by other independent accountants, the financial statements of other subsidiaries were not reviewed because they did not meet the definition of significant subsidiaries. The disclosure information listed below is for reference.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

2) Segment information

The financial information of reportable segments provided to Chief Operating Decision-Maker is as follows:

Year ended December 31 2016

Unit：NTD thousands dollars

	3C component department	Systems and peripheral products department	3C product retail department	Other Operations	Adjustments	Total
External Revenue	$ 41,871,697	$ 35,167,526	$ 13,167,538	$ 292,768	$ -	$ 90,499,529
Revenue from Internal Customers	5,074,039	26,742	-	41,046	(5,141,827)	-
Segment Revenue	$ 46,945,736	$ 35,194,268	$ 13,167,538	$ 333,814	($ 5,141,827)	$ 90,499,529
Segment Loss	380,167	($ 171,590)	45,070	61,165	$ -	314,812

Unit：USD thousands dollars

	3C component department	Systems and peripheral products department	3C product retail department	Other Operations	Adjustments	Total
External Revenue	$ 1,298,347	$ 1,090,466	$ 408,296	$ 9,078	$ -	$ 2,806,187
Revenue from Internal Customers	157,335	829	-	1,273	(159,436)	-
Segment Revenue	$ 1,455,682	$ 1,091,295	$ 408,296	$ 10,351	($ 159,436)	$ 2,806,187
Segment Loss	11,788	($ 5,321)	1,398	1,897	$ -	9,762

Year ended December 31, 2015

Unit：NTD thousands dollars

	3C component department	Systems and peripheral products department	3C product retail department	Other Operations	Adjustments	Total
External Revenue	$ 54,031,507	$ 28,229,077	$ 25,455,142	$ 517,348	$ -	$ 108,233,074
Revenue from Internal Customers	7,121,777	195,971	-	11,645	(7,329,393)	-
Segment Revenue	$ 61,153,284	$ 28,425,048	$ 25,455,142	$ 528,993	($ 7,329,393)	$ 108,233,074
Segment (Loss) Profit	($ 898,254)	$ 551,952	$ 485,347	155,028	$ -	294,073

Cheng Uei Precision Industry Co., Ltd.

Loans to others

Year ended December 31, 2016

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2016	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	Cheng Uei Precision Industry Co., Ltd.	Foxlink TianJin Co., Ltd.	Other receivables-related parties	Yes	$ 500,000	$ -	$ -	-	2	$ -	Operations	$ -	-	$ -	$ 4,727,343	$ 9,454,686	
0	Cheng Uei Precision Industry Co., Ltd.	Suntain Co., Ltd. (Suntain)	〃	〃	100,000	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
0	Cheng Uei Precision Industry Co., Ltd.	Culink (Tian Jin) Co., Ltd.	〃	〃	200,000	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd	〃	〃	50,850	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., LTD.	〃	〃	451,500	225,750	225,750	2	2	-	〃	-	-	-	4,727,343	9,454,686	
0	Cheng Uei Precision Industry Co., Ltd.	Microlink Communications Inc.	〃	〃	85,000	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
0	Cheng Uei Precision Industry Co., Ltd.	Proconn Technology Co., Ltd.	〃	〃	87,884	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
1	CU INTERNATIONAL LTD.	Fugang Electric (Kunshan) Co., Ltd.	〃	〃	100,000	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
1	CU INTERNATIONAL LTD.	Foxlink Automotive Technology (Kunshan) Co., Ltd.	〃	〃	200,000	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
2	Fugang Electric (Kunshan) Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd	〃	〃	149,850	115,425	23,085	-	2	-	〃	-	-	-	4,727,343	9,454,686	
2	Fugang Electric (Kunshan) Co., Ltd.	Sharetronic Data Technology Co., LTD.	〃	〃	969,000	461,700	230,850	6.5	2	-	〃	-	-	-	4,727,343	9,454,686	
2	Fugang Electric (Kunshan) Co., Ltd.	Fuqiang Eletric (Yancheng) Co., Ltd.	〃	〃	50,850	46,170	36,936	-	2	-	〃	-	-	-	4,727,343	9,454,686	
2	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	〃	〃	12,204	11,081	11,081	-	2	-	〃	-	-	-	4,727,343	9,454,686	
3	Proconn Technology Co., Ltd.	BYFORD INTERNATIONAL LTD.	〃	〃	56,412	54,732	54,732	-	2	-	〃	-	-	-	4,727,343	9,454,686	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2016	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
3	Proconn Technology Co., Ltd.	MEDIA UNIVERSE INC.	Other receivables-related parties	Yes	$ 274,557	$ 266,380	$ 266,380	-	2	$ -	Operations	$ -	-	$ -	$ 4,727,343	$ 9,454,686	
4	MEDIA UNIVERSE INC.	Proconn Technology (Suzhou) Co., Ltd	〃	〃	371,456	360,393	360,393	-	2	-	〃	-	-	-	4,727,343	9,454,686	
5	Studio A Inc.	Jing Sheng Technology Co., Ltd	〃	〃	100,000	100,000	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
5	Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	〃	〃	100,000	100,000	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
5	Studio A Inc.	Studio A Technology Limited	〃	〃	300,000	300,000	-	1.5	2	-	〃	-	-	-	4,727,343	9,454,686	
5	Studio A Inc.	ASHOP CO., LTD.	〃	〃	64,500	64,500	49,988	2	2	-	〃	-	-	-	4,727,343	9,454,686	
6	World Circuit Technology Co., Ltd.	World Circuit Technology (Hong Kong) Limited	〃	〃	33,350	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
6	World Circuit Technology Co., Ltd.	Shanghai World Circuit Technology Co., Ltd. (SWCT)	〃	〃	150,000	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
6	World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	〃	〃	222,000	71,000	71,000	-	2	-	〃	-	-	-	4,727,343	9,454,686	
6	World Circuit Technology Co., Ltd.	Proconn Technology Co., Ltd.	〃	〃	87,000	87,000	87,000	-	2	-	〃	-	-	-	4,727,343	9,454,686	
6	World Circuit Technology Co., Ltd.	Microlink Communications Inc.	〃	〃	64,000	64,000	64,000	-	2	-	〃	-	-	-	4,727,343	9,454,686	
7	BYFORD INTERNATIONAL LTD.	Proconn Technology (Shenzhen) Co., Ltd.	〃	〃	177,274	170,915	170,915	-	2	-	〃	-	-	-	4,727,343	9,454,686	
8	Jing Jing Technology Co., Ltd.	Studio A Inc.	〃	〃	100,000	100,000	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
8	Jing Jing Technology Co., Ltd.	Jing Sheng Technology Co., Ltd.	〃	〃	100,000	100,000	23,000	-	2	-	〃	-	-	-	4,727,343	9,454,686	
9	Culink (Tian Jin) Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	〃	〃	254,250	230,850	230,850	-	2	-	〃	-	-	-	4,727,343	9,454,686	
10	Neosonic Energy Technology (Tianjin) Ltd.	Foxlink TianJin Co., Ltd.	〃	〃	200,858	4,617	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
10	Neosonic Energy Technology (Tianjin) Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	〃	〃	200,858	182,372	182,372	-	2	-	〃	-	-	-	4,727,343	9,454,686	
11	Kuenshan Fugang Electronics Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	〃	〃	50,850	46,170	11,543	-	2	-	〃	-	-	-	4,727,343	9,454,686	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2016	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
12	FOXWELL ENERGY CORPORATION LTD.	Shinfox Co., Ltd.	Other receivables-related parties	Yes	$ 45,000	$ 45,000	$ -	-	2	$ -	Operations	$ -	-	$ -	$ 4,727,343	$ 9,454,686	
13	Fu Uei International Investment Ltd.	Shinfox Co., Ltd.	〃	〃	25,000	25,000	25,000	2.62	2	-	〃	-	-	-	4,727,343	9,454,686	
14	FOXLINK TECHNOLOGY	Cheng Uei Precision Industry Co., Ltd.	〃	〃	830,415	803,025	770,775	-	2	-	〃	-	-	-	4,727,343	9,454,686	
15	Foxlink TianJin Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	〃	〃	1,525,500	1,385,100	1,191,186	-	2	-	〃	-	-	-	4,727,343	9,454,686	
15	Foxlink TianJin Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	〃	〃	457,650	415,530	369,360	-	2	-	〃	-	-	-	4,727,343	9,454,686	
16	Studio A Technology Limited	Kunshan Fugang Electric Trading Co., Ltd.	〃	〃	203,400	184,680	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
17	Shinfox Co., Ltd.	Classio Living Co., Ltd.	Other receivables	No	40,000	-	-	-	2	-	〃	-	-	-	4,727,343	9,454,686	
18	APIX LIMITED	SINOCITY INDUSTRIES LTD.	Other receivables-related parties	Yes	322,500	322,500	-	-	2	-	Capital planning	-	-	-	947,618	1,895,236	

Note 1: The numbers as follows represent the nature of loan:

a) Business transaction is labelled as “1”.

b) Short-term financing is labelled as “2”.

Note 2: Limit on loans granted to a single party is 20% of the Company’s net assets value.

Note 3: Ceiling on total loans granted to all parties is 40% of the Company’s net assets value.

Cheng Uei Precision Industry Co., Ltd.

Provision of endorsements and guarantees to others

Year ended December 31, 2016

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2016	Outstanding endorsement/ guarantee amount at December 31, 2016	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	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	Cheng Uei Precision Industry Co., Ltd.	Jing Sheng Technology Co., Ltd.	An indirect wholly-owned subsidiary	$ 9,454,686	$ 333,500	$ 322,500	$ 18,477	$ -	1.36	$ 11,818,358	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., LTD.	〃	9,454,686	166,750	161,250	161,250	-	0.68	11,818,358	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Inc.	〃	9,454,686	1,150,575	1,112,625	317,314	-	4.70	11,818,358	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Technology Limited	〃	9,454,686	2,067,700	1,999,500	89,655	-	8.45	11,818,358	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	〃	9,454,686	166,750	161,250	-	-	0.68	11,818,358	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	〃	9,454,686	1,283,975	1,241,625	52,245	-	5.25	11,818,358	Y	N	Y	
1	Power Quotient International Co., Ltd.	SINOCITY INDUSTRIES LIMITED	〃	2,369,045	334,500	322,500	322,500	-	6.81	2,369,045	Y	N	N	
2	Studio A Inc.	ASHOP CO., LTD.	〃	9,454,686	400,200	387,000	387,000	-	1.64	11,818,358	Y	N	N	
2	Studio A Inc.	Studio A Technology Limited	〃	9,454,686	433,550	258,000	-	-	1.09	11,818,358	Y	N	N	
3	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	Affiliates	9,454,686	1,395,578	1,267,136	1,267,136	-	5.35	11,818,358	Y	N	Y	

Note 1: Calculation for limit on endorsements/guarantees provided for a single party is as follows:

For subsidiaries whose shares are 90% or above held by the Company, ceiling on total amount of endorsements and guarantees provided by the Company is 50% of the Company's net assets value; limit on endorsements and guarantees provided by the Company for a single party is 40% of the Company's net assets value.

For PQI, ceiling on total amount of endorsements and guarantees provided by PQI is 50% of PQI's net assets value.

Note 2: The Company's guarantee to others should not exceed 50% of the Company's net assets.

PQI's guarantee to others and subsidiaries should not exceed 50% of PQI's net assets.