



WPG HOLDINGS LIMITED

# 2015 Annual Report

Annual Report website  
Market Observation Post System  
<http://mops.twse.com.tw>  
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**■ Head Office & Branches:**

Establishment	Address	Tel
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Branch	None	
Factory	None	

**■ Common Share Transfer Agent and Registrar**

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**■ Last Annual Financial Statements Auditors**

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

None

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## 1. Letter to Shareholders

Benefited from the correct product layout, growing productivity as well as the continuity of operation expansion, we continue to be distributor of electronics components in 2015 and outrun our competitors in the ranking, become the most dominating professional distributor of semiconductor components in the world. Our franchised product lines for the reputable brands include leading semiconductor company-Intel, NXP, MICRON, TI, TOSHIBA, SAMSUNG and others, is more than 250 semi-conductor brands. The current sales offices are mainly in Taiwan, China, Hong Kong and Southern Asia, with an increasing extension to over 120 locations in East Northern Asia, The Association of Southeast Asian Nations (ASEAN), India, and North America. Regarding 2015 worldwide semiconductor sales growth rate, ranging from wearable devices, energy-saving products, automotive electronics to Internet of things (IOT) in the market with growing mature application environment, we continue to provide value-added supply chain management services, competitive components, products and turnkey solution to help our clients develop and invest in future markets, and to create a win-win situation with our suppliers and clients.

### 1. The Review of 2015

Our consolidated revenue and Operating income in 2015 hit the record high of the WPG Holdings. Consolidated revenue exceeded NT\$500 billion and reached NT\$515.5 billion (US\$16.2 billion), with an annual growth of 13.94%. Operating income was NT\$8.47 billion, with an annual growth of 6.70%. Net profit after tax hit the second highest and was around NT\$5.42 billion. Basic EPS was NT\$3.27. Return on Working Capital (ROWC), the key performance indicator, was 8.71%, and ROE was 11.60%.

Over the past one year, those 3C products like 3G and 4G high-end mobile phones, affordable smartphones, wireless broadband and cloud servers became the main products for shipping in 2015. Non-3C products such as automotive electronics, Industrial electronics and power saving performed sustained sales growth. The number of employees exceeded 5,500, among them were Field Application Engineer (FAE) team members, occupied 16%. They offered up to 244 "online program" items like product marketing, operations and supply chain support in other areas. The number of VMI logistics projects in Asia-Pacific region was approximately 700, carrying out the One-Stop service, providing customers with higher added value services.

WPG Holding Group was ranked Grade A++ (highest) in the 12th Information Disclosure and Transparency Ranking (IDTR) in April, 2015, and received the highest award (A ++ rating accounts for about 5% among Tsec-Listed and OTC-Listed Companies) for two consecutive years. Besides, our corporate governance was among the top 20 % of that, and selected as the stocks of "TWSE Corporate Governance 100

Index ". In 2015 we have moved up 51 places to 1814 on the Forbes Global 2000, and ranked up 3 places among the Top 650 Service Enterprises on the CommonWealth Magazine Top 2000 Survey. We also received the '2015 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor' from Electronics Supply and Manufacturing China (ESM China). Those achievements prove that our provision of value-added services in semiconductor supply chain has been deeply appreciated by our clients and suppliers.

### 2. The Outlook for 2016

Facing the external fluctuations in *general economic conditions as well as the restructuring of Chinese market, and the continued growth in semiconductor industry and the upstream factory integration*, the WPG Holding Group will continue to renew the organization, *product-line combinations and management system* by increasing per capita output, controlling operating assets and raising after-tax profit as the main strategic objectives to maximize the output and efficiency in 2016. Our main strategy of this year is illustrated as the following:

■ **Financial Indicator** : We will strive for increase the net profit after tax and continuously improving the productivity of the employees. We will set the Return on Working Capital (ROWC) as the Group's key financial indicator and strengthen the risk management for the operating asset. We also ensure the asset quality and liquidity, strong capital structure and profitability to improve return on equity and dividend payment.

■ **Expanding Market Influence** : Focusing on the target market, we will strive for information collection, analysis and coordination. Through integrating the Group's strengths, we will develop various solutions for resource sharing and business cooperation to improve the quality of our customer service and to expand market influence. We will increase the penetration rate in the specific domestic market by using the characteristics of each production line. Focusing on Taiwan's target clients, we will optimize management capacity and keep pursuing the goal of output. We strictly control the process of overseas business development and resource allocation, aim at providing services for global clients.

■ **Enhancing Portfolio Management** : The WPG networking sites ([iot.wpg02a.com](http://iot.wpg02a.com)) formally launched in 2015. After connecting with electronic business platform, we expect to meet the needs of *online shopping* for customers on quality and quantity. Besides, to integrate into software ecosystems centered on the *platform* offerings of *major cloud* is also the main focus of work in 2016. We will keep optimizing the online content marketing programs, and *full-coverage* community interaction mechanism. Meanwhile, the goal of WPG is to support supplier and *demand* for *front end* to

combine online and offline activities, enhance social networking connectivity, extend brand's ability to attract customers and improve customer loyalty.

■ Operational Risk Management : We authorized an external consultant for recommendations on WPG risk management system, organizational structure and operational mechanism in 2015 and implemented after gaining the approval of Audit Committee and Board of Directors. We also completed risk identification and analysis based on main focus on holdings. For mid- and high-frequency loss resulting in a significant risk of interruptions on instantaneous operation, we proposed the strategy and program against the risk, began to act immediately. In 2016, we expect to expand the range of risk identification to the front-end group and gradually establish a front-end risk management system through risk identification, assessment and response process. To introduce crisis management system for holding companies is another major job. We shall establish appropriate norms and processes based on structure, event classification and notification process.

■ Cultivation of Talent and Employee Relations : To establish future long-term strategic development objectives and specific short-term action, we will put efforts to cultivate high-end talent for future industries, such as to hire experts to assist in the strategic discussion except for conducting special research on robots and electric vehicles industries. Meanwhile, we train the cores by planning bridging courses to reduce the gap between the two sides and enhance team's knowledge and ability in a more programmatic and comprehensive way. In addition to assisting colleagues of each unit in achieving performance goals and raising the output value, we build a working atmosphere that brings colleagues and teams toward high enthusiasm, high morale positive development.

■ Integration Information Processes and Platform : In response to 2020 operational goals, the Information Department proposed a mis2.0 plan (Mobility + Intelligence + Simplicity) for 3 years with customer-oriented view, tailor service settings for different users. For logistics boundary spanning management, we will continue the three-year work plan proposed in 2015 to improve service quality and reduce operating costs. Our goal is to optimize service performance (bandwidth), meet the needs of the overall operations of the Company by using available manpower.

■ Corporate Governance and Corporate Social Responsibility(CSR) : We strive to improve corporate governance and social responsibility activities, and establish CSR working group to elaborate and promote CSR policy and activities together, keep the promise of sustainable development in mind and make a CSR Report. We develop and promote the "supply chain management" training, build WPG Holdings Education Foundation and cooperate with universities or support social enterprises, put effort to

social engagement and environmental protection. WPG Holdings ranked the top 20% in the TWSE corporate governance assessment, assigned by Financial Supervisory Commission in 2015. We will maintain the same goal in 2016.

This year, while facing the outside fluctuation in overall economic environment that makes market uncertain, WPG Holdings is still good at understanding the market growth opportunities after many years of active allocation and hard work. In the future, the Company will have been serving as the global leader, the agents for more new online products. Moreover, we provide customers higher value-added services, open up new sales areas to seek value-added acquisitions. The vision of WPG is "Industry first, channel benchmark" by comprehensively promoting the core value of "team, Integrity, professionalism and effectiveness", and creates a professional services based situation of win-win outcomes among suppliers, customers and shareholders

The Company's management team and colleagues express our deep gratitude to all the members of our shareholders for your support and encouragement. For the coming year, we look forward to your guidance and advice. Always holding our consistent business philosophy and service, we will demonstrate exceptional business results and share them with you.

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

Chairman

Huang, Wei-Siang

## 2. Company Profile

### 2.1. Date of Incorporation: Nov. 9, 2005

### 2.2. Milestones

Nov., 2005 WPG Holdings Limited was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date.

Dec., 2005 Appointed by Atheros as Asia Pacific Distributor

May, 2006 Ranked top 10 among top 500 service companies in Taiwan by Common Wealth Magazine

Jun., 2006 Ranked 4<sup>th</sup> for worldwide and 1<sup>st</sup> for APAC electronics component distributor by ESM

Jun., 2006 BOD resolves to pay out TWD 0.16 for cash dividend per share

2006 Newly appointed by CREE, ACTIONS, Microchip, and Mstar as APAC or greater China distributor, underpinning High Power LED, and mobile device, Imaging, consumer electronics markets in China as well

Jan., 2007 Established WPG Korea Co., Ltd, and dedicated for Korean customers

Apr., 2007 Ranked no.1 APAC electronic component distributor by ESM

May, 2007 Ranked top 10 among top 500 service companies in Taiwan by Common Wealth Magazine

May, 2007 Awarded cross-strait Industry top 100 by Business Weekly

May, 2007 Ranked most preferred regional distributor by ESMC; specially awarded best supply capability, best technical support, and best logistics service

Jun., 2007 BOD resolves to pay out TWD 1.2 for cash dividend per share and TWD 0.5 for stock dividend per share

2007 Newly appointed by LITE ON and Renesas as APAC or greater China distributor

Jan., 2008 Awarded MII sponsored, CQAE and CEPA co-certified RECS qualifications in China, supply & distribution recognized for being one of the first to qualify

May, 2008 WPG Holdings awarded no.1 IC distributor by Common Wealth Magazine and Business Weekly

May, 2008 Re-elected best and largest Asian electronics distributor and ranked the 3<sup>rd</sup> worldwide semiconductor distributor by My-ESM

Jun., 2008 Re-elected best overseas distributor by ESMC, a single to sweep best supply capability, best technical support, best logistics service, and best E-commerce capability

Jun., 2008 BOD resolves to pay out TWD 2.15 dividend per share for cash, and 0.315 for stock dividend per share

Jun., 2008 BOD early reelection, re-staffing independent directors with 5 seats instead of 2, accounting for one third of BOD and making up audit committee exclusively

Jul., 2008 WPG acquires passive component distributor Pernas Electronics Co., Ltd. (security code: 3256) through share swap, Jul. 16 set for reference day

Oct., 2008 WPG Holdings Limited has moved to a new office at \*10F, No.97, Tun Hua S. Rd, Sec.2, Taipei 106, Taiwan, R.O.C.\*

Oct., 2008 WPG Holdings forms investment and finance committee

2008 Newly appointed by SETI, Telechips, Elan, Harvatek, and Volterra as APAC or greater China distributor

Feb., 2009 WPG (TSE:3702) Announced to acquire AIT (Code:6159) 100% share by share swap, and the effective date for closure was set for February 6th, 2009

Feb., 2009 WPG Holdings forms remuneration committee

May, 2009 Included by MSCI as the first-ever Taiwan IC distributor constituent

Jun., 2009 Elected best overseas authorized distributor by ESMC, and awarded best supply capability, best logistics service, and best volume flexibility

Jun., 2009 Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3<sup>rd</sup> worldwide distributor

Jun., 2009 BOD resolves to pay out TWD 1.40 for cash dividend per share

Dec., 2009 WPG-launched webinars attract much attention from China customers

Dec., 2009 WPG Electronics (HK) awarded Logistics Awards Hong Kong

2009 Newly appointed by TA-I, TDK, KEMET, WIntek, K.S Terminals Inc., Macro Image Technology, Orister Corp., and SG Micro Corp.(Hong Kong) as APAC or greater China distributor

Mar., 2010 WPI Group the subsidiary of WPG Holdings acquires AIO Components Company Ltd. (AIO) for overseas dealing

May, 2010 SAC Group the subsidiary of WPG Holdings acquires the electronic components business of Silicon Application Pte. Ltd.

May, 2010 Elected best overseas authorized distributor by ESMC, and awarded best supply capability, best logistics service, and best volume flexibility

Jun., 2010 Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3<sup>rd</sup> worldwide distributor

Jun., 2010 BOD resolves to pay out TWD 2.0 for cash per share, and 1.8 for stock dividend per share

Nov., 2010 WPG acquires YOSUN Industrial Corp.(security code: 2403) through share swap, Nov. 15 set for reference day

Nov., 2010 Celebrate 5<sup>th</sup> anniversary; set forth "the First Choice of Industry; the Benchmark of Distribution" for the new group vision

2010 Newly or additively appointed or by Raontech, GigaDevice, INSIDE, Advanced Silicon, Redmara, NXP Semiconductors, OSRAM Opto Semiconductors, Synerchip, Siltronix, Epson, Infineon Technologies, Sanyo Semiconductors, Summit Microelectronics Inc., ST Ericsson, AMIC Technology Corporation, Silergy, AMS, Nutune, Trident, ACSIP, HuaJie, Evolution, TT Electronics, Leadcore, Rockchip, Sync, Black Sand, ATLAB, SGMICRO, UBIQ, EPICOM, RAYDIUM, TAI-SAW, ALCOR, FUDATONG, PST, Wellypower, ABT, and ZILLTEK as APAC or greater China distributor

May, 2011 Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3<sup>rd</sup> worldwide distributor

Jun., 2011 BOD resolves to pay out TWD 2.1 for cash, and 0.9 for stock dividend

Jul., 2011 Frontek Technology Corporation, subsidiary of WPG Holdings' subgroup AIT Group, acquires Hong Kong-based FlyCastle Technologies, Inc. for its AzureWave line card

Sep., 2011 Hong Kong subsidiary of SAC Group, a WPG Holdings' subgroup, acquires Wintek Technology Investment (China) Ltd. in cash for its electronics component business

2011 Newly or additively appointed by Quality, Energyed Corp., Phoenix, TTM, Marvell, SMSC, Mindspeed, TranzSwitch, Vitesse, ICP, mCube, ARM, AzureWave, Citruscom, Domlntech, ESMT, FuDaTong, InfoTM, JustPower, Kingston, Neotec, Novatek, Powervation, Quintic, and Winbond as APAC or greater China distributor

Mar., 2012 WPG acquires AEKO Technology Co., Ltd.(security code: 6119) through share swap, Mar. 1 set for reference day

Apr., 2012 Longview Technology Inc., subsidiary of WPG Holdings' subgroup WPI Group, acquires Long-Think group's electronics components business in greater China area in cash

May, 2012 Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3<sup>rd</sup> worldwide distributor

Jun., 2012 BOD resolves to pay out TWD 2.6 for cash dividend per share

2012 Newly or additively appointed by Bridgelux, ADDA, Prolific, GigaDevice, Action, Hanergy, Sigma Designs, RFM, Erl, Metadyne, ERP, TUL, PTC, Philips Lumiled, Siano, CHAMPION, CPT, IR, mCube, and Sinopower as APAC or greater China distributor

May, 2013 Elected 2013 top 25 global electronics component distributors by EDN, ranked the 3<sup>rd</sup> worldwide distributor

Jun., 2013 BOD resolves to pay out TWD 2.4 for cash dividend per share

Aug., 2013 Made debut and ranked 27<sup>th</sup> for Excellence In CSR from Common Wealth Magazine

2013 Newly or additively appointed by Goodix, Touchstone, LITEON-SILI, T&T, ELAN, Silicon Line, Aptos, CellWise, Next Biometrics, Cyntec, Kingston, Merry, and Wolfson as APAC or greater China distributor

Jan., 2014 BOD resolves the share swap transactions: World Peace Industrial Co., Ltd. in exchange for Aeco Technology Co., Yosun Industrial Corp. in exchange for RichPower Electronic Devices Co., Ltd., and Silicon Application Corp. in exchange for Pernas Electronics Co., Ltd.; Jan. 1 set for reference days

May, 2014 BOD resolution to the first issue of domestic unsecured convertible bonds

Jul., 2014 WPG Holdings top-graded A++ in Information Disclosure and Transparency Ranking

Dec., 2014 Awarded the best choice of authorized semiconductor distributor of yr2014 EEPW editors' choice

Dec., 2014 WPG I-Design Contest finals come to an end in Beijing

2014 Newly appointed by Q2 Micro, ISSC, Huntersun, Solteam, Fibocom, SEQUANS, VANCHIP, and OTUS as distributor

Mar., 2015 Distributor of Semiconductor Components - WPG Holdings Limited (TWSE:3702) Commences a Cash Tender Offer for Genuine C&C INC. (OTC:5384)

Apr., 2015 Received an "A++" ranking in "Transparency and Information Disclosure" from Taiwan's Securities and Futures Institute.

Apr., 2015 Ranked among the top 20% of TWSE listed and TPEx listed companies in the 1<sup>st</sup> ranking of Corporate Governance Evaluation result

May., 2015 Ranked 1814 places on the Forbes Global 2000.

May., 2015 Received the 2015 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor<sup>®</sup> from Electronics Supply and Manufacturing China (ESM China).

2015 Added agent and distribution rights increasingly from SANA • ISSC • Thine • TBPC-Akustica Inc. • BRIGHTEK, Panda, VANCHIP • High-Flying • Ambiq Beken etc.

Jan., 2016 Won Cal-Comp Electronics and Communications 2015 Outstanding International Supplier.

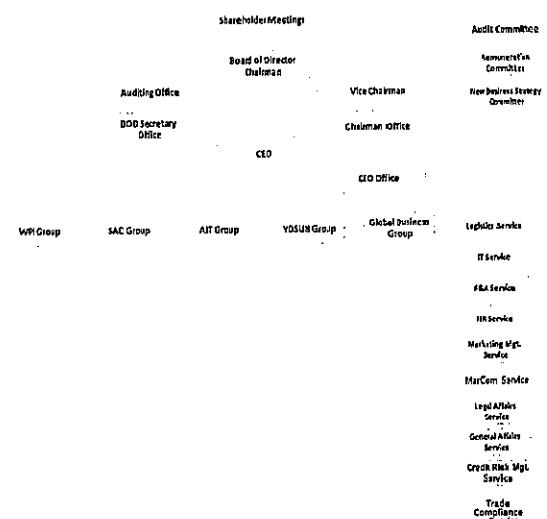
Feb., 2016 Won Intel SEA Regional Sales Biggest Revenue SEA Embedded Distributor

Apr., 2016 Ranked among the top 20% of TWSE listed and TPEx listed companies in the 2<sup>nd</sup> ranking of Corporate Governance Evaluation result

### 3. Corporate Governance Report

#### 3.1. Organization

##### 3.1.1. Organization Chart



##### 3.1.2. Major Corporate Functions

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

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







### 3.2.3.2. Remuneration Paid to General Manager and Vice Presidents

Title	Name	Remuneration Paid to Supervisors (Vice Presidents)		Remuneration Paid to Entities of Consolidated Financial Reporting		Employee compensation (10)*		The Proportion of Employee compensation (10)* As a Ratio to Net Surplus Profits		General Employee Stock Rewards		General Employees Reporting	
		From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting	From Entitles of Consolidated Financial Reporting	From Entitles of Consolidated Financial Reporting	From Entitles of Consolidated Financial Reporting	From Entitles of Consolidated Financial Reporting	From Entitles of Consolidated Financial Reporting	From Entitles of Consolidated Financial Reporting	From Entitles of Consolidated Financial Reporting	From Entitles of Consolidated Financial Reporting
General Manager	Frank Yeh	17,672	401	26,495	27,501	12,238	-	12,238	-	1,04	1,04	-	-
Senior Vice President	Scott Lin	17,672	401	26,495	27,501	12,238	-	12,238	-	1,04	1,04	-	-
Vice President of Finance, Co-head	Cliff Chan	1,500	1,500	1,500	1,500	1,500	-	1,500	-	1,500	1,500	-	-
Vice President	David Li	1,500	1,500	1,500	1,500	1,500	-	1,500	-	1,500	1,500	-	-
Vice President	Li	1,500	1,500	1,500	1,500	1,500	-	1,500	-	1,500	1,500	-	-

\*2015 refers to the proportion amount of 2015 bonuses allotted to employees on Apr. 26, 2015; and will take effect upon the resolution of General Meeting on Apr. 22, 2016.

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Remuneration Scale	Name		From Entities of Consolidated Financial Reporting		From WPG	
	From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting
Under TW\$ 2,000,000	Scott Lin, David Li	Scott Lin, David Li	Frank Yeh, Cliff Chan, Jazz Chang	Frank Yeh, Cliff Chan, Jazz Chang	Frank Yeh, Cliff Chan, Jazz Chang	Frank Yeh, Cliff Chan, Jazz Chang
TWD 2,000,000 – 4,999,999	Cooper Lin, Chin Yih, Chen Chia	Cooper Lin, Chin Yih, Chen Chia	Frank Yeh, Cliff Chan, Jazz Chang	Frank Yeh, Cliff Chan, Jazz Chang	Frank Yeh, Cliff Chan, Jazz Chang	Frank Yeh, Cliff Chan, Jazz Chang
TWD 10,000,000 – 14,999,999	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh
TWD 15,000,000 – 19,999,999	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh
TWD 20,000,000 – 39,999,999	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh
Above TW\$ 40,000,000	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh
Total					6	6

\*2015 refers to the proportion amount of 2015 bonuses allotted to employees on Apr. 26, 2015; and will take effect upon the resolution of General Meeting on Apr. 22, 2016.

### 3.2.3.3. Bonus-Rewarded Managerial Personnel And Allowments

Title	Name	From WPG		From Entities of Consolidated Financial Reporting		From WPG		From Entities of Consolidated Financial Reporting		From WPG		From Entities of Consolidated Financial Reporting	
		Share Bonus	Cash Bonus*	Share Bonus	Cash Bonus*	Share Bonus	Cash Bonus*	Share Bonus	Cash Bonus*	Share Bonus	Cash Bonus*	Share Bonus	Cash Bonus*
Managerial Personnel	Frank Yeh	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238
Vice President	Cliff Chan	-	-	-	-	-	-	-	-	-	-	-	-
Vice President	Jazz Chang	-	-	-	-	-	-	-	-	-	-	-	-
Vice President	David Li	-	-	-	-	-	-	-	-	-	-	-	-

\*2015 refers to the proportion amount of 2015 bonuses allotted to employees on Apr. 26, 2015; and will take effect upon the resolution of General Meeting on Apr. 22, 2016.

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

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

Remuneration Type	From WPG		From Entities of Consolidated Financial Reporting		In thousand	
	2014	2015	2014	2015	2014	2015
Pay of Director	40,315	35,760	40,315	35,760		
Proportion of Pay Aggregate to Net Income (%)	0.69	0.66	0.69	0.66		
Pay of Supervisor	-	-	-	-		
Proportion of Pay Aggregate to Net Income (%)	-	-	-	-		
Pay of General Manager and Vice President	58,746	56,195	58,978	57,211		
Proportion of Pay Aggregate to Net Income (%)	1.01	1.04	1.02	1.06		
Net Income (loss)	5,808,839	5,420,469	5,808,839	5,420,469		

As shown in above table, the directors' remuneration, as well as remuneration paid to general manager and vice presidents decline in 2015. The reduction in net income in 2015 is primarily attributable to the percentage growth in the directors' remuneration (from entities of consolidated financial reporting), as well as remuneration paid to general manager and vice presidents.

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

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

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

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

- bonuses of employees ranging between 0.01% and 5%
- The rules governing general manager and vice president's remuneration are as follow:  
By WPG's Articles of Incorporation, general manager and other managerial persons' compensation shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company; the compensation of vice president shall be proposed and submitted by general manager for chairperson's approval.
- By WPG's Articles of Incorporation, operational profit and losses do not condition the pay of directors conducting the business of the company, which is authorized to end decided by a resolution at a meeting of the board of directors in the light of participation and value of contributions to the company and with reference to industry standards. The establishment of remuneration committee under board of directors assists in the development of compensation policies for directors, senior management, and the company as a whole. At the time of reported year-end surplus profits, the board of directors shall propose a distribution scheme, obtain the resolution at a meeting of shareholders, and then distribute the compensation for directors. By WPG board resolutions, directors and committee conveners receive fixed pay every month; committee members are offered allowance according to attendance of meetings, and no compensation else. By the Articles of Incorporation and functioning of board and remuneration committee, WPG shall from time to time review the remuneration for director and senior management according to one's participation and value of contributions to the company, and minimize the possibility of and linkage to future risk events, in order for balance between sustainable management and risk management. WPG has insured the board and managerial personnel against liability, with insured amounts adding up to USD 15,000 thousand; by means of D&O Insurance, WPG mitigates the risk exposure, shifting the potential damages arising from the business conduct of directors, managerial personnel and corporation.

#### 3.3. Overview of Corporate Governance

##### 3.3.1. Operational Status of Board

The 3<sup>rd</sup> term of office of board of directors is composed of 17 directors. After the reelection on Jun 18, 2014, the board is composed of 11 directors who are professional and experienced at semiconductor, financial, business, and management fields. Attorney Jack J.T. Huang of Jones Day, Professor Rong-Ruey Duh of National Taiwan University College of Management, and Yung-Hong Yu the director & general manager of A1 Management Consulting Ltd., among others, are independent

directors.

The board has the responsibility to supervise the overall operations and affairs of the company and make decisions for major investment and M&A matters. In the most recent year, the board had 10 meetings; the status of attendance is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Proportion of Attendance in Person (%)	Remarks
Chair	Simon Huang	9	1	90	Successive term
Vice Chair	K.D. Tseng	8	2	80	Successive term
Director	Mike Chang	9	1	90	Successive term
Director	T.L. Lin	10	0	100	Successive term
Director	K.Y. Chen	10	0	100	Successive term
Director	Frank Yeh	8	2	80	Taking office on Jun. 18, 2014 (election of the board)
Director	Fullerton Technology Co. (Representative: David Lin)	10	0	100	Successive term
Director	Henry Shaw	10	0	100	Elected in his own name on Jun. 18, 2014 (election of the directors and independent directors)
Independent Director	Jack J. T. Huang	10	0	100	Successive term
Independent Director	Rong-Ruey Duh	10	0	100	Successive term
Independent Director	Yung-Hong Yu	10	0	100	Successive term

Statement:  
1. For the matters provided in Article 14-3 of Securities and Exchange Act and other resolutions included in records or stated in writing regarding independent directors' dissenting or qualified opinion, the date, period, agenda items of the board meeting, independent directors' opinions and the actions taken by the company shall be stated: none.  
2. For the status of directors' resignations to relationship of interest, the names, agenda items, reasons to enter recusal, and status of voting regarding the directors' resignations to relationship of interest, the date, period, agenda items, the resolution result of audit committee, and the actions taken by the company shall be stated: none.  
Mar. 2, 2015 and Mar. 30, 2015 (proposal to the directors' non-attendance when change in board and annual accounts)  
3. Targets of enhanced functions of board of directors (i.e. establishment of audit committee, enhancement of transparency) of the year and in the most recent year and progress assessment; in order for sounder supervising functions of board of directors and robust managerial mechanism, starting from 2008, WPG advances the establishment of audit and remuneration committees, and establishes the new business strategy committee on Oct. 19, 2013. Refer to 3.3.4 "Operational Status of Audit Committee", 3.3.3 "Composition, Duties, and Operational Status of Remuneration Committee", and 3.3.4 "Operational Status of New Business Strategy Committee" in page 30.

### 3.3.2. Operational Status of Audit Committee

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

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

Statement:  
1. For the matters provided in Article 14-5 of Securities and Exchange Act and other resolutions that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors, the date, period, agenda items, the resolution result of audit committee, and the actions taken by the company shall be stated: none.  
2. For the status of independent directors' recusal with respect to relationship of interest, the names, agenda items, reasons to enter recusal, and status of voting shall be stated: none.  
3. Status of independent directors' communication with internal auditors and independent auditors: the audit committee is composed of all of the three independent directors, meeting at least one time per quarter, joined in auditor, accounting and financial head's routine presentation; the certifying accountants also regularly communicate with the audit committee.

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

#### 3.3.3.1. Committee Member Profile

Position	Qualification Name	With At Least Five Years Work Experience in the Professional Qualification Requirement	Independence								Concurrent Service As Committee Member of Other Public Companies
			1	2	3	4	5	6	7	8	
Independent Director	Yung-Hong Yu	Work experience in the professional qualification requirement									
Independent Director	Jack J. T. Huang	Work experience in the professional qualification requirement									
Independent Director	Rong-Ruey Duh	Work experience in the professional qualification requirement									

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

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meet any of the following:

- I. An employee of the company or any of its affiliates;
- II. A director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares;
- III. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings;
- IV. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs;
- V. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company or that holds shares ranking in the top five in holdings;
- VI. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company;
- VII. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company;
- VIII. Any of the circumstances in the subparagraphs of Article 30 of the Company Act.

#### 3.3.3.2. The Operational Status of the Remuneration Committee

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

The committee is composed of three members. The 4<sup>th</sup> term of office is from Jun. 18, 2014 to Jun. 17, 2017. Yung-Hong Yu, the independent director, convenes the committee no less than two times a year.

The committee chairman Yung-Hong Yu convenes four meetings in Y2015; the

status of attendance is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Proportion of Attendance in Person (%)	Remarks
Independent Director (convenor)	Yung-Hong Yu	4	0	100	Successive term
Independent Director (member)	Jack J. T. Huang	4	0	100	Successive term
Independent Director (member)	Rong-Ruey Duh	3	1	75	Taking office on Jun. 18, 2014 (election of the board)

Statement:  
1. If the board of directors will decline to adopt a recommendation of the remuneration committee, the date, period, agenda items, the resolution outcome of the committee and the actions taken by the company (i.e. If the remuneration passed by the board exceeds the recommendation of the committee, the circumstances and cause for the difference shall be specified) shall be stated: none.  
2. If with respect to any resolution of the committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the date, period, agenda items, opinions of all members and actions taken on shall be stated: none.

#### 3.3.4. The Operational Status of the New Business Strategy Committee

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

The committee is set up on Oct. 29, 2013, composed of five members, including four directors and one independent director. Director K.D. Tseng convenes the committee no less than four times a year. The chairman K.D. Tseng convenes five meetings in FY2015; the status of attendance is as follow:

Title	Name	Attendance in Person	Attendance by Proxy	Proportion of Attendance in Person (%)	Remarks
Director (convenor)	K.D. Tseng	5	0	100	Successive term
Director (member)	Simon Huang	5	0	100	Successive term
Director (member)	T.L. Lin	5	0	100	Successive term
Director (member)	K.Y. Chen	5	0	100	Successive term
Independent Director (member)	Yung-Hong Yu	5	0	100	Successive term

Statement: none.

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

Item	State of Implementation <sup>1</sup>			Item	State of Implementation <sup>1</sup>		
	Yes	N	Summary		Yes	N	Summary
4. The company establishes a channel to communicate with the stakeholders, designates a shareholder's section on its website, and appropriately responds to corporate social responsibility issues of stakeholders' concern.	V		Aiming for enhanced corporate governance, WRG has set up a website of "Stakeholder Engagement" to offer direct channels of communication with "company stakeholders" like employees, shareholders, corresponding banks, consumers, suppliers etc.). The website provides the e-mail address of auditing committee as Procedure for Audit Committee provides, Complaint Case Handling by Audit Committee provides, directing issues including but not limited to CSR to the committee to respect and safeguard their legal rights to The connecting address is as follows: <a href="http://www.wrgholdings.com/stakeholder/index2.htm">http://www.wrgholdings.com/stakeholder/index2.htm</a> .				
5. The company engages a professional shareholder services agent to handle shareholders meeting matters.	V		WRG engages Capital Securities Corporation to handle shareholders meeting matters.				

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Item	State of Implementation <sup>1</sup>			Item	State of Implementation <sup>1</sup>		
	Yes	N	Summary		Yes	N	Summary
6. Information Disclosure	V		Departure and Reason for Such Departure from the Corporate Governance Best Practice Principles for TWSE/GTSN Listed Companies		V		Departure and Reason for Such Departure from the Corporate Governance Best Practice Principles for TWSE/GTSN Listed Companies
6.1. The company sets up a website disclosing the information regarding the company's finances, operations and corporate governance.	V		1. The company formulates and discloses own corporate governance principles with reference to "Corporate Governance Best-Practice Principles for TWSE/GTSN Listed Companies".		V		1. WRG has formulated the corporate governance principles on Jul. 27, 2010, refer to "Overview of Corporate Governance" of the annual report.
6.2. The company adopts additional means of information disclosure (i.e. set up of English website, appointment of person responsible for gathering and disclosing the information, establishment of spokesperson system, publication of audio or video record of investor conference on corporate website etc.)	V		2. Ownership Structure and the Rights and Interests of Shareholders		V		2.1. WRG designates spokesperson, deputy spokesperson, and shareholder services agent to handle such matters.
7. The company avails additional major information in favor of understanding its operation or corporate governance, (including but not limited to: interests of the employees, care for employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, policy of risk management, executive state of risk metrics, executive state of customers policy).	V		2.2. The company formulates and implements internal procedures for handling of matters referred to shareholder proposals, inquiries, and disputes.		V		2.2. WRG's shareholder services division retains the register of trailer shareholders; such records are disclosed, by law, on the designated internet information posting system of Securities and Futures Institute.
			2.3. The company establishes and carries out the risk management and firewall control between itself and its affiliated enterprises.		V		2.3. WRG's internal control systems already have relevant systems, clear distinction has been drawn between the responsibilities and duties of involved persons and no abnormal transactions have been identified.

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Item	State of Implementation <sup>1</sup>			Item	State of Implementation <sup>1</sup>		
	Yes	N	Summary		Yes	N	Summary
6. Information Disclosure	V		Departure and Reason for Such Departure from the Corporate Governance Best Practice Principles for TWSE/GTSN Listed Companies		V		Departure and Reason for Such Departure from the Corporate Governance Best Practice Principles for TWSE/GTSN Listed Companies
6.1. The company sets up a website disclosing the information regarding the company's finances, operations and corporate governance.	V		1. The company formulates internal rules prohibiting company insiders from trading securities using information not disclosed to the market.		V		1. WRG has "Procedure for the Handover and Prevention of Insider Trading" in place, prohibiting company insider from trading securities using information not disclosed to the market.
6.2. The company has a public website ( <a href="http://www.wrgholdings.com">www.wrgholdings.com</a> ) in place, regularly disclosing and updating the information regarding the company's finances, operations and corporate governance for investors' reference.	V		2. The company formulates internal rules on diversity and implements a policy on diversity of board composition.		V		2.1. The WRG's board composition is on diversity - ; backgrounds of board members include law/engineering, accounting, finance, human resources and management etc., in addition to the electronics component business.
7. The company adopts additional major information in favor of understanding its operation or corporate governance, (including but not limited to: interests of the employees, care for employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, policy of risk management, executive state of risk metrics, executive state of customers policy).	V		3. The composition and duties of the board of directors		V		3.1. The board of directors formulates and implements a policy on diversity of board composition.
			3.2. The company sets up other optional functional committees, in addition to the compulsory remuneration and auditing committee.		V		3.2. The WRG's board composition is on diversity - ; backgrounds of board members include law/engineering, remuneration, and new business strategy committee in place.
			3.3. The company formulates rules and procedures for board performance assessments, and each year conducts regularly scheduled performance assessments.		V		3.3. WRG conducts director self-assessment via closed- and open-ended questionnaires at July or so each year, and proposes to formulate rules and procedures for board performance assessment.
			3.4. The company evaluates periodically the independence of the attesting CPA.		V		3.4. Each year, according to the adopted Procedures for Election and evaluation of attesting CPA approved by the auditing committee, CPA (certified public accountant) should resuply

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Title	Name	Date Elected	Curriculum Start Date	Curriculum End Date	Organizer	Subject	Hours	State of Implementation <sup>1</sup>		
								Yes	N	Summary
Director	K.Y. Chen	Jun. 14, 2005	May 12, 2011	May 12, 2011	Securities and Futures Institute	Director/Board Performance Assessment	3			Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSN Listed Companies
Director	Frank Yeh	Jun. 18, 2014	Sept. 20, 2015	Sept. 20, 2015	Securities and Futures Institute	Raising the Function of Director/Board	3			Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSN Listed Companies
Corporate Representative Director	David Lin	Jun. 14, 2005	May 12, 2015	May 12, 2015	Governance Association	Director/Board Performance Assessment	3			Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSN Listed Companies
Director	Henry Shaw	Jun. 14, 2005	Sept. 20, 2015	Sept. 20, 2015	Taiwan Corporate Governance Association	Raising the Function of Director/Board	3			Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSN Listed Companies
Independent Director	Rock-Ruey Duh	Jun. 25, 2008	May 12, 2015	May 12, 2015	Governance Association	Raising the Function of Director/Board	3			Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSN Listed Companies
Independent Director	Jack-J.T. Huang	Jun. 14, 2005	May 12, 2015	May 12, 2015	Taiwan Corporate Governance Association	Raising the Function of Director/Board	3			Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSN Listed Companies
Independent Director	Yung-Hong Wu	Jun. 25, 2008	Sept. 20, 2015	Sept. 20, 2015	Governance Association	Raising the Function of Director/Board	3			Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSN Listed Companies

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Item	State of Implementation <sup>1</sup>		
	Yes	N	Summary
Departure and Reasons for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSN Listed Companies			
None.			
1. Whether yes or no, provider of summary is required.			
2. The report of corporate governance self-assessment is the reporting and statement regarding current item implementation and execution made by the company itself according to the items of corporate governance self-evaluation.			
Status of Implementation <sup>1</sup>			
Item	Yes	No	Descriptive Summary <sup>2</sup>
professional institutions. (If yes, please state the opinion of the board, result of self-assessment or outside evaluation, major deficiency, recommendations, and state of Improvement)2			
ranked the top 20% among 798 TWSE Listed Companies in 2014 and the top 65%-20% among 724 TWSE Listed Companies in 2015. The swift committee will enhance our "Implementation of CSR" based on the result of evaluation.			
Departure and Reasons for Such Social Responsibilities Best-Practice Principles for TWSE/GTSN Listed Companies			
Item	Yes	No	Descriptive Summary <sup>2</sup>
1. Exercise corporate governance			
1.1. The company formulates policies or systems for CSR, and reviews the results thereof.	V		1.1. WPG adopts corporate governance evolution and lay down CSR policies, in principle and commitment to CSR, persisting the workplace promotion and regular review of result.
1.2. The company regularly organizes education and training on social responsibility.	V		1.2. WPG publicizes CSR subject matters such as commitment, care for employees, environmental protection, regular occupational safety and health protection, etc. from time to time, e.g. induction sessions, lectures on corporate core values, etc.
1.3. The company establishes an exclusively (or concurrently dedicated) unit, appoints executive-level positions, to be in charge of CSR initiatives and to report on the same to the board of directors on a periodic basis.	V		1.3. The higher-level CEOs of WPG and its subgroups have jointly set up CSR Working group for planning and managing issues related to CSR, coming into play hierarchically in the light of corporate organization and management duties, and regularly reporting to the chair of board of directors.
1.4. The company formulates reasonable remuneration policies, combines employee performance evaluation system with CSR policies, and establishes strict and effective incentive and discipline system.	V		1.4. WPG benchmarks remuneration policy to labor market; its performance appraisal system is not incorporated with CSR yet relevant ethic code of practice is added to and discipline is provided in corporate rewards system.

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

Item	State of Implementation <sup>1</sup>		
	Yes	N	Descriptive Summary <sup>2</sup>
Departure and Reasons for Such Social Responsibilities Best-Practice Principles for TWSE/GTSN Listed Companies			
None			
1. Exercise corporate governance			
1.1. The company formulates policies or systems for CSR, and reviews the results thereof.	V		1.1. WPG adopts corporate governance evolution and lay down CSR policies, in principle and commitment to CSR, persisting the workplace promotion and regular review of result.
1.2. The company regularly organizes education and training on social responsibility.	V		1.2. WPG publicizes CSR subject matters such as commitment, care for employees, environmental protection, regular occupational safety and health protection, etc. from time to time, e.g. induction sessions, lectures on corporate core values, etc.
1.3. The company establishes an exclusively (or concurrently dedicated) unit, appoints executive-level positions, to be in charge of CSR initiatives and to report on the same to the board of directors on a periodic basis.	V		1.3. The higher-level CEOs of WPG and its subgroups have jointly set up CSR Working group for planning and managing issues related to CSR, coming into play hierarchically in the light of corporate organization and management duties, and regularly reporting to the chair of board of directors.
1.4. The company formulates reasonable remuneration policies, combines employee performance evaluation system with CSR policies, and establishes strict and effective incentive and discipline system.	V		1.4. WPG benchmarks remuneration policy to labor market; its performance appraisal system is not incorporated with CSR yet relevant ethic code of practice is added to and discipline is provided in corporate rewards system.

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Item	Status of Implementation <sup>1</sup>		Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/ETSM Listed Companies	
	Yes	No	Item	Yes
3.6. The company establishes relevant policies on protection of rights and interests of consumers and procedure for accepting consumer complaints with respect to R&D, procurement, production, operations, and services.	v	3.6. WPG's business model is B2B (for businesses and supply chain management), B2C (for end consumers); the form is integral governance by means of holding company, engaging capital markets, along with the provision of corporate governance on corporate website for investors' reference, contact person and email address also available for complainants and inquiry reply.	2. Foster a sustainable environment	v
3.7. The company follows relevant laws, regulations and international guidelines when marketing or labelling their products and services.	v	3.7. WPG's services of OEM business sale and supply chain are in compliance with internal and external regulations, setting up trade compliance unit in charge of export control, ensuring circulation of goods obeying ILS, laws and documents, and its counterparties are legal and legitimate.	2.1. The company endeavors to utilize all resources more efficiently and use renewable materials which have a low impact on the environment.	v
3.8. The company assesses whether there is any record of a supplier's impact on the environment and society prior to engaging in commercial dealings.	v	3.8. WPG's not fully taken the supplier's records of environmental and social impacts into consideration yet.	2.2. The company establishes proper environment management systems based on the characteristics of their industries.	v
			2.3. The company monitors the impact of climate change on their operations, enforces corporate greenhouse gas inventory and establishes strategies for energy conservation and carbon and greenhouse gas reduction.	v

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Item	Status of Implementation <sup>1</sup>		Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/ETSM Listed Companies	
	Yes	No	Item	Yes
3.9. The company enters into a contract, whose terms stipulate that such contract may be terminated or rescinded any time if the supplier has violated the company's CSR policy and has caused significant negative impact on the environment and society, with any of their major suppliers.	v	3.9. WPG's not yet under way yet.	2.1. WPG and its affiliates dedicate themselves to promotion and enhancement of sustainable environment, through propaganda and execution, lifting the efficiency of resource reuse in respect of energy saving and waste reduction, lowering the impact on environment.	v
4. Enhance disclosure of information	v	4.1. The company discloses relevant and reliable information relating to their CSR initiatives on its website and Market Observation Note System.	2.2. With regard to environmental health and safety initiatives, WPG and its affiliates aim to popularize relevant acts, decrees, and sports compaywide in order to elevate relevant staff skills and lessen the risk events.	v
5. The company establishing own CSR policies according to Corporate Social Responsibilities Best-Practice Principles shall state any discrepancy of practice from such policies.	v	4.2. Climate change to date has grown into investors and businesses' major concern. WPG and its affiliates appreciate the consequential price hike of commodities and suppliers were afflicting the supply and operations, along with uncontrollable natural disasters and the direct damage to business activities; as a result, the companies review energy-saving and carbon reduction at issue, actively improving internal process of transportation and packing, saving energy and reducing carbon for real result.	2.3. Climate change to date has grown into investors and businesses' major concern. WPG and its affiliates appreciate the consequential price hike of commodities and suppliers were afflicting the supply and operations, along with uncontrollable natural disasters and the direct damage to business activities; as a result, the companies review energy-saving and carbon reduction at issue, actively improving internal process of transportation and packing, saving energy and reducing carbon for real result.	v

Item	Status of Implementation <sup>1</sup>		Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/ETSM Listed Companies	
	Yes	No	Item	Yes
3.9. WPG's not yet under way yet.			3.1. The company adopts relevant management policies and processes in compliance with International Bill of Human Rights.	v
4.1. The company discloses relevant and reliable information relating to their CSR initiatives on its website and Market Observation Note System.	v	4.2. The company establishes grievance mechanism and channel and responds to any employee's grievance in an appropriate manner.	3.2. WPG provides channels of communication for employees, setting up "Staffs' box" and "Email account" for them to submit opinions, and sending the feedbacks to responsible units.	v
5. The company establishing own CSR policies according to Corporate Social Responsibilities Best-Practice Principles shall state any discrepancy of practice from such policies.	v	4.3. The company provides safe and healthful work environments for their employees, and organizes training on safety and health for employees on a regular basis.	3.3. WPG and its subgroups convene monthly and quarterly gatherings to announce major corporate operations and changes in governance procedures, for coherence and physical/mental health of workforce.	v
WPG has CSR policies in place. See for, WPG has actively aligned itself and its affiliates with such policies.		4.4. The company establishes a mechanism to facilitate regular communication with employees, and informs employees of operation changes that might have material impacts by reasonable means.	3.4. WPG and its subgroups organize education training package (i.e. seniority/EBBA) in the light of programs to foster career skills.	v
Additional major information availing the understanding of the operations of the company's CSR:		4.5. The company establishes effective training programs to foster career skills.	3.5. WPG and its subgroups organize education training package (i.e. seniority/EBBA) in the light of	v

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Item	Status of Implementation <sup>1</sup>		Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/ETSM Listed Companies	
	Yes	No	Item	Yes
3.9. WPG's not yet under way yet.		3.1. The company adopts relevant management policies and processes in compliance with International Bill of Human Rights.	3.1. WPG and its affiliates comply with local labor laws and regulations, respecting internal recognized basic labor rights, laying down rules of governance, ensuring the basic interests and rights of the workforce.	v
4.1. The company discloses relevant and reliable information relating to their CSR initiatives on its website and Market Observation Note System.	v	4.2. The company establishes grievance mechanism and channel and responds to any employee's grievance in an appropriate manner.	3.2. WPG provides channels of communication for employees, setting up "Staffs' box" and "Email account" for them to submit opinions, and sending the feedbacks to responsible units.	v
5. The company establishing own CSR policies according to Corporate Social Responsibilities Best-Practice Principles shall state any discrepancy of practice from such policies.	v	4.3. The company provides safe and healthful work environments for their employees, and organizes training on safety and health for employees on a regular basis.	3.3. WPG and its subgroups convene monthly and quarterly gatherings to announce major corporate operations and changes in governance procedures, for coherence and physical/mental health of workforce.	v
WPG has CSR policies in place. See for, WPG has actively aligned itself and its affiliates with such policies.		4.4. The company establishes a mechanism to facilitate regular communication with employees, and informs employees of operation changes that might have material impacts by reasonable means.	3.4. WPG and its subgroups organize education training package (i.e. seniority/EBBA) in the light of	v
Additional major information availing the understanding of the operations of the company's CSR:		4.5. The company establishes effective training programs to foster career skills.	3.5. WPG and its subgroups organize education training package (i.e. seniority/EBBA) in the light of	v

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

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

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

#### I. Sustainable governance mechanisms

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

##### a. Perfect in corporate governance structure

WPGH's Board of Directors consists of eleven distinguished members. Their outstanding careers and breadth of experience encompass semiconductor, finance, business, and management. Three of the eleven members are independent directors: Professor Rong-Ruey Duh of National Taiwan University, Mr. Jack J. T. Huang, Chairman of Jones Day's, and Mr. Yung-Hong Yu, Managing director of A1 Management Consulting Ltd. The Board's primary duty is to oversee the overall business and corporate affairs of WPGH and resolve issues like major investments, merger and acquisition etc. Three functional committees under the Board of Directors are Audit Committee, Remuneration Committee and New Business Strategy Committee. The status of implementation of the board of directors and committees in 2015 are:

10 meetings of Board of Director; 94.55% attendance rate by directors.  
10 meetings of Audit Committee; 100% attendance rate by members.  
4 meetings of Remuneration Committee; 92% attendance rate by members.  
5 meetings of New Business Strategy Committee; 100% attendance rate by members.

##### b. The establishment of Corporate Social Responsibility Committee

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

In addition to comply with the regulations from administrations, preparing CSR report with outside consultants in 2015, WPG Holdings re-examined the relevant management unit and established WPG Holdings CSR Committee and groups. They brought each top management team into the member of Committee, set short and medium term objectives and management agreement of holding regular meetings.

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

#### II. Multi-talented development blueprint

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

##### a. The implementation of professional skills cultivation

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

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

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

##### b. Exchanges of Framework's Core Competencies

At first, WPG Holdings concentrated continuously the internal expert knowledge of all aspects to resolve emergent major issues by means of virtual reality team projects. We conducted the team's learning and growth through knowledge exchange and sharing of experiences. At present, we focus on the talents with high and intermediate levels to form executive elite class and EMBA class. Giving them the cross territory professional learning courses of talents management, practice of strategies, change management, lead and staffing skills to face the eventful and challenging operating environments. All learning teams get practices of individual experiences matching with theory structures, and the reciprocal searching and introspection achieving dual cycling of learning. In addition, through the analysis and decomposition cases from benchmarking corporations for issues concerning management and leadership creates learning effects of emulation and obtaining experiences by other's mistakes. The exploration of issues with different aspects via pattern of organizational learning surges and abstracts the organizational capabilities that belongs to WPG Holdings.

The training courses conducted in 2015 are:

Types of classes	Time	Locations	Main contents of courses	Number of participants
Executive elite class	104.03	Taipei	Changing organizational developments and talents strategies	About 40 persons
Executive elite class	104.07	Taipei	Strategic considerations and organizational developments under new age	About 40 persons
EMBA class	103.12 104.01 104.03	Taipei Shenzhen Shanghai	Analysis business and strengths business coaching and consultancy	About 150 persons
EMBA class	104.04 104.04 104.05	Taipei Shenzhen Shanghai	Marching towards the summit by conducting of team leadership	About 150 persons
EMBA class	104.03 104.05 104.08	Taipei Shenzhen Shanghai	To serve as the connecting link between the preceding and the following for sustainable growth	About 150 persons

## II. Industrial expertise sharing

### a. Industrial expertise sharing

- WPG's monthly e-papers attract 735,000 tags from collaborative tagging, and the open rate grows 90%, deliverability striking 97%, with 49 categories and 14 catalogs of collaborative tagging. Associates from subgroups actively engage in industrial news sharing, sparing little knowledge and while elevating transnational competitiveness.
- 6,193 news exposures; 4,441 news exposures for programs; In China, the average times of Indexing per news article is 54. (In 2015)
- WPG's Weibo has 316,800 fans, growing 200,000 during the year. The fans and posts both outnumber industrial peers.
- WPG's Weixin, the first micro portal in IC Industry, leads the peers. The graphic forwarding rate of the four deliveries of mass message is near 3%, and there are over 1 million reads, 32,000 shares, and 35,551 precision fans. Sharing of core expertise allows the general public to get better picture of industrial update and trends, and advances the professional depth and width so as to integrate the international standards and elevate the competitiveness.
- In response to customers' changing usage habits owing to the generation of mobile network approaches, WPG Holdings are continuously optimizing our online content marketing program and full-coverage mechanism of interactive community marketing by creating and continuous promoting inbound marketing, which leads an interactive cooperation and mobile marketing. At the same time, we are transforming with specific numerical values to realize marketing promotion effectiveness by establishing complex inbound marketing effectiveness index (short form: Inbound AD Value). Our integrated overall promotion value during fiscal year 2015 is close to the amount of RMB 80M, which has increased 300 percent that of 2014. Community resources such as large double micro, circle of friends, forums and have been effectively used to promote our self-media operational effects creating sensitive services through cross selling between upstream and downstream supply chains for the continuous enhancement of adherence to customers' loyalty.

Through the promotion of the above-mentioned marketing activities to further cultivate talents who are more competitive and outstanding.

### b. Research collaborations between academia and industry

WPG Holdings has been collaborating with The College of Commerce at National Chengchi University since 2010, rooting for "Industry-Academia Collaboration

Program over supply chains management". To systematically organize the technical know-how within Taiwan supply chains management with the combination of theories and practices is our first target. To create a complete set of teaching material and study cases for supply chains management is our second target, and to provide Taiwan industry supply chains with administrative talents is our third and final target.

The promotion program is conducted on a termly basis and each term lasts three years. The first term began in September 2010 and ended in August 2013, and the collaboration projects accomplished include the planning and execution of the credit program in supply chain management, the cultivation of the supply chain management professional, and the planning of industry expert forums. The second term began in September 2013 and ended in August 2016, for which the total budget amounted to NT\$11M targeting the setting up of the supply chain management research center the main collaborative goal. The College of Commerce at National Chengchi University is going to integrate the research personnel related to supply chain management engaging medium and long term and forward-looking research agendas over the related innovation and management issues with their industrial experiences to resolve industry supply chain operation dilemma, to develop innovation strategies for industry supply chain, and to look forward to achieving the following goals:

- Conducting researches in relation to service designation and management, and developing the innovation models over supply chain via the establishment of knowledge management platform for industry.
- Providing consultations for advanced studies of industry, government, academia, research and pathways for collaboration. Giving an impetus to the industry to conduct service designation, management and innovation for supply chain in perspective of service science.

### 3.3.6.1.1 Social Participation and Green behavior

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

### a. Human Nature Logo

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

Work Projects	Time for activities	Implementation contents	Related information and total number of participants
Scholarship for poor students	April 2015 & November 2015	Scholarship distribution for poor students	A total of 10 students from National Taipei University of Technology has been granted, NT\$25,000 each.
Library facility augment project for Chang-Te Junior High School	2015/7/01~2015/08/31	Sponsoring for augment library environment facility for Chang-Te Junior High School	1. Exploring new horizons in reading comprehension to develop students to their full potential. Coaching them for adaptive development in cultivation of language professional. 2. Promoting reading diversification to individually encourage students' participation in various of reading comprehension

Work Projects	Time for activities	Implementation contents	Related information and total number of participants
Wangdeo Forum, "Wangdeo Forum 2015" project	2015/09/14-15 September 14-15, 2015	Sponsoring for activity of "Wangdeo Forum 2015"	competitions held inside and outside school in cultivation of students' sense of honor and gain a credit for their schools. 1. Forum theme: Taking a kindly way of walking to fulfill your best dreams; 2. Issue: Taking value co-production of ecological balance issue as a main shaft, integration of developed projects in industry, government territories, or ideas proposed for promotion by emerging a substantial platform echoing and brainstorming the aggregation of Chinese power for the realization of a practical contribution to global economy and culture.

Work Projects	Time for activities	Implementation contents	Related information and total number of participants
Zayin choral group of fundraising road show events	2015/06/01~2015/12/31	Sponsoring of Zayin choral group members (blind or visually impaired) in their road show events of 2015 for composition practice by blowing musical instruments and signing. Letting love spread out.	With beautiful harmonies and amusing performance, Zayin choral group sang out some memorable foreign and local golden oldies such as "The Pistil in a Flower", Home Sweet Home" and "I am a Train". Although blind and visually impaired members are unable to see any hope or vision because of vast and hazy laying before their eyes, they are unyielding and use their best efforts to perform by their self-confidence, optimism and strong attitudes. They regard their fingertips as their eyes, practice industriously to overcome various of performance obstacles. The choral group hopes to activate songs lifetime by singing.

Work Projects	Time for activities	Implementation contents	Related information and total number of participants
			them, they want to bring the choir artwork they persist and persevere into health care settings and prisons in attempt to arouse the deep thought of life and awakening to prisoners and the general public for their gaining back the hope of life. It is presumed that the number of the indirectly benefited diffused audience will be inestimable.
2015 concert tours performed by blind or visually impaired persons	2015/10/17 October 17, 2015	Co-Sponsorship with "Music Foundation for the Blind in Taipei" to conduct 2015 concerts with a theme of "Sparkling in the dark nights"	Supporting music education and employment development for people who are blind or visually impaired. The total number of participants is around 1,000.

Work Projects	Time for activities	Implementation contents	Related information and total number of participants
I. Employee communication and participation			the public. Making popularization of Taiwanese fine arts in regaining the identification of their own culture and for the enhancement of humanistic education over domestic arts. Total of thirteen (13) sessions held in 2015, around 4,500 people participated in the activity.

I. Employee communication and participation  
Communications mechanism for labor and employer to hear from each other's opinions, e.g. satisfactory survey, industrial negotiation etc., fundamentally effects the review and improvement of business management, cultivating the culture of understanding and foundation of mutual trust, promoting and enhancing each other, learning and growing, achieving the idea of sustainability for both corporate operation and laborer's career.

WPG and its subgroups gather employees' voice and opinion through satisfactory survey, and propose enhancements in the identified weaker parts out of satisfactory statistics; by means of irregular surveys, shed light on job satisfaction at different levels, and employees' acceptance of governance policies.

### 3.3.6.1.2 Environmental Protection

#### I. Environmental action Items

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

Item	Status of Implementation <sup>4</sup>		Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	
1 Adopt ethical corporate management best practice principles			
1.1 The company clearly specifies in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies.	V		1.1 WPG adopted and publicized Code of Ethical Management and Code of Ethical Conduct on its website with reference the templates prepared by competent authority, proclaiming the policy to general public on Jan. 29 2013.
1.2 The company adopts programs to prevent unethical conduct and sets out in each program the standard operating procedures, conduct guidelines, disciplinary and appeal system, and carry out such programs.	V		1.2 WPG adopts Consent of Services, clearing stating the criteria regarding non-disclosure of confidential information, prohibition of Insider trading etc., and provides procedures for discipline in reward and discipline system in the event of non-ethical acts. HR proposes division heads regularly reviewing the status of staff's compliance with ethical conduct by means of evaluation and incentives system.
1.3 The company adopts preventive measures against the subparagraphs in Paragraph 2, Article 7 of Ethical Corporate Management Best Practice	V		1.3 WPG proclaims in code of conduct, in the event of violation against work discipline and ethical acts, disciplinary treatment shall apply; constitution of material breach of labor contract in the event of

Item	Status of Implementation <sup>4</sup>			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
Principles and other business activities within its business scope which are at a higher risk of being involved in an unethical conduct.			demanding or accepting firm or interested party's rebates by opportunistic use of position and such as to impact on corporate goodwill serves as precautionary measures against staff's unethical conduct. For all staffs, WPG's auditing committee provides special e-mail for receiving complaints and supervising relevant control mechanisms based on Procedures for Auditing Committee Handling Stakeholder's Grievance and Advice.	
2 Facilitate ethical corporate management				
2.1 The company assesses the records of counterparties' ethical corporate management, and expressly includes in the contractual terms the clauses regarding ethical conduct.	V		2.1 WPG accommodates downstream customers' management practice, signing up the code of ethical and integrity conduct, supervising the upright principle in conduct of business, prohibiting the pursuit of private interests and illegal acts.	None
2.2 The company establishes a dedicated unit that is under the board of directors; such unit is in charge of ethical corporate management initiatives and reports to the board of directors on a regular basis.	V		2.2 WPG, since its incorporation in 2005, has taken Teamwork, Integrity, Professionalism, and Effectiveness (a.k.a. "T.I.P.E.") as the core values and staff's code of conduct, along with dedicated unit responsible for promotion, implementation, and supervision. Integrity constitutes the core	None

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Item	Status of Implementation <sup>4</sup>			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
			values, present at everyday self-discipline. WPG teams up CSR work group, whose duties include promotion of relevant ethical management, of direct reporting to the chair; in case of matters of significance, such issues are submitted to the board for discussion.	
2.3 The company adopts policies for preventing conflicts of interest, offers appropriate means to explain, and carry out such policies.	V		2.3 WPG's adoption of Ethical Management Policy and Ethical Conduct Policy includes the provisions of recusal due to conflict of interest, reporting, and discipline, serving as the foundation of implementation.	None
2.4 The company establishes effective accounting systems and internal control systems so as to carry out ethical conduct, and such systems are audited by internal auditors or CPAs.	V		2.4 WPG's responsible units conduct regular auditing of business: finance and accounting divisions, along with outside accounting firm, conduct quarterly and annually on-site auditing, ensuring compliance with relevant degrees and standards, and philosophy of ethical management; auditing unit and relevant divisions join forces to conduct scheduled internal control self-assessment, along with routine internal auditing.	None
2.5 The company periodically organizes internal and external training of ethical corporate management.	V		2.5 WPG from time to time organizes training sessions in ethical corporate management; in case of real life event, opportunity of	None

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Item	Status of Implementation <sup>4</sup>			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
			education is taken via monthly gathering, so as to popularize the recognition of ethical management.	
3 Implement whistle-blowing system				
3.1 The company adopts concrete whistle-blowing systems and incentive measures, establishes convenient reporting means, and appoints appropriate dedicated personnel to handle the reported parties.	V		3.1 WPG provides suggestion box for staff, and special e-mail account of auditing committee for the public, for interested parties to air grievance, yet lack of incentives system for whistle-blowing.	None
3.2 The company adopts standard operational procedures and relevant confidentiality mechanisms for the investigation of whistle-blowing reporting.	V		3.2 The auditing committee sets up special e-mail box, along with "Procedures for Handling Stakeholder's Grievance and Advice", as WPG's basis for handling such matters.	None
3.3 The company adopts measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.	V		3.3 WPG hears and replies independently according to Procedures for Handling Stakeholder's Grievance and Advice, ensuring non-disclosure of reporter's identity.	None
4 Reinforce information disclosure				
4.1 The company discloses the content and effectiveness of promotion of its ethical corporate management best	V		4.1 WPG's website provides Investor Relations section, disclosing organization of corporate governance and relevant corporate	

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Item	Status of Implementation <sup>4</sup>			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
			practice principles on corporate website and Market Observation Post System.	policies and rules, for stakeholders' reference. Responsible persons are appointed to maintain the website, gather information, and receive inquiries.
5 The company adopting own ethical corporate management policies according to Ethical Corporate Management Best Practice Principles shall state any discrepancy of practice from such policies: WPG adopts own ethical corporate management policy, and deliberates to derive relevant operational procedure and conduct guideline accordingly.				
6 Additional major information availing the understanding of the operation of the company's ethical management (e.g. review/amendment of the company's ethical corporate management policy): none.				

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

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**3.3.9 The company whose corporate governance policy and relevant rules are in place shall disclose such place to find**  
WPG has adopted corporate governance policy, go to "Major Internal Policies" section of WPG's website (URL: [http://www.wpholdings.com/investors/corporate\\_governance/zhtw/major-internal-policies](http://www.wpholdings.com/investors/corporate_governance/zhtw/major-internal-policies)) for detail; also refer to "Overview of Corporate Governance" of the annual report (page 26 ~ 59) for the status of implementation of such policy.

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

- So as to regulate the inside information, WPG adopts "Procedure for the Management and Prevention of Insider Trading" and notifies directors, managerial persons, and staff of such procedure. The procedure is publicized on corporate webpage for the sake of compliance and prevention of violations or Insider trading events.
- WPG's Insiders, e.g. directors, managerial persons etc., are handed copies of "Directions Concerning Securities Market Regulatory Matters for TWSE Listed Companies and Their Directors, Supervisors, and Major Shareholders" and "Compliance Brochure for Directors and Supervisors of TWSE/GTSM-Listed and Emerging Market Companies" compiled by TWSE upon assumption of office for the sake of compliance.
- Market Observation Post System: <http://mops.twse.com.tw/>
- WPG Holdings' Website: <http://www.wpholdings.com>

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**3.3.11 Executive Summary of Internal Control Systems**  
**3.3.10.1. Statement of Internal Controls (provided with scanned files)**

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

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

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

**3.3.13.1 WPG Holdings Inc. holds its 2015 Annual General Meeting on Jun. 24, 2015 in Taipei City, wherein following agenda items are passed:**

- To accept 2014 Business Report and Financial Statements  
Status: resolved, and accepted
- To accept the proposal for distribution of 2014 profits  
Status: Profit distribution date: Aug. 12, 2015; Issue date: Sep., 4, 2015 (cash dividend per share NT\$2.5).
- To release the prohibition on directors from participation in competitive business  
Status: resolved, accepted, and execution completed as resolved

**3.3.13.2 During the 2015 fiscal year up to the date of printing of the annual report, WPG's board of directors has convened 14 regular meetings and one extraordinary meeting; important resolutions are summarized as follows:**

- To convene 2015 Annual General Meeting
- To approve 2014 business report and financial statements
- To approve the distribution of 2014 profits (dividends and bonuses)
- To amend the Articles of Incorporation
- To release directors from noncompetition restrictions
- To convene 2016 Annual General Meeting
- To accept 2015 business report and financial statements
- To approve distribution of 2015 profits (dividends and bonuses)
- To adopt the Investment in Tyche Partners,L.P. Strategic Fund.
- To adopt the capital injection to the affiliated WPG Core Investment Co., Ltd..

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- To adopt the capital injection to the affiliated WPG Americas Inc.
- To adopt the tender offer for Genuine C&C Inc.
- To adopt the appointment of AIT Group CEO (WPG's Subsidiary)
- To formulate or revise "Project to Improve Self-making Financial Report" "Operating Procedures for Application of Suspending and Resuming Trading" "Rules of Procedure for the Board of Directors" "Board Performance Evaluation Policy" as well as "Risk Management Policies and Guidelines".

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

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

**3.4 Information on CPA Professional Fees**

**3.4.1 Fees:**

Name of accounting firm	Name of CPA	Audit fees	In thousand TWD						
			Non-audit fees			Full fiscal year audited			
			Accounting system design	Business registration	Human resources	Other	Sub-total	Y	N
PricewaterhouseCoopers Taiwan	Zeng, Hui-Jin	Zhou, Jian-Hong	4,333	-	0	-	650	650	V
In thousand TWD									
Fee Scale(s)	Fee Items	Audit fees	Non-audit fees			Total			
1	Under 2,000	-	650			650			
2	2,000 ~ 3,399	-	-			-			
3	4,000 ~ 5,899	4,333	-			4,333			
4	6,000 ~ 7,999	-	-			-			
5	8,000 ~ 9,999	-	-			-			
6	10,000 or more	-	-			-			

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

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

**3.5 Information on replacement of certified public accountant: none**

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

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

Title	Name	FY 2015 Shareholding +/-	YTD, as at Apr. 24 Shareholding +/-	Pledge +/-
Chair	Simon Huang	5,000,000	-	-
Vice chair	K.D. Tseng	(280,000)	-	-
Director	Mike Chang	-	-	-
Director	T.L. Lin	(1,400,000)	-	(210,000)
Director	K.Y. Chen	-	-	-
Director	Frank Yeh	-	300,000	-
Director	Henry Shaw	33,000	-	150,000
Independent Director	Jack J. T. Huang	-	-	-
Independent Director	Rong-Ruey Duh	-	-	-
Independent Director	Yung-Hong Yu	-	-	-
General Manager	Frank Yeh	-	300,000	-
Vice President	Cooper Hsieh	(25,778)	-	-
Vice President	Scott Lin	(44,000)	-	-
Vice President	Cliff Yuan	(14,000)	-	-
Vice President	Jazz Chuang	-	-	-
Vice President	David Li	-	-	-

**3.7.1. Information on transfer of equities: none.**

**3.7.2. Information on pledge of equities: none.**

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

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

Affiliate*	Affiliated to the company		Affiliated to directors and supervisors, managerial persons, and directly or indirectly controlled business		Total	
			Shares	%	Shares	%
	World Peace Industrial Co., Ltd.	981,100	100	—	—	981,100 100
Silicon Application Corp.	406,570	100	—	—	—	406,570 100
Asian Technology Inc.	346,812	100	—	—	—	346,812 100
WPG Electronics Limited	3,920	100	—	—	—	3,920 100
WPG Korea Co. Ltd.	1,088	100	—	—	—	1,088 100
Genuine C&C INC.	35,175	44.21	12,954	—	16.29	48,139 60.50
WPG International (CI) Limited	124,443	100	—	—	—	124,443 100
Yosun Industrial Corp.	649,650	100	—	—	—	649,650 100
Shi You Investment Co. Ltd.	50,000	100	—	—	—	50,000 100
Xin Lian Da Investment Co. Ltd.	4,500	100	—	—	—	4,500 100

\*Long-term equity investments adopt the equity method.

#### 4. INFORMATION ON RAISING CAPITAL

#### 4.1 Capital & Shares

#### 4.1.1 Sources of Equity Capital

#### 4.1.1.1. Sources of Equity Capital

April 24, 2016 – Unit ShareDTS

#### 4.1.1.2. Types of Shares

April 24, 2016

Types of Shares	Authorized Capital Stock				Subscription Warrants Warrants are Attached to Preferred stock Or bonds	
	Outstanding Capital Stock (Remark)			Capital Stock Unissued		
	Listed (OTC)	Unlisted (OTC)	Total			
Common Shares	1,655,709, 212	—	1,655,709, 212	344,290,788	2,000,000, 000	
					200,000,000	

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

#### 4.1.2. Shareholder Structure

April 24, 2016

Shareholders Quantity	Government Organizations	Financial Institutions	Other Legal Persons	Individuals	Foreign Institutions & Aliens	Total
The Number of Shareholders	7	60	194	73,666	604	74,531
Number of shares held	23,330,176	324,152,085	132,947,556	680,723,000	494,556,395	1,655,709,212
Shareholding Ratio	1.41	19.58	8.03	41.11	29.87	100.00

#### 4.1.3. The latest status of Publicly Held Common Shares

April 24, 2016			
Owner Class	Number of the Shareholders	The number of Shareholdings	Shareholding Ratio
1 to 999	27,827	6,506,287	0.39
1,000 to 5,000	31,770	69,768,973	4.21
5,001 to 10,000	7,349	53,223,430	3.21
10,001 to 15,000	2,647	32,334,001	1.95
15,001 to 20,000	1,229	22,028,942	1.33
20,001 to 30,000	1,209	29,912,690	1.81
30,001 to 40,000	589	20,474,699	1.24
40,001 to 50,000	351	16,161,557	0.98
50,001 to 100,000	666	47,087,997	2.84
100,001 to 200,000	357	51,650,083	3.12
200,001 to 400,000	197	55,531,361	3.35
400,001 to 600,000	82	39,572,468	2.39
600,001 to 800,000	57	39,495,494	2.39
800,001 to 1,000,000	24	22,015,033	1.33
More than 1,000,001	177	1,149,946,197	69.45
Total	74,531	1,655,709,212	100.00

#### 4.1.4. The Name List of Major Shareholders

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

April 24, 2016/Unit:Share		
Shares	Number of Shareholding	Shareholding Ratio(%)
Fubon Life Insurance Co., Ltd.	105,000,000	6.34
Cathay Life Insurance Co., Ltd.	83,942,000	5.07
Fullerton Technology Co., Ltd.	50,635,951	3.06
Mr. Simon Huang	46,512,508	2.81
Nan Shan Life Insurance Co., Ltd.	39,129,000	2.36
Mr. Mike Chang	27,358,674	1.65
Keystar International Limited(Supplier, Hong Kong)	26,692,454	1.61
The separately managed account of HSBC employees' provident fund	26,458,000	1.60
Mr.T.L. Lin	26,371,707	1.59
Taiwan Life Insurance Co., Ltd.	21,981,000	1.33

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

Item	FY	FY 2014	FY 2015	FY 2016 As of March 31
Market Price Per Share	Highest lowest average	43.50 34.05 37.55	41.40 27.25 25.60	35.10 29.90 32.65
Book Value Per Share	Before the allocation After the allocation	27.21 24.71	28.85 Note 1	28.33 Note 1
Earning Per Share	(The weighted average number of shares 1,000 shares)	1,655,709	1,655,709	1,655,709
Earning Per Share	Before making a retrospective adjustment After making a retrospective adjustment	3.51 3.51	3.27 Note 1	0.94 -
Cash Dividend		2.50	Note 1	-
Dividend per share	Stock Dividend from retained earnings Stock Dividend from Capital Reserve for Allotment of Shares Previous unpaid dividends Accumulated	- - -	- -	-
Return analysis on investment	Price-Earnings Ratio (Note 2) Radio of dividend (Note 3) Cash Dividend Yield (%) (Note 4)	10.70 15.02 6.66	10.98 Note 1 Note 1	- - -

Note 1.:The data is listed based on the next annual shareholders' meeting resolution. However, the distribution of 2014 retained earnings has not been resolved.

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

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

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

#### 4.1.6 Dividend policy and implementation status:

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

- i. directors and supervisors' remuneration accounting for 3% or less, and
- ii. bonuses of employee ranging between 0.01% and 5%
- iii. The remaining earnings may be declared as dividends. At least 20% of the total dividends shall be in the form of cash dividends

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4.1.6.2 Dividend distribution: from the Company's accumulated undistributed retained earnings in 2015, NT\$3,973,702,109 is proposed to be distributed as dividend. Upon the approval of (board of director, BOD) on April 26, 2016, it is resolved to pay out TWD 2.4 for cash.

#### 4.1.7 The impact of stock dividend issuance on business performance.

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

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

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

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

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

The estimated amount for 2015 employee benefits, directors' and supervisors' remuneration in accordance with past experience will be dealied under the relevant resolution of shareholder's meeting on June 22, 2016. Any difference of the amount existing between the two item will be adjusted in an account based on changes in accounting estimate.

#### 4.1.8.3. Employee benefits proposed by BOD:

The BOD resolved the proposed amount NT\$ 12,237,525 of distributed bonuses to employees, and the proposed amount NT\$30,000,000 of distributed bonuses for directors' 2015 remuneration on Apr. 26, 2016. All of the above amount will be issued by cash and considered to be expenditure, no impact on EPS

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

Through the resolution of 2015 shareholder's meeting, 2014 employee benefits, directors' and supervisors' remuneration was accrued at \$33,323,000, and at \$20,892,000 respectively, which were the same as the accrued amounts in 2014 financial statement.

#### 4.1.9 Buying back shares: none.

#### 4.2 Corporate bonds

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

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

4.2.3. As of March 29, 2016, none of the bonds amount NT6,000,000 thousand has been requested for conversion to ordinary shares.

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4.3 Preferred stock: none  
 4.4 Overseas depository receipt: none  
 4.5 Employee stock option certificates: none  
 4.6 Limited employee rights shares: none  
 4.7 The new shares issued by merged corporations:  
 I. The new shares issued by merged corporations in the recent year and as of the publication date of the annual report:  
 i. The assessment of the organizer underwriters issuing new shares by merging or transferring in the 1st quarter of 2016: none.  
 ii. The implementation such as execution or beneficial result under the schedule in the 1st quarter of 2016 shall specify the impact on shareholders' equity and improvement: none.  
 II. BOD's approval on the new shares issued by merged corporations in the recent year and as of the publication date of the annual report  
 i. Basic information on merged corporations: none.  
 ii. The implementation of new shares issued by merged corporations and impact on shareholders' equity: none.  
 4.8 The implementation of raising capital: none.

## 5. Operational Highlights

### 5.1. Scope of Business

#### 5.1.1 Business activities:

##### 5.1.1.1. WPG Holdings: Investment Industry

##### 5.1.1.2. WPG Group

###### I. Main business activities

II. WPG Holdings is the first in the world, the Asia-Pacific region's largest semiconductor and electronic components headquartered in Taipei (TSE: 3702), which owns WPI, SAC, AIT and YOSUN with employees more than 5,500, products suppliers more than 250, and more than 120 distributor locations worldwide (Asia-Pacific region about 70).

###### III. Sales percentage (2015)

Product name	Sales percentage
Core components	30.23%
Analog and mixed single components	16.63%
Discrete and logic components	11.11%
Memory component	16.13%
Passive, electromagnetic and connector components	6.20%
Optical components	8.34%
Other component	11.36%
Total	100.00%

###### IV. Products (service) of the Group:

###### I. Franchised semiconductor brand

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

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### III. Franchised semiconductor product category/name

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

### V. New products (service) planned to develop:

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

### 5.1.2 Industry Overview

#### 5.1.2.1. WPG Holdings:

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

#### 5.1.2.2. WPG Group

##### 5.1.2.2.1. Current status and development of the industry

I. Gartner has projected that the revenues of global semiconductor industry would decrease by 1.9% to USD 333.7 million dollars in 2015 compared with 2014. In Jan., 2016, it's also the first recession after 2013. The reason was continuing weak demand in the overall PC market. Microsoft Windows 10 didn't bring an enthusiastic of smartphone replacement. Also in the overall mobile phone market, the demand grew but slowed down. The 2016 worldwide semiconductor revenue growth rate in the wearable, energy-saving products and the Internet of Things (IOT) will have an opportunity to back to the rate of 1.9% as shown in Table 2.

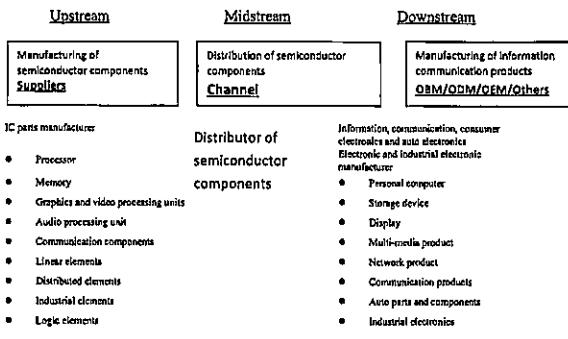
Year	2012	2013	2014	2015(F)	2016(F)	2017(F)	2018(F)
Revenue Unit:	299.9	315.4	340.3	333.7	340.1	358.3	374.2
US\$ billion							
Annual change rate	-2.3%	5.2%	7.9%	-1.9%	1.9%	5.4%	4.4%

Note : data from Gartner Jan, 2016

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



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

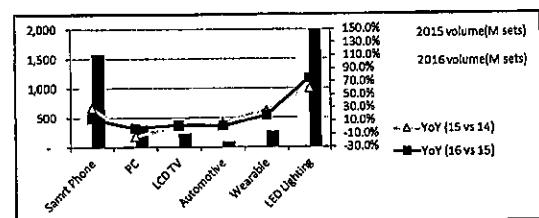
iv. The statistics of the semiconductor applications are compiled and described as below:

The three major markets of mobile communication and wearable devices, energy-saving products and the IoT are still the mainstream in 2016. The reasons are analyzed below and shown in Fig. 3.

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Fig. Estimated growth rate of the global major semiconductor applications In

2015-2016



■ Smart phone

According to Gartner research, the proportion of all mobile phone sales has come to 78% after years of rapid growth in smartphone though its sales growth rate was facing slowdown. It estimates that the output will be 1,398 billion less than 10% of the expected in 2015. YoY growth rate was only 9.67%. But according to Trend Force, the shipments of Chinese brands smartphone reached 527 million, YoY growth rate was 14.5% (including export). The market share of Chinese brand smartphone shipments in the global market has been up to nearly 40%.

It's expected to see an opportunity to reach 1,588 billion in 2016 smartphone market under the gradual warming of many other features and application environment for e-wallet, fingerprint identification, wearable devices and IoT. The mobile phone sales will account for 84%, and the growth rate will have a possibility to return to double-digit growth of 13.6%, while Chinese smart phone shipments brand will also break through 600 million.

There will be an estimated 11.2% of consumers will choose 5.5 inch (or more) large-size smartphones especially in India, Brazil and China market. Trend Force data shows that the world's three largest smartphone plants like Samsung, Apple and Huawei have occupied nearly 50%. Industrial concentration has been presenting the trend of "The big ones get bigger." When the global market shares for Chinese brand plants such as Huawei, Mi, Lenovo, OPPO, VIVO account for 29.3%, China's mobile phone industry will become a battleground.

■ PC, Including Desktops and notebooks which includes Ultra book and Net book

According to Gartner research shows the overall poor performance that the global PC market shipments in 2015 was 377 million, represented a 13.3% decline compared with those in 2014. The desktop PC shipments remained weak, only reached 116 million, decreased 11.7%. Traditional NB shipments also declined in 2015 by only

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128 million units, represented a 9.2% decrease. Shipments of ultra-thin notebooks and tablets (such as MacBook Air and Microsoft Surface Pro) are also hard to be inevitable, just 133 million units, decreased 18.2% compared with 2014.

It's expected that the 2016 global PC market shipments will be only 373 million units, still shrinks by 1.3% compared with 2015. Shipments of ultra-thin notebooks and tablet PCs are expected to rise slightly to 141 million units, an increase of 6.6% compared with 2015. Traditional NB shipments will be estimated 118 million units, decrease 8.0% compared with 2014. Only gaming NB, according to WitsView's estimates, will exceed 600 million units, an increase of 16.2%. Desktop PC shipments will be estimated at 114 million units, a decline of 2.8% compared with 2014.

■ LCD TV

It is indicated in the Gartner analytical report that the LCD TV grew only slightly by 2.9% globally in 2015 to 215 million units due to the instability of the global economy.. The LCD TV shipment is forecast to reach 223 million units by 2016, an 3.7% increase from 2015. Especially, 4K TVs, in spite of being supported by Chinese brands and LCD manufacturing plants, are difficult to expand the overall LCD TV market size caused by the shortage of relevant programs and applications. Only if in the IoT era when the overall application environment of smart home becomes matured, will LCD TV have a chance to regain growth momentum.

■ Automotive

According to the information from AlixPartners LLP, the global automotive manufacturers sales reached 87.9 million units in 2015, grew at an annual growth rate of 7.1%. The growth was driven by the strengthened demand from economically stabilized US and strong demand from Europe and Chinese market. Many electronic devices are forecast to play the increasingly important roles in the automotive market in 2016 due to energy efficiency and safety requirements. Moreover, the hybrid cars, electric cars, driverless cars and other innovative technology make semiconductor an indispensable element in the automotive market. In 2016, the sales volume of all cars combined may have a chance to exceed 90 million units resulted from the sustain effects on global economic uncertainties though driven by the positive factors mentioned above. The annual growth rate is estimated 2.6% only.

■ Wearable Device

Wearable devices have been considerably concerned since the Google Glass launched in the market. However, variables have been existed because of many uncertain elements of lacking of maturity of soft and hardware and that of consumers' applications. With the long-anticipated launches of Apple Watch, Millet bracelet, the market developments of wearable devices have been fermenting.

Records from Gartner in January 2016 showed that the output volume of wearable devices reached 232 million units in 2015, YoY growth rate was 26.2 percent. Growth of 18.3 percent is estimated to be made in 2016 reaching a total 275 million units among which traditional blue shoots headphones will continue to grow 46.8 percent. The sustained growth momentum maintains Smartwatch, Smart bracelet, Sport Watch, and fitness monitor as four main types of connective devices which are accounted for 47.5 percent of total sales, growth rate: 27.2 percent. With the combination of new applications such as virtual and augmented realities which will be gradually be mature will show strength and growth more.

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■ LED Lighting

Following with LED lighting prices drop rapidly, and the continuous enhancement of luminous efficiency, the LED market penetration rate has been enhancing. As LED Inside and Digi Times reports, global market size of lighting products 2015 reached US\$25.65 billion in which Europe represented 23 percent, China represented 21 percent, North America represented 19 percent, Asia represented 13 percent. LED Light Bulbs will be the most promising growth force in the future. The global output number of LED Bulbs in 2015 reached 1.81 billion, YoY growth rate was 60 percent, and the market penetration rate was 13.9 percent. It is estimated that the global output number of LED Bulbs will reach to 3.23 billion, YoY growth rate: 78.5 percent, and market penetration rate is likely to exceed 20 percent in 2016.

■ IoT

Gartner forecasts that the number of the installed units base of Internet of Things worldwide up to 2020 will reach to 20.8 billion, complex growth rate of 31.7 percent. The shipments of IoT functional models will reach to 6.6 million units, complex growth rate of 33 percent. The business opportunities brought by IoT have become strengths which will not be ignored by all parties involved. Following chart shows the details.

Forecasting Chart of IoT Endpoint Shipments by Units

Forecast (Millions)	2013	2014	2015	2016	2017	2018	2019	2020	CAGR (%)
Installed Base	3,034	3,807	4,902	6,392	8,459	11,348	15,384	20,797	31.7
Shipments	895	1,129	1,497	1,996	2,696	3,669	4,995	6,601	33.0

Source: Gartner (October 2015)

WPG Holdings is on one hand quickening its pace to discuss with IoT relevant third party Eco-Systems such as WeChat, Alipay Networks, QQ IoT platforms for business collaborations, and is on the other hand seeking positive opportunities to be a new product agent striving for reciprocal layout of business opportunities with Original Equipment manufacturers (OEM). At present, a total of more than 30 agent production lines are underway. WPG Holdings is in anticipating that it can create multi-wins among OEMs, Customers and itself by providing necessary assistances to its customers in this huge wave of opportunities brought by IoT business.

■ Brief Summary

In stead of many uncertain elements still exist in the market, the future growth directions of semiconductor market can be clearly seen. Despite the aforesaid commodities in relating to mobile communications, wearable devices, eco-friendly balancing, there are huge business opportunities injected by IoT business. The future growth momentum of semiconductor is worth waiting.

Owing to the fact that the diversities of developments over the applications of semiconductor, the derived components of business opportunities tend to be abundant. For example, Micro Electro Mechanical Systems (MEMS), Sensor, Microcontroller Unit

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(MCU), Bluetooth low energy (BLE) and Internet of Things (IoT) models.. and so on. WPG Holdings has continuously been laying out and cultivating in the industry. We have fully controlled the market growth opportunities. No matter how the future market development is evolved, we have left our visible footprints all over the land.

### 5.1.3 Technology and R&D overview

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

#### 5.1.3.2. WPG

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

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

Item\ Year	2014	2015	~March 31, 2016
R&D expense	113,217	60,810	8,224
R&D expense (%)	0.02	0.012	0.007

Unit: NT\$ thousands; %

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

- iii. The Group plans to support product design and provide value-added service to clients in 2016. It is estimated that R&D expenses will occupy 0.01~0.03% of revenues.

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

The Group continues to provide solutions for different applications and "WPG Solution On-line Network" has been launched in February, 2009 to provide solutions for different applications such as "consumer electronics", "mobile phone and communication", "computer and peripherals (including tablets", "automotive electronics" and "Industrial electronics". The solutions are updated irregularly and the latest hotspot solutions are demonstrated on line. The solutions proposed in 2015 are summarized as below:

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

#### v. Technologies and products planned to developed in the future

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

### 5.1.4 Long-term and short-term business development plan

#### 5.1.4.1. WPG Holdings

##### I. Short-term plan

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

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#### II. Long-term plan

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

#### 5.1.4.2. WPG Group

##### 1. Short-term plan

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

According to the 2015 Top 25 Semiconductor Supplier Report published by Gartner In Jan., 2016, more than half the brands are our clients, including Intel, Samsung, Micron, TI, Toshiba, ST Micro, MTK, Infineon, NXP, AMD ON-ADI and Skyworks. While the market share rises increasingly, we continue to develop new production lines, integrate new products and increase the contribution of information, communication, consumer and auto electronics, industrial electronics and PEMCO in revenues.

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

- II. Develop distribution footholds

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

- III. Actively strive for the authorization of new production lines

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

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

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

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

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

- vi. Enhance FAE and design-in service

The application engineers of the Group offer the following service:

- A. Help clients with project design

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

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

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

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

- viii. Improve the financial structure and strengthen corporate constitution

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

#### II. Long-term plan

- I. Become an international marketing distributor

We will continue expand our semiconductor component network in Asia Pacific with our professionalism and insistence and proactively strive to

become an international marketing distributor through M&A and strategic alliance with international mega semiconductor component vendors.

II. Expand the distribution channel!

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

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

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

IV. Internationalize funds and reduce operation costs

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

V. Invest in business related to electronic channels and vertically expand the depth of our component service

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

## 5.2. Market and sales and distribution overview

### 5.2.1 WPG Holdings: N/A

### 5.2.2 WPG Group

#### 5.2.2.1. Market analysis

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

Area	2014		2015	
	Net sales	%	Net sales	%
Taiwan	82,840,942	18.31	93,605,707	18.16
Mainland China	317,032,196	70.07	357,464,248	69.34
Others	52,598,860	11.62	64,466,534	12.50
Total	452,471,998	100.00	515,536,489	100.00

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##### II. Market share

According to the statistics of Gartner, total worldwide sales of semiconductor grew 1.2% in 2015, up to \$110.5 billion and WPG was better than average with growth rate of 10.5%. The market share of WPG in the global semiconductor market has risen from 13.5% in 2014 to 14.7% in 2015. Furthermore, WPG occupies the first place in the ranking among the global semiconductor distributors. Future supply and demand and growth.

##### I. Supply

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

##### II. Demand

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

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

##### III. Growth

80% operating incomes come from the shipment of each Group in WPG to mainland China. The growth of the operating incomes in China is mainly triggered by the continuous urbanization, increasing income of young men who were born after 1990s, relative low popularization of 4C products and strong support of government policies.

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

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## III. Competitive niche

### I. Professional Image

WPG has managed the semiconductor component channel for over 3 decades and our professional image is recognized by the industry. We have won the awards of "World Top 3 Electronic Distributor" and "Asia-Pacific Top 1 Electronic Channel" by EDN for many times in a row since 2007 while being selected as the "Most Satisfied Overseas Authorized Distributor" by the Chinese readers of ESM. In November, 2013, WPG was selected by END, a Chinese media, as "Most Welcomed Authorized Distributor by Engineers". In "2014 EEPW Editor's Choice" held by EEPW, a core Chinese technological periodical, in December, 2014, WPG was awarded the prize of "Most Popular Authorized Distributor". These awards prove that we have widely won recognition from local suppliers in China.

In "2014 EDN China Innovation" which was held in July, 2014, WPG received the honor of "Excellent International Distributor". ACSC awarded "ACSC Best Supply Chain Management Achievement" to us in September, 2013 to emphasize our professionalism in logistics management. WPG was one of Top 2000 Global Business in the Bloomberg Business Week ranking in May, 2013 and Top 100 Taiwan Technology Companies as well as Top 100 Asia Technology Companies in the Business Next ranking. WPG was ranked Top 1000 Enterprises in Greater China by Business Today and has been selected as "No.1 in the IC Distribution Industry" by many financial magazines for many years in succession.

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

### ii. Complete production line

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

### iii. Expand the application area

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

### iv. Asia-wide sales and distribution network

Our sales and distribution footholds spread across Taiwan, mainland China, Hong Kong, South Korea, Japan, Southeast Asia and North America. The foothold in China (including Hong Kong) controls the distribution network of every province, county and city in China while that in Singapore controls the network of Southeast Asia and India, including Malaysia, Thailand, Philippines and Vietnam. As the sales and distribution networks expand, a strong distribution channel is formed to meet the requirements of downstream clients who want to establish factories in foreign countries and make inventory transfer more flexible. Accordingly, we have more bargaining chips to win franchise of new production lines.

### v. Strong management team

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

### vi. Complete information management system

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

### vii. Provision of value-added service

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

#### A. Special delivery service

(A) Meet clients' special requirements and provide special delivery service  
(B) Provide quick delivery, cross-border transactions and other international service for the foreign clients.

#### B. Market information service

(A) Analyze information and exchange industrial information.

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

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

(D) Timely provide the latest product specifications.

C. Technical support

Recruit FAE to support product tests and design.

D. Technology tools

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

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

E. Financial support

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

(B) Provide credit lines for mutual prosperity.

(C) Work in the BTO mode.

#### viii. The channel highly recognized by suppliers

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

### IV. Find out advantageous and disadvantageous factors and develop responsive strategies

#### i. Advantageous factor

##### A. Complete franchised brands and assorted components

Our clients include Intel, TI, NXP, Mediatek, Infineon, SAMSUNG, Micro, Toshiba and ST Micro which incessantly develop new products to create new market demands and maintain competitive advantages. Our products include distributed elements, linear IC, logic IC, basic memory, central processing unit/microprocessor, application-specific IC, application-specific controllers to offer the one-stop-shopping service.

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#### G. Migrate abroad with vendors

Along with the vendors who migrate abroad due to low production cost, WPG establishes footholds in China, India and Vietnam.

#### II. Disadvantageous factors and responsive strategies

A. Although the global financial market in 2015 is more stable than that in 2014, there are some variables of the economic outlook. Only with the "soft landing" of China and stable growth of other emerging countries can the global economy continue to grow steadily. The economic indices related to China are the keys.

B. Generally speaking, WPG should continue to pay attention to the "soft landing" of China. In the event of abnormality, responsive actions should be adopted immediately, such as reducing stocks and saving marketing costs. In normal time, operating capitals should be strictly controlled. Extremely high loans and high financial leverage should be avoided to ensure the company is exposed to acceptable risk.

#### C. Foreign companies merge and purchase local competitors

Responsive strategy:

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

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

\*Strengthen computerized business management, improve personal output, implement sales performance bonus system and encourage sales personnel to improve morale.

\*Provide resource sharing platform to integrated local competitors.

#### D. Short product life cycle

Responsive strategy:

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

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

\*Provide integrated product design based on the requirements of the

#### 6. Strengthen group management

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

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

Multinational companies: Make overall arrangement in the North America market and help the Group expand globally. Build cross-group integration and coordination mechanism and help South Korea and Japan clients to conduct business in Asia.

#### C. Specialization-oriented customer marketing department

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

#### D. Provide more technology application design service

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

#### E. Management of high value-added supply chain

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

#### F. Room for market growth

"5 Year Plan" plays a key role in Chinese economy. The expansion of domestic demands and adjustment of the industry structure are especially emphasized in the plan to improve the old economic structure in which investment and exporting drove growth. The traditional manufacturing industry will upgrade while the information technology industry in China will also make great leap. Among them, communication, tri-network integration, IoT and cloud computing, new information technology, are closely connected to local development. How can WPG, as a component distributor, grasp the business opportunity to create higher revenue growth? And how can we make room to grow as the market of communication, NB and consumer electronics will expand rapidly in China after making long term efforts?

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market and clients to allow clients to timely complete design and grasp the business opportunity.

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

#### 5.2.2.2. Important applications and manufacturing process of major products

##### I. Applications of major products

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

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

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

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

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

Item	Name	Amount	Amount in gross purchases of the year (%)	Relationship with the publisher	Amount in gross purchases of the year (%)	Relationship with the publisher	Amount	Name	Amount in gross purchases of the year (%)	Relationship with the publisher
2014	2015									
1. INTEL	52,316,625	12.00	No	INTEL	65,523,985	13.20	No	INTEL	19,956,307	16.15
2. TI	45,585,715	10.26	No	TI	56,523,348	11.27	No	TI	12,514,033	10.25
3. Others	345,402,871	77.74	Clothes	374,911,438	75.43	Others	89,548,110	Others	73.39	
Net purchase	444,305,211	100.00	Net purchase	497,007,771	100.00	Net purchase	122,018,750	Net purchase	100.00	

WPG Group maintains well long-term partnership with major suppliers and our purchase sources are stable. The supplier's accounting for more than 10% of the gross purchase in these 2 years become less. Because of the growth of other products, we purchase from other suppliers.

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

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

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

5.2.2.6. Sales amount of these 2 years

Year Product	2014		2015	
	Net sales	%	Net sales	%
Core elements	151,168,015	33.41	155,862,880	30.23
Analogue and mixed-signal	78,357,353	17.32	85,756,502	16.63
Distributed and logic elements	51,726,076	11.43	57,295,569	11.11
Memory elements	73,989,956	16.35	83,146,404	16.13
Passive, electromagnetic and connector components	12,627,063	2.80	31,971,119	6.20
Optical element	38,659,253	8.54	43,004,869	8.34
Other elements	45,944,282	10.15	58,499,126	11.36
Total	452,471,998	100.00	515,536,489	100.00

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

5.3. Employees

5.3.1. WPG Holdings

Employee number	Year	2014		2015		March 31, 2016	
		Sales & marketing	%	Administration	%	Total	%
Employee number	Sales & marketing	0	0	112	119	142	
	Administration	112	119				
	Total	112	119	142			
	Average age	39.1	39.0				38.9
	Average seniority	8.7	8.8				8.6
Education background	Ph.D.	0%	0%	0%	0%		
	Master	30.4%	29.7%	30.4%	30.1%		
	College/university	68.6%	70.3%	68.6%	69.2%		
	Senior high	0.9%	0%	0.9%	0.7%		
	Below	0%	0%	0%	0%		

5.3.2. WPG Group

Employee number	Year	2014		2015		March 31, 2016	
		Product, sales, technology	%	Administration	%	Total	%
Employee number	Product, sales, technology	4,257	4,164				4,079
	Administration	1,338	1,354	1,345			
	Total	5,595	5,518	5,424			
	Average age	35.2	35.5	35.7			

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Year	2014	2015	March 31, 2016
Average seniority	6.0	6.30	6.5
Education background	Ph.D.	0.1%	0.0%
	Master	5.4%	5.7%
	College/university	82.7%	82.8%
	Senior high	5.2%	5.2%
	Below	6.6%	6.3%

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

International internal audit license: 4 people of the audit office and 2 people of the accounting department

5.4. Environmental protection expenses

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

5.5. Labor and employer relationship

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

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

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

I. Abundant benefits:

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

II. Complete Insurance and protection:

Enroll employees in labor insurance in compliance with the government regulations, enroll employees, their dependents and retirees in National Health Insurance and provide

employees and dependents with complete group hospitalization medical insurance, life insurance and accident insurance.

III. Considerate additional leaves:

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

IV. Wedding and funeral subsidies and emergency relief:

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

5.5.1.2. Further education and training:

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

I. Internal training

The details of internal training in 2015:

Total trainee numbers	Total training hours	Total training expenses
362 people	2,292 hours	NT\$ 11,975,000

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

i. Orientation training:

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

ii. Management training:

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

iii. Professional training:

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

iv. Other training:

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

II. External training

The employees can apply for external training based on the needs in work and for personal growth or the directors will designate the employee to join external professional training courses. The details of external professional trainings in 2015 are described as below:

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Total trainee numbers	Total training hours	Total training expenses
42 people	494 hours	NT\$ 425,000

The list of 2015 external profession training course:
{How do internal auditing staff read its financial statement? Its financial statement reading seminar for Internal auditing staff}
[Enhance competitiveness in your 3D] Google Analysis workshop
[Golden Club] eID teaching design courses
AClcourse-control of information system -ERP system account
IT Audit and Information management-ERPsystem control and check
Oracle WebLogic Server 11g: Administration Essentials
Oracle WebLogic Server 11g: Diagnostics and Troubleshooting
VMware vSphere Installation and setting course[V6.0]
webMethods Integration Platform 9 Training
Google Analysis workshop!
Public traded company information administration work
The rules the internal auditing staff should follow
The roles internal auditing staff play for inner security control
The internal auditing core skills and practices
The internal auditing core knowledge series: the basics of internal auditing
The certified instructors inside companies training course
How to internal audit for business transaction cycle with ERP system
Contract management, execution, and auditing
How to keep trading secret and enhance management and security
Private fund collector and acquisition professional training course
Business risk management system practice
Seminar on the revised COSO, Internal control and the whole system, for best solutions
Risk management, internal control and Information management
The key to advancing economy-oversea acquisition
The latest Labor Standards Law

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The list of 2015 external profession training course:
The recent IFRSs development and EAS analysis
The essentials of KPI
The Internal auditing core knowledge series: the basics of internal auditing
The key reference for internal control and audit practice
The most common anomaly in financial statement that each account manager should know
KPI and OKR, how to do with them?
Company act and management for Secretary of the Board
Database audit and personal information protection
Computer auditing
Forensic accounting and financial fraud auditing

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

manager	Training	hours
Huang Wei-Xiang (Chairman)	How to improve the productivity of Board?	3.0
	Director/Board Performance Assessment	3.0
Ye Fu-Hai (General Manager)	How to improve the productivity of Board?	3.0
	Director/Board Performance Assessment	3.0
Yuan Xing-Wen (Accounting and financial director)	Organization development and HR strategies in evolution	14.0
	Strategies and organization development in new era	16.0
Yuan Xing-Wen (Accounting and financial director)	The recent IFRSs development and EAS analysis	3.0
	Forensic accounting and financial fraud auditing	5.0
	The most common anomaly in financial statement that each account manager should know	3.0
	"Customer only!"Act with this in mind.	14.0
	"Customer only!"Act with this in mind.-review	7.0

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manager	Training	hours
Chen Shu-Hui (Internal Auditing director)	Business risk management system practice	5.0
	Contract management, execution, and auditing	6.0
	The roles internal auditing staff play for inner security control	6.0
	"Customer only!"Act with this in mind.	14.0
	"Customer only!"Act with this in mind.-review	7.0
Li Zhao-Lin (Internal HR director)	Organization development and HR strategies in evolution	14.0
	Strategies and organization development in new era	16.0
	"Customer only!"Act with this in mind.	14.0
	"Customer only!"Act with this in mind.-review	7.0
	【Professional Dynametric Programs】certification training course	14.0
	【Professional Dynametric Programs】reality practice WorkShop I	3.5
	【Professional Dynametric Programs】reality practice WorkShop II	3.5

### III. Knowledge management

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

#### 5.5.1.3. Retirement system:

##### I. Monthly contribution to pension:

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

##### II. Labor pension personal account:

The Company is subject to the Labor Standard Act make monthly contribution (no less

than 6%) to the pension funds in accordance with Labor Pension Act. The funds are deposited in the labor pension personal account created by the employee in Bureau of labor Insurance according to the "Monthly Contribution Wages Classification of Labor Pension" approved by Administrative Yuan.

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

#### 5.5.1.5. Working place and personal protection measures:

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

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

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

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#### 5.5.1.6. Employee ethical accreditation:

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

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

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

###### i. The creed of the team:

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

###### ii. The creed of integrity:

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

###### iii. The creed of professionalism:

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

###### iv. The creed of efficiency:

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

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

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

##### II. Strictly implement the audit system:

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

#### 5.5.2. List the loss generated due to dispute between labors and employers of these

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years and as of the publication date of the annual report, disclose the estimated amount and responsive measures of the disputes at present and in the future and explain the things that cannot be reasonably estimated.

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

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

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

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

#### 5.6. Important agreements

Agreement	Interested parties	Period	Coverage	Restrictive conditions
Insurance agreement	AIG Taiwan Insurance Co., Ltd.	Period of coverage: 2016.01.01~2017.01.01	Corporate Liability Insurance	The limitation of cumulative liability for all indemnifications in this coverage is US\$15,000,000.

## 6 • Financial Standing

### 6.1 Most Recent 5-Year Concise Financial Information

#### 6.1.1 Consol Balance Sheet - IFRS

Item	Units: NT\$ Thousands			
	Most Recent 3-Year Financial Information		As of March 31,	
	2013	2014	2015	2016
Current assets	120,776,978	146,245,684	165,487,412	154,049,235
Net property, plant and equipment (Note 3)	6,073,211	5,820,475	5,797,926	5,742,011
Intangible assets	5,842,880	5,756,557	5,671,154	5,664,323
Other assets	2,413,355	2,524,500	2,095,370	2,137,672
Total assets	135,106,424	160,347,216	179,051,865	167,593,241
Current liabilities	91,141,959	100,236,466	111,585,055	101,401,021
Before Distribution	91,141,959	100,236,466	111,585,055	101,401,021
After Distribution	94,950,090	104,375,739	Note 2	Note 2
Non-current liabilities	4,031,876	14,993,069	19,146,252	17,619,053
Before Distribution	95,173,837	115,229,534	130,734,107	119,020,074
After Distribution	98,981,968	119,368,808	Note 2	Note 2
Equity attributable to owners of parent	39,874,875	45,055,731	47,770,420	48,054,404
Share capital	16,557,092	16,557,092	16,557,092	16,557,092
Capital surplus	14,951,793	15,185,802	15,187,178	15,187,281
Retained earnings	10,303,742	12,329,076	13,473,616	15,028,658
Before Distribution	10,303,742	12,329,076	13,473,616	15,028,658
After Distribution	6,495,511	8,189,802	Note 2	Note 2
Other equity interest	(1,937,752)	983,761	2,553,776	1,282,717
Treasury stock	-	-	(1,242)	(1,354)
Non-controlling interests	57,712	61,951	547,338	519,763
Total equity	39,932,567	45,117,682	48,317,758	48,573,167
Before Distribution	39,932,567	45,117,682	48,317,758	48,573,167
After Distribution	36,124,456	40,978,408	Note 2	Note 2

Note 1 : The 2013-2015 financial data have been duly audited by independent auditors. Except As of March 31 2016 have been duly reviewed by independent auditors.

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

Note 3 : Including investment property.

#### 6.1.2 Consol Balance Sheet - R.O.C. GAAP

Item	Units: NT\$ Thousands	
	Recent Year Financial Information	As of March 31,
	2011	2012
Current assets	97,955,699	106,595,564
Fund and Long term	1,051,777	1,610,059
Equity Investments		

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Period (Nots1)	Recent Year Financial Information		
	Item	2011	2012
Fixed assets		4,022,749	5,117,436
Intangible and Other assets		5,991,228	6,337,743
Total assets		109,021,453	119,650,622
Current liabilities	Before Distribution	66,679,692	74,429,665
	After Distribution	70,984,536	78,023,367
Long-term liabilities		3,877,619	6,441,227
Other liabilities		550,896	582,509
Total liabilities	Before Distribution	71,208,207	81,453,401
	After Distribution	75,513,051	85,427,103
Share capital		15,838,501	16,557,092
Capital surplus		13,319,208	14,937,606
Retained earnings	Before Distribution	9,440,533	9,601,400
	After Distribution	5,135,689	5,627,698
Unrealized gain (loss) of financial instruments		31,582	41,287
Translation adjustments and other equity adjustment		(1,514,683)	(2,981,460)
Unrecognized pension cost		(2,106)	(2,831)
Stockholders'	Before Distribution	37,813,246	38,207,421
	After Distribution	33,508,402	34,233,719

Note 1 : The 2010-2012 financial data have been duly audited by independent auditors.

#### 6.1.3 Comprehensive Income- IFRS

Units: NT\$ Thousands

Period (Nots1)	Most Recent 3-Year Financial Information		As of March 31,
	2013	2014	
Operating revenues	406,256,031	452,471,998	515,536,489
Gross profit	18,538,313	20,483,805	21,450,249
Operating income	6,289,406	7,941,739	8,474,115
Non-operating income and expenses	(483,023)	(835,104)	(1,320,672)
Income before income tax	5,806,385	7,106,635	7,153,443
Consolidated net income	4,759,732	5,814,176	5,435,932
Other comprehensive income (loss)	1,057,428	2,947,614	1,472,670
Total comprehensive income	-	5,817,160	6,908,602
Consolidated net income attributable to: Owners of parent	4,756,306	5,808,839	5,420,469
			1,555,052

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Item	Most Recent 3-Year Financial Information			As of March 31, 2016
	2013	2014	2015	
Consolidated net income attributable to: Non-controlling interests	3,426	5,337	15,463	5,319
Comprehensive income attributable to: Owners of parent	5,812,296	8,754,978	6,853,829	283,993
Comprehensive Income attributable to: Non-controlling interests	4,864	6,812	54,773	3,825
Basic earnings per share (Note 2)	2.87	3.51	3.27	0.94

Note 1 : The 2013-2015 financial data have been duly audited by independent auditors. Except As of March 31 2016 have been duly reviewed by independent auditors.

Note 2 : Weighted average number of ordinary shares outstanding

#### 6.1.4 Income Statement - R.O.C. GAAP

Item	Period (Note1)		Recent Year Financial Information	
	2011	2012		
Operating revenues	332,322,591	350,614,159		
Gross profit	18,028,822	18,094,611		
Operating Income	6,654,462	6,192,850		
Non-operating Income	556,594	411,779		
Non-operating expenses	(94,449)	(1,064,045)		
Profit (loss) from continuing operations before tax	6,266,607	5,540,584		
Net Profit (loss)	5,080,433	4,465,711		
Basic earnings per share (Note 2)	3.21	2.72		

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

Note 2 : Weighted average number of ordinary shares outstanding

#### 6.1.5 Consol Balance Sheet - IFRS

Item	Period (Note1)	Most Recent 3-Year Financial Information		
		2013	2014	2015
Current assets		288,654	424,143	442,543
Net property, plant and equipment (Note3)		808,727	777,523	759,662
Intangible assets		24,612	16,741	11,858
Other assets		42,956,415	52,342,846	56,635,862
Total assets		44,078,408	53,561,551	57,849,925
Current liabilities	Before Distribution	3,627,414	2,091,415	3,603,513
	After Distribution	7,435,545	6,239,589	Note 2
Non-current liabilities		572,066	6,413,905	6,474,992

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Total liability	Before Distribution	4,199,482	8,505,320	10,078,505
	After Distribution	8,007,613	12,644,594	Note 2
Equity attributable to owners of parent		39,878,926	45,055,731	47,770,420
Share capital		16,557,092	16,557,092	16,557,092
Capital surplus		14,951,793	15,185,802	15,187,178
Retained earnings	Before Distribution	10,307,793	12,229,076	13,473,510
	After Distribution	6,499,662	8,189,802	Note 2
Other equity interest		(1,937,752)	983,761	2,553,776
Treasury Stock		0	0	(1,242)
Non-controlling interests		0	0	0
Total equity	Before Distribution	39,878,926	45,055,731	47,770,420
	After Distribution	36,670,795	40,916,457	Note 2

Note 1 : The 2013-2015 financial data have been duly audited by independent auditors.

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

Note 3 : Including investment property.

#### 6.1.6 Concise Balance Sheet - R.O.C. GAAP

Item	Period (Note1)		Recent Year Financial Information	
	2011	2012		
Current assets		315,177	201,239	
Fund and Long term Equity Investments		38,545,174	40,189,497	
Fixed assets		767,167	47,647	
Intangible and Other assets		90,551	851,613	
Total assets		39,718,069	41,289,996	
Current liabilities	Before Distribution	2,592,953	2,548,892	
	After Distribution	6,897,797	6,522,594	
Long-term liabilities		-	576,000	
Other liabilities		12,281	12,010	
Total liabilities	Before Distribution	2,605,234	3,136,902	
	After Distribution	6,910,078	7,110,604	
Share capital		15,838,501	16,557,092	
Capital surplus		13,319,200	14,937,606	
Retained earnings	Before Distribution	9,440,533	9,601,400	
	After Distribution	5,135,699	5,627,698	
Unrealized gain (loss) of financial instruments		31,582	41,287	
Translation adjustments and other equity adjustment		(1,514,883)	(2,981,460)	
Unrecognized pension cost		(2,106)	(2,831)	

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Item	Period (Note1)		Recent Year Financial Information	
	2011	2012		
Stockholders'	Before Distribution	37,112,835	38,153,094	
	After Distribution	32,807,991	34,179,392	

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

6.1.7 Comprehensive Income- IFRS

Item	Period (Note1)	Most Recent 3-Year Financial Information		
		2013	2014	2015
Operating revenues				
Gross profit		5,226,075	6,490,174	6,383,519
Operating Income		4,773,536	6,005,325	5,826,067
Non-operating Income and expenses		4,773,536	6,005,325	5,826,067
Income before Income tax		(30,128)	(56,262)	(93,817)
Consolidated net income attributable to: Owners of parent		4,743,408	5,949,063	5,732,250
Other comprehensive income (loss)		4,756,306	5,805,839	5,420,469
Comprehensive income attributable to: Owners of parent		1,055,990	2,946,139	1,433,360
Consolidated net income attributable to: Owners of parent		5,812,296	8,754,978	5,853,829
Comprehensive income attributable to: Owners of parent		4,756,306	5,808,839	5,420,469
Basic earnings per share		2.87	3.51	3.27

#### 6.1.8 Income Statement - R.O.C. GAAP

Item	Period (Note1)	Recent Year Financial Information	
		2011	2012
Operating revenues			
Gross profit		5,430,266	5,065,051
Operating income		5,057,171	4,644,049
Non-operating income		5,057,171	4,644,049
Non-operating expenses		3,718	4,736
Profit (loss) from continuing operations before tax		(16,761)	(32,622)
Net Profit (loss)		5,044,128	4,616,163
Basic earnings per share (Note 2)		3.21	2.72

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

Note 2 : Weighted average number of ordinary shares outstanding

#### 6.1.9 Auditors' Opinions from 2010 to 2014

Year	Accounting firm	Name of CPA	Audit Opinion
2011	PricewaterhouseCoopers	Vanessa Yeh, Audrey Tseng	Unqualified Opinion
2012	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion
2013	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion
2015	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion

#### 6.2 Most Recent 5-Year Financial Analysis

##### 6.2.1 Consolidated Financial Analysis - IFRS GAAP

Item	Period (note 1)	Most Recent 3-Year Financial Information			Financial Information up to March 31, 2016
		2013	2014	2015	
Financial Ratio (%)	Total liabilities to total assets	70.44	71.86	73.01	71.02
	Long-term capital to PP&E	723.91	1,032.75	1,163.62	1,152.77
Ability to payoff debt	Current ratio (%)	132.52	145.90	148.31	151.92
	Quick ratio (%)	92.14	96.49	100.72	94.70
	Interest protection	6.38	7.80	6.94	6.75
Ability to operate	A/R turnover (times)	6.10	5.84	5.86	5.68
	A/R turnover days	60	63	62	64
	Inventory turnover (times)	11.05	10.29	9.97	8.61
	Account payable turnover (times)	10.63	10.87	11.44	10.17
	Days sales outstanding	33	35	37	42
	Fixed assets turnover (times)	71.93	76.09	88.74	84.25
	Total assets turnover (times)	3.19	3.05	3.04	2.60
Earning ability	Return on assets (%)	4.24	4.52	3.78	4.22
	Return on equity (%)	12.19	13.66	11.60	12.84
	PBT to paid-in capital (%)	35.07	42.92	43.20	45.95
	Net Income ratio (%)	1.17	1.28	1.05	1.28
	Basic EPS (NTD) (note 2)	2.87	3.51	3.27	0.94
	Diluted EPS (NTD) (note 2)	2.87	3.39	3.04	0.87
Cash flow	Cash flow ratio	-5.16	-13.42	-8.31	13.80
	Cash flow adequacy ratio	-18.31	-51.56	-77.85	-31.08
	Cash reinvestment ratio	-19.27	-28.12	-19.47	20.77

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Item	Period(note 1)	Most Recent 3-Year Financial Information			Financial Information up to March 31, 2016
		2013	2014	2015	
Leverage	Operating leverage	1.66	1.50	1.57	1.52
	Financial leverage	1.14	1.15	1.17	1.19
KPI	ROWC(%)	9.19	8.98	8.71	9.66
	NWC/Sales	0.17	0.20	0.19	0.18

Explanation of significant changes in 2015 compared with the previous year : (Note 3) :

Note 1 : The 2013-2015 financial data have been duly audited by independent auditors. Except as of March 31 2015 have been duly reviewed by independent auditors.

Note 2 : Weighted average number of ordinary shares outstanding

Note 3 : Explanation of significant changes in 2015 compared with the previous year :

1. Cash flow ratio : In 2015 operating cash flow outflow decreased +
2. Cash flow adequacy ratio : In 2015 grew in cash dividends distributed to shareholders +
3. Cash reinvestment ratio (%) : In 2015 operating cash flow outflow decreased +

Note 4 : Formula:

#### 1. Financial Ratio

- (1) Total liabilities to Total assets = Total liabilities / Total assets
- (2) Long-term debts to fixed assets = (Net equity + Long-term debts) / Net fixed assets
2. Ability to Pay off Debt
  - (1) Current ratio = Current Assets / Current liability
  - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability
  - (3) Interest protection = Net income before income tax and interest expense / Interest expense
3. Ability to Operate
  - (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / The average of account receivable (including account receivable and notes receivable from operation) balance
  - (2) A/R turnover day = 365 / account receivable turnover
  - (3) Inventory turnover = Cost of Goods Sold / the average of inventory
  - (4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
  - (5) Inventory turnover day = 365 / Inventory turnover
  - (6) Fixed assets turnover = Net sales / Net Fixed Assets
  - (7) Total assets turnover = Net sales / Total assets
4. Earning Ability
  - (1) Return on assets = [PAT + Interest expense  $\times$  (1 - interest rate)] / the average of total assets
  - (2) Return on equity = PAT / the average of net equity
  - (3) Net income ratio = PAT / Net sales

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(4) EPS = (PAT - Dividend from prefer stock) / weighted average outstanding shares

#### 5. Cash Flow

- (1) Cash flow ratio = Cash flow from operating activities / Current liability
- (2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)
- (3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross fixed assets + long-term investment + other assets + working capital)

#### 6. Leverage

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

#### 7.KPI

- (1)ROWC=Operating income / (A/R+Inventory-Accounts payable)
- (2)NWC/Sales=(A/R+Inventory-Accounts payable)/Net sales

#### 6.2.2 Consolidated Financial Analysis – ROC GAAP

Item	Period(note 1)	Recent Year Financial Information	
		2011	2012
Financial Ratio (%)	Total liabilities to total assets	65.32	68.07
	Long-term capital to PP&E	1,038.86	872.48
Ability to pay off debt	Current ratio (%)	146.90	143.22
	Quick ratio (%)	94.04	97.13
	Interest protection	10.24	6.21
Ability to operate	A/R turnover (times)	7.80	5.62
	A/R turnover days	47	55
	Inventory turnover (times)	9.51	9.86
	Account payable turnover (times)	11.67	11.08
	Days sales outstanding	36	37
	Fixed assets turnover (times)	93.67	78.91
	Total assets turnover (times)	3.28	3.15
Earning ability	Return on assets (%)	5.58	4.46
	Return on equity (%)	14.17	11.75
	% of paid-in capital	42.01	37.40
	PBT	39.57	33.46
	Net income ratio(%)	1.53	1.24
	Basic EPS(NTD)(note 2)	3.21	2.72

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Item	Period(note 1)	Recent Year Financial Information		Financial Information up to March 31, 2016
		2011	2012	
	Diluted EPS(NTD) (note 2)	3.20	2.71	
Cash flow(%)	Cash flow ratio	-9.43	0.31	
	Cash flow adequacy ratio	13.68	23.47	
Leverage	Cash reinvestment ratio	-21.53	-8.82	
	Operating leverage	1.47	1.59	
	Financial leverage	1.11	1.14	
KPI	ROWC(%)	12.64	10.38	
	NWC/Sales	0.16	0.17	

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

Note 2 : Weighted average number of ordinary shares outstanding

Note 3 : Formula:

1. Financial Ratio
  - (1) Total liabilities to Total assets = Total liabilities / Total assets
  - (2) Long-term debts to fixed assets = (Net equity + Long-term debts) / Net fixed assets
  2. Ability to Pay off Debt
    - (1) Current ratio = Current Assets / Current liability
    - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability
    - (3) Interest protection = Net income before income tax and interest expense / Interest expense
  3. Ability to Operate
    - (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / The average of account receivable (including account receivable and notes receivable from operation) balance
    - (2) A/R turnover day = 365 / account receivable turnover
    - (3) Inventory turnover = Cost of Goods Sold / the average of inventory
    - (4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
    - (5) Inventory turnover day = 365 / Inventory turnover
    - (6) Fixed assets turnover = Net sales / Net Fixed Assets
    - (7) Total assets turnover = Net sales / Total assets
  4. Earning Ability
    - (1) Return on assets = [PAT + Interest expense  $\times$  (1 - interest rate)] / the average of total assets
    - (2) Return on equity = PAT / the average of net equity
    - (3) Net income ratio = PAT / Net sales
    - (4) EPS = (PAT - Dividend from prefer stock) / weighted average outstanding shares
    - (5) Cash flow ratio = Cash flow from operating activities / Current liability

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

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

#### 6. Leverage

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

#### 7.KPI

- (1)ROWC=Operating income / (A/R+Inventory-Accounts payable)
- (2)NWC/Sales=(A/R+Inventory-Accounts payable)/Net sales

#### 6.2.3 Stand-alone Financial Analysis- IFRS GAAP

Item	Period(note 1)	Most Recent 3-Year Financial Information		
		2013	2014	2015
Financial Ratio (%)	Total liabilities to total assets	9.53	15.88	17.42
	Long-term capital to PP&E	5,001.81	6,619.69	7,150.14
Ability to payoff debt	Current ratio (%)	7.95	20.28	12.28
	Quick ratio (%)	7.65	19.78	11.87
	Interest protection	114.20	156.02	172.43
Ability to operate	A/R turnover (times) (note 2)	8.94	9.14	9.26
	A/R turnover days	41	40	39
	Inventory turnover (times)	—	—	—
	Account payable turnover (times)	—	—	—
	Days sales outstanding	—	—	—
	Fixed assets turnover (times) (note 2)	6.52	8.18	8.21
	Total assets turnover (times) (note 2)	0.12	0.13	0.11
Earning ability	Return on assets (%)	11.24	11.98	9.78
	Return on equity (%)	12.21	13.68	11.68
	Pre-tax income as a % of paid-in capital(%)	28.65	36.27	35.19
	Net income ratio(%) (note 2)	91.00	89.50	84.91
	Basic EPS(NTD)(note 3)	2.87	3.51	3.27
	Diluted EPS(NTD)(note 3)	2.87	3.39	3.04
Cash flow(%)	Cash flow ratio	111.82	211.70	113.62
	Cash flow adequacy ratio	80.00	72.97	72.99
	Cash flow reinvestment ratio (%)	0.20	1.20	-0.08
Leverage	Operating leverage(note 2)	1.01	1.01	1.01
	Financial leverage	1.01	1.01	1.01

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Item	Period(note 1)	Recent 3-Year Financial Information		
		2013	2014	2015

Note 1 : The 2010-2012 financial data have been duly audited by independent auditors .

Note 2 : include Investment revenues and Service revenue .

Note 3 : Weighted average number of ordinary shares outstanding .

Note 4 : Explanation of significant changes in 2015 compared with the previous year :

1. Current ratio : In 2015 Current ratio decreased due to short loan Increased .
2. Quick ratio : In 2015 Quick ratio decreased due to short loan Increased .
3. Cash flow ratio : In 2015 Cash flow ratio decreased due to due to short loan Increased .
4. Cash reinvestment ratio : In 2015 Cash reinvestment ratio decreased due to in 2015 operating cash flow inflow decreased .

Note 5 : Formula: refer to page 109-110.

#### 6.2.4 Stand-alone Financial Analysis- ROC GAAP

Item	Period(note 1)	Recent Year Financial Information	
		2011	2012
Financial Ratio (%)	Total liabilities to total assets	6.56	7.60
	Long-term capital to PP&E	4,837.65	81,283.38
Ability to payoff debt	Current ratio (%)	12.16	7.90
	Quick ratio (%)	11.67	7.61
	Interest protection	309.93	149.10
Ability to operate	A/R turnover (times) (note 2)	8.25	10.91
	A/R turnover days	44	33
	Inventory turnover (times)	~	~
	Account payable turnover (times)	~	~
	Days sales outstanding	~	~
	Fixed assets turnover (times) (note 2)	13.22	12.43
	Total assets turnover (times) (note 2)	0.14	0.13
Earning ability	Return on assets (%)	13.50	11.09
	Return on equity (%)	14.32	11.87
% of paid-in capital	Operating income	31.93	28.05
	Pre-tax Income	31.85	27.88
	Net Income ratio(%) (note 2)	93.56	88.17
	Basic EPS(NTD) (note 3)	3.21	2.72
	Diluted EPS(NTD) (note 3)	3.20	2.71

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Item	Period(note 1)	Recent Year Financial Information	
		2011	2012
Cash flow(%)	Cash flow ratio	140.85	196.59
	Cash flow adequacy ratio	87.01	83.92
	Cash reinvestment ratio (%)	1.62	1.82
Leverage	Operating leverage(note 2)	1.01	1.01
	Financial leverage	1.00	1.01

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

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

Note 3 : Weighted average number of ordinary shares outstanding .

Note 4 : Formula: refer to page 109-110.

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

#### AUDIT COMMITTEE'S REVIEW REPORT

The Board of Directors has prepared the Company's 2015 Business Report , Financial Statements , and proposal for allocation of profits. The aforementioned 2015 Business Report , Financial Statements , and proposal for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee members of WPG HOLDINGS LIMITED. According to Article 14-4 , 14-5 of the Securities and Exchange Act and Article 219 of the Company Act , we hereby submit this report .

#### WPG HOLDINGS LIMITED AUDIT COMMITTEE

Independent Director DUH, RONG-RUEY

Independent Director HUANG, JIH-TSAN

Independent Director YU, YUNG HONG

6.4 Financial statement for the most recent fiscal year augmented with auditor's report prepared by a CPA : Page129-243.

6.5 A parent company only financial statement for the most recent fiscal year certified by CPA : Page244-329.

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

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

**DECEMBER 31, 2015 AND 2014**

**AUDIT REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE**

To the Board of Directors and Stockholders of WPG Holdings Limited

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

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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

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

ASSETS	Notes	December 31, 2015		December 31, 2014		(Adjusted)	
		Amount	%	Amount	%	Amount	%
<b>Current Assets</b>							
Cash and cash equivalents	6(1)	\$ 9,446,642	5	\$ 11,184,859	7	\$ 9,458,603	7
Financial assets at fair value through profit or loss - current	6(2)	62,266	-	15,713	-	30,818	-
Available-for-sale financial assets - current	6(3)	35,786	-	45,157	-	94,158	-
Financial assets carried at cost - current				3,497	-	6,897	-
Notes receivable, net	6(4)	6,511,076	4	3,228,163	2	2,894,722	2
Accounts receivable, net	6(5) and 8	85,440,433	48	78,759,090	49	68,544,814	51
Accounts receivable - related parties, net	7	319,058	-	269,541	-	265,050	-
Other receivables		9,178,333	5	2,378,924	2	1,743,264	1
Other receivables - related parties	7	95,876	-	169,419	-	399,546	-
Current income tax assets		1,033	-	2,760	-	10,497	-
Inventories, net	6(7)	50,295,037	28	47,373,506	30	35,056,488	26
Prepayments		2,801,241	1	2,149,739	1	1,744,550	1
Other current assets	8	1,299,731	-	672,315	-	527,461	-
		<u>165,487,412</u>	<u>92</u>	<u>146,245,684</u>	<u>91</u>	<u>120,776,978</u>	<u>89</u>
<b>Non-current Assets</b>							
Available-for-sale financial assets - non-current	6(8) and B	335,296	-	417,396	-	186,547	-
Financial assets carried at cost - non-current	6(9)	468,031	-	395,496	-	467,581	1
Investments in bonds without active market - non-current		5,000	-	5,000	-	5,000	-
Investments accounted for under the equity method	6(10)	555,054	1	816,213	1	1,039,601	1
Property, plant and equipment	6(11) and 8	4,656,320	3	4,671,850	3	5,055,011	4
Investment property, net	6(12)	1,141,609	1	1,148,625	1	1,018,200	1
Intangible assets	6(13)	5,671,154	3	5,755,557	4	5,842,680	4
Deferred income tax assets		335,020	-	496,155	-	313,650	-
Other non-current assets	6(15) and 8	396,969	-	394,240	-	400,976	-
		<u>13,564,453</u>	<u>8</u>	<u>10,101,532</u>	<u>9</u>	<u>14,329,446</u>	<u>11</u>
		<u>\$179,051,865</u>	<u>100</u>	<u>\$160,347,216</u>	<u>100</u>	<u>\$135,106,474</u>	<u>100</u>

(Continued)

PricewaterhouseCoopers, Taiwan

March 29, 2016

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

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

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

LIABILITIES AND EQUITY	Notes	(Adjusted)		(Adjusted)			
		December 31, 2015	%	December 31, 2014	%	January 1, 2014	%
<b>Current Liabilities</b>							
Short-term borrowings	6(16)	\$ 54,575,352	30	\$ 45,193,990	28	\$ 38,865,842	29
Commercial papers payable	6(17)	3,708,197	2	4,067,765	3	4,879,919	4
Financial liabilities at fair value through profit or loss - current	6(2)	26,719	-	10,175	-	6,885	-
Notes payable		727,694	-	458,529	-	455,174	-
Accounts payable		44,513,040	25	40,710,731	25	37,855,857	28
Accounts payable - related parties	7	2,121	-	2,058	-	11,252	-
Other payables		5,055,168	3	4,927,500	3	3,908,939	3
Current income tax liabilities		889,818	1	874,507	1	511,238	-
Other current liabilities	6(19)	2,057,756	1	3,091,208	3	4,645,833	3
		111,585,855	62	100,236,465	63	91,141,959	67
<b>Non-current Liabilities</b>							
Bonds payable	6(18)	5,678,383	3	5,796,140	4	-	-
Long-term borrowings	6(19)	12,126,659	7	8,305,618	5	3,224,718	3
Deferred income tax liabilities	6(31)	442,058	-	433,431	-	356,655	-
Other non-current liabilities		704,152	-	457,880	-	450,475	-
		19,148,252	11	14,999,059	9	4,031,878	3
<b>Total Liabilities</b>		<b>130,734,102</b>	<b>73</b>	<b>115,229,534</b>	<b>72</b>	<b>95,173,837</b>	<b>70</b>
<b>Equity Attributable to Owners of Parent</b>							
Capital							
Common stock	1 and 6(21)	16,557,092	9	16,557,092	10	16,557,092	12
Capital reserve	6(22)	15,187,178	8	15,185,802	9	14,951,793	11
Retained earnings	6(23)	3,470,739	2	2,890,021	2	2,414,390	2
Legal reserve		-	-	1,937,752	1	2,943,004	2
Special reserve		-	-	-	-	-	-
Undistributed earnings	6(31)	10,002,877	6	7,501,303	5	4,946,348	4
Other equity interest		-	-	-	-	-	-
Other equity interest	6(24)	2,553,776	2	983,761	1	(1,937,752)	(1)
Treasury share	6(21)	(1,242)	-	-	-	-	-
<b>Total equity attributable to owners of parent</b>		<b>47,720,420</b>	<b>27</b>	<b>45,055,731</b>	<b>28</b>	<b>39,874,675</b>	<b>30</b>
<b>Non-controlling interests</b>							
<b>Total equity</b>		<b>547,338</b>	<b>-</b>	<b>61,051</b>	<b>-</b>	<b>57,712</b>	<b>-</b>
Significant contingent liabilities and unrecognized contract commitments	9	48,317,758	27	45,117,682	28	39,932,587	30
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$179,051,855</b>	<b>100</b>	<b>\$160,347,216</b>	<b>100</b>	<b>\$135,106,424</b>	<b>100</b>

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

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

Items	Notes	2015		2014	
		Amount	%	Amount	%
<b>Consolidated net income attributable to:</b>					
Owners of parent		\$ 5,420,469	1	\$ 5,808,839	1
Non-controlling interests		15,463	-	5,337	-
		<b>\$ 5,435,932</b>	<b>1</b>	<b>\$ 5,814,176</b>	<b>1</b>
<b>Comprehensive income attributable to:</b>					
Owners of parent		\$ 6,853,829	1	\$ 8,754,978	2
Non-controlling interests		54,773	-	6,812	-
		<b>\$ 6,908,602</b>	<b>1</b>	<b>\$ 8,761,790</b>	<b>2</b>
<b>Earnings per share (In dollars)</b>					
Basic earnings per share	6(32)	\$ 3.22		\$ 3.51	
Diluted earnings per share	6(32)	\$ 3.04		\$ 3.39	

(Continued)

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

Items	Notes	2015		2014	
		Amount	%	Amount	%
<b>Consolidated net income attributable to:</b>					
Owners of parent		\$ 5,420,469	1	\$ 5,808,839	1
Non-controlling interests		15,463	-	5,337	-
		<b>\$ 5,435,932</b>	<b>1</b>	<b>\$ 5,814,176</b>	<b>1</b>
<b>Comprehensive income attributable to:</b>					
Owners of parent		\$ 6,853,829	1	\$ 8,754,978	2
Non-controlling interests		54,773	-	6,812	-
		<b>\$ 6,908,602</b>	<b>1</b>	<b>\$ 8,761,790</b>	<b>2</b>
<b>Earnings per share (In dollars)</b>					
Basic earnings per share	6(32)	\$ 3.22		\$ 3.51	
Diluted earnings per share	6(32)	\$ 3.04		\$ 3.39	

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

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

	Notes	2015	(Adjusted) 2014
<b>Cash flows from operating activities</b>			
Income before income tax		\$ 7,153,443	\$ 7,106,635
Adjustments to reconcile consolidated net income to net cash used in operating activities:			
Income and expenses			
Depreciation	6(29)	235,557	239,793
Amortisation	6(29)	95,734	141,605
Bad debts expense		684,795	114,623
Interest expense	6(28)	1,203,659	1,044,921
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(27)	( 5,763 )	61,506
Interest income	6(26)	( 34,576 )	( 26,515 )
Dividend income	6(26)	( 48,036 )	( 18,315 )
Share of profit of associates and joint ventures accounted for under equity method		25,288	( 30,401 )
Gain on disposal of property, plant and equipment and investment property	6(27)	( 13,413 )	( 106,962 )
Gain on disposal of investments	6(27)	( 60,764 )	( 52,023 )
Impairment loss	6(27)	51,995	41,911
Amortisation of bond discount	6(18)	79,243	34,203
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		11,725	( 43,110 )
Notes receivable, net	( 3,283,813 )	( 333,441 )	
Accounts receivable, net	( 6,474,318 )	( 10,308,825 )	
Accounts receivable - related parties, net	( 49,317 )	( 4,481 )	
Other receivables	( 6,734,994 )	( 672,952 )	
Other receivables - related parties	73,343	230,127	
Inventories	( 2,116,463 )	( 12,317,018 )	
Prepayments	( 613,527 )	( 405,089 )	
Other current assets	35,279	( 67,029 )	
Changes in liabilities relating to operating activities			
Notes payable	288,782	( 17,645 )	
Accounts payable	2,933,016	2,854,874	
Accounts payable - related parties	63	( 9,194 )	
Other payables	32,042	997,361	
Other current liabilities	114,720	68,128	
Cash used in operations	( 6,463,676 )	( 11,477,313 )	
Interest paid	( 1,242,268 )	( 1,034,613 )	
Income tax paid	( 1,689,704 )	( 1,044,284 )	
Interest received	68,496	63,807	
Dividends received	54,063	68,208	
Net cash used in operating activities	( 9,273,089 )	( 13,424,195 )	

(Continued)

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**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,**  
**EXCEPT AS OTHERWISE INDICATED)**

**1. HISTORY AND ORGANIZATION**

- (1) WPG Holdings Limited (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date. After restructuring, Richpower Electronic Devices Co., Ltd. became the Company's subsidiary on January 1, 2008. The Company acquired Pernas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology Co., Ltd. by exchanging shares of common stock on July 16, 2008, February 6, 2009, November 15, 2010 and March 1, 2012, respectively. After the Company's organisation restructuring on January 1, 2014, World Peace Industrial Co., Ltd., Silicon Application Corp. and Yosun Industrial Corp. acquired 100% shares in AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. through share exchange, and consequently, AECO Technology Co., Ltd., Pernas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. became indirectly owned subsidiaries. The Company originally evaluated Genuine C&C, Inc. using equity method. The Company acquired partial stocks of Genuine C&C, Inc. on April 8, 2015 and completed the purchase on April 15, 2015. After the purchase, the Company held 60.5% shares of Genuine C&C, Inc. which became the Company's directly owned subsidiary.
- (2) The Company was organised to create the management mechanism of the group, supervise the subsidiaries, integrate the whole group and improve operational efficiency. The Company's subsidiaries are mainly engaged in the distribution and sales of electronic / electrical components, sales of computer software and electrical products and sales of electronic / electrical components.
- (3) In accordance with the Company's Articles of Incorporation, the total authorised common stock is 2 billion shares (including 50 million shares of warrant, warrant preferred stock and warrant bond conversion). The Company and the subsidiaries included in these consolidated financial statements are collectively referred as the "Group". As of December 31, 2015, the Company had issued capital of \$16,557,092 with a par value of \$10 (in dollars) per share.

	Notes	2015	(Adjusted) 2014
<b>Cash flows from investing activities</b>			
Acquisition of financial assets carried at cost - non-current		( \$ 138,364 )	( \$ 59,953 )
Acquisition of available-for-sale financial assets - non-current		( 33,762 )	( 24,073 )
Proceeds from disposal of available-for-sale financial assets - current		59,248	114,119
Proceeds from disposal of available-for-sale financial assets - non-current		28,970	60,503
Return of capital received from financial assets carried at cost - non-current		29,201	-
Proceeds from disposal of financial assets carried at cost - non-current		21,813	37,726
Increase in other financial assets		( 667,342 )	( 77,826 )
Acquisition of investments accounted for under equity method		( 3,000 )	-
Proceeds from disposal of investments accounted for under equity method		\$1,610	-
Proceeds from disposal of property, plant and equipment		31,343	310,450
Acquisition of property, plant and equipment and intangible assets	6(34)	( 180,196 )	( 103,446 )
Disposal of subsidiaries	6(34)	( 1,553 )	
Decrease (increase) in refundable deposits		26,001	( 55,899 )
Increase in prepayments for investment		-	( 3,000 )
Acquisition of subsidiaries	6(33)	( 51,299 )	( 36,199 )
Decrease in other non-current assets		64,244	
Net cash (used in) provided by investing activities		( 791,331 )	( 262,847 )
<b>Cash flows from financing activities</b>			
Increase in short-term borrowings		863,208,233	1,533,596,388
Decrease in short-term borrowings		( 853,826,871 )	( 1,527,268,240 )
Increase in long-term borrowings (including current portion of long-term liabilities)		25,902,997	15,759,591
Decrease in long-term borrowings (including current portion of long-term liabilities)		( 24,135,401 )	( 11,401,464 )
Increase (decrease) in non-controlling interests		8,418	( 2,573 )
Increase in commercial papers payable		27,927,443	32,850,123
Decrease in commercial papers payable		( 28,307,012 )	( 33,542,276 )
Issuance of bonds payable		-	6,000,000
Cost of bond issuance		-	( 5,262 )
(Decrease) increase in other non-current liabilities		( 11,601 )	65,360
Cash dividends distributed to shareholders	6(23)	( 4,139,274 )	( 3,808,131 )
Net cash provided by financing activities		( 6,626,932 )	( 12,143,516 )
Effect of exchange rate changes on cash and cash equivalents		1,699,271	2,744,088
Net (decrease) increase in cash and cash equivalents		( 1,738,217 )	( 1,726,236 )
Cash and cash equivalents at beginning of year		11,184,859	9,458,603
Cash and cash equivalents at end of year		\$ 9,446,642	\$ 11,184,859

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 29, 2016.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

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

**A. IAS 19 (revised), "Employee benefits"**

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

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

**B. IAS 1, "Presentation of financial statements"**

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

**C. IFRS 13, 'Fair value measurement'**

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

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

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

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

None.

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

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

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

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(1) Compliance statement**

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

**(2) Basis of preparation**

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

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

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

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

**(3) Basis of consolidation**

**A. Basis for preparation of consolidated financial statements:**

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

**B. Subsidiaries included in the consolidated financial statements:**

Name of investment company	Name of subsidiary	Main activities	December 31, 2015	December 31, 2014	Note
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Silicon Application Corporation	Sales of computer software and electronic products	100.00	100.00	
WPG Holdings Limited	WPG Korea Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	WPG Electronic Ltd.	"	100.00	100.00	
WPG Holdings Limited	WPG International (CI) Limited	Holding company	100.00	100.00	
WPG Holdings Limited	Asian Information Technology Inc.	Sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Yosun Industrial Corp.	"	100.00	100.00	
WPG Holdings Limited	WPG Investment Co., Ltd.	Investment company	100.00	100.00	
WPG Holdings Limited	WPG Core Investment Co., Ltd.	"	100.00	100.00	
WPG Holdings Limited	Genuine C&C Inc.	Sales of computer and its peripherals	44.21	-	Note 2
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	Holding company	100.00	100.00	
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	"	100.00	100.00	
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Agent and sales of electronic / electrical components	100.00	100.00	
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	"	100.00	100.00	
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	Sales of computer and its peripherals	16.29	-	Note 2

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Name of investment company	Name of subsidiaries	Main activities	Ownership (%)			Note
			December 31, 2015	December 31, 2014		
AECO Technology Co., Ltd.	Teco Enterprise Holding (B.V.I.) Co., Ltd.	Investment company	100.00	100.00		
Teco Enterprise Holding (B.V.I.) Co., Ltd.	AECO Electronic Co. Ltd.	Trading of electronic / electrical products	100.00	100.00		
AECO Electronic Co., Ltd.	AECO Electronic (Ningbo) Co., Ltd.	Trading of electronic / electrical products	100.00	100.00		
World Peace International (BVI) Ltd.	Prime Future Technology Limited	Holding company	100.00	100.00		
Prime Future Technology Limited	World Peace International Pte. Ltd.		100.00	100.00		
World Peace International Pte. Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Agent and sales of electronic / electrical components	50.00	50.00		
World Peace International Pte. Ltd.	WPG Americas Inc.		4.31	5.10	Note 4	
World Peace International Pte. Ltd.	World Peace International (South Asia) Pte Ltd.		100.00	100.00		
World Peace International Pte. Ltd.	Genuine C&C (South Asia) Pte., Ltd.		100.00	100.00		
World Peace International Pte. Ltd.	WPG SCM Limited		100.00	100.00	Note 7	
World Peace International (South Asia) Pte Ltd.	World Peace International (India) Pvt., Ltd.		100.00	100.00		
World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn. Bhd		100.00	100.00		
World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	Agent and sales of information products	100.00	100.00	Note 5	

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

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

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Name of investment company	Name of subsidiaries	Main activities	Ownership (%)			Note
			December 31, 2015	December 31, 2014		
WPG International (CI) Limited	WPG South Asia Pte. Ltd.	Sales of electronic / electrical products	100.00	100.00		
WPG International (CI) Limited	WPG Cloud Service Limited	General trading	100.00	100.00		
WPG International (CI) Limited	WPG Gain Tune Ltd.	Agent for selling electronic / electrical components	60.00	-	Note 3	
WPG International (Hong Kong) Limited	WPG Electronics (Hong Kong) Limited	Agent for selling electronic / electrical components	100.00	100.00		
WPG International (Hong Kong) Limited	WPG China Inc.		100.00	100.00		
WPG International (Hong Kong) Limited	WPG China (SZ) Inc.	Sales of computer software and electronic products	100.00	100.00		
WPG Americas Inc.	Dynamic Image Technologies, LLC	Sales of electronic / electrical products	-	100.00	Note 10	
WPG South Asia Pte. Ltd.	WPG Malaysia Sdn. Bhd.	Agent and sales of electronic / electrical components	100.00	100.00		
WPG South Asia Pte. Ltd.	WPG (Thailand) Co., Ltd.		100.00	100.00		
WPG South Asia Pte. Ltd.	WPG India Electronics Pvt. Ltd.		99.99	99.99	Note 12	
WPG South Asia Pte. Ltd.	WPG Electronics (Philippines) Inc.		100.00	100.00	Note 6	
WPG South Asia Pte. Ltd.	WPG SCM Limited Ltd.		100.00	-	Note 7	
WPG Malaysia Sdn. Bhd.	WPG India Electronics Pvt. Ltd.		0.01	0.01	Note 12	
Asian Information Technology Inc.	Apache Communication Inc.	Sales of electronic / electrical products	100.00	100.00		
Asian Information Technology Inc.	Headset Electric Trading Co., Ltd.		100.00	100.00		
Asian Information Technology Inc.	Frontek Technology Corporation		100.00	100.00		
Asian Information Technology Inc.	Fame Hall International Investment company Co., Ltd.		100.00	100.00		

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Name of investment company	Name of subsidiaries	Main activities	Ownership (%)		
			December 31, 2015	December 31, 2014	Note
Frontek Technology Corporation	Frontek International Limited	Investment company	100.00	100.00	
Fame Hall International Co., Ltd.	AIT Japan Inc.	Sales of electronic / electrical products	100.00	100.00	
Frontek International Limited	AITG Electronic Limited	Sales of electronic / electrical components	100.00	100.00	
Yosun Industrial Corp.	Serteck Incorporated		100.00	100.00	
Yosun Industrial Corp.	Suntop Investments Limited	Investment company	100.00	100.00	
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Sales of electronic / electrical products	100.00	100.00	
Richpower Electronic Mee Technology Co., Ltd.			100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited		100.00	100.00	
Mee Technology Co., Ltd.	Mee Technology Co., Limited		100.00	100.00	
Mee Technology Co., Ltd.	Richpower Electronic Devices Pte, Ltd.		100.00	100.00	
Serteck Incorporated	Serteck Limited		100.00	100.00	
Suntop Investments Limited	Yosun Hong Kong Corp. Ltd.		100.00	100.00	
Suntop Investments Limited	Yosun Singapore Pte Ltd.		100.00	100.00	
Serteck Limited	Serteck (Shanghai) Limited		100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Giatek Corp. Ltd.		100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Yosun South China Corp. Ltd.		100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	Warehouse business and sales of electronic components	100.00	100.00	

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

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

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

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

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

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

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

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

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

Note 8: Due to restriction of local regulations, the Company holds 61% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.

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

Note 10: It was liquidated in May 2015.

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

Note 12: WPG South Asia Pte. Ltd. and WPG Malaysia Sdn. Bhd. separately holds 99.99% and 0.01% of shares of the subsidiary, and both companies together hold 100% of shares of the subsidiary.

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

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

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

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: As of December 31, 2015, the non-controlling interest amounted to \$547,338. The information on non-controlling interest and respective subsidiaries is as follows:

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

Summarised financial information of the subsidiaries:

(a) Balance sheets

Genuine C&C, Inc. and its subsidiaries	
December 31, 2015	
Current assets	\$ 2,667,863
Non-current assets	136,738
Current liabilities	( 1,633,525)
Non-current liabilities	( 51,115)
Total net assets	1,119,361
Less: non-controlling interest	( 72,059)
Equity attributable to owners of the parent company	\$ 1,047,902

(b) Statements of comprehensive income

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

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(c) Statements of cash flows

<u>Genuine C&amp;C Inc. and its subsidiaries</u>	
<u>Years ended December 31, 2015</u>	
Net cash used in operating activities	(\$ 1,063)
Net cash used in investing activities	( 9,674)
Net cash provided by financing activities	126,565
Effect of exchange rates on cash and cash equivalents	( 1,332)
Increase in cash and cash equivalents	14,496
Cash and cash equivalents, beginning of year	306,575
Cash and cash equivalents, end of year	\$ 421,071

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

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

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognised in other comprehensive income.
- b) When a foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.
- d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

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

- d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.
- B. On a regular way purchase or sale basis, financial assets held for trading are recognised and derecognised using trade date accounting. Derivatives are recognised and derecognised using settlement date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Available-for-sale financial assets

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

(9) Loans and receivables

- A. Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are

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

B. Investment in debt instruments without active market

- a) Investment in debt instruments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:
  - i. Not designated on initial recognition as at fair value through profit or loss;
  - ii. Not designated on initial recognition as available-for-sale;
  - iii. Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.
- b) On a regular way purchase or sale basis, bond investments without active market are recognised and derecognised using trade date accounting.
- c) Investment in debt instruments without active market are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(10) Impairment of financial assets

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

f) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

g) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

- 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.
- Financial assets measured at cost  
The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.
- Available-for-sale financial assets  
The amount of the impairment loss is measured as the difference between the asset's acquisition cost less any principal repayment and amortisation and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

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(11) **Derecognition of financial assets**  
The Group derecognises a financial asset when one of the following conditions is met:

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

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

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

- Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds the Group's interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- 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.
- 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.
- 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

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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**

- Property, plant and equipment are initially recorded at cost.
- 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.
- Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- 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.

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

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

(15) **Leases**

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

(16) **Investment property**

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

(17) **Intangible assets**

- Goodwill  
Goodwill arises in a business combination accounted for by applying the acquisition method.
- Intangible assets, other than goodwill, are software and business right which are amortised on a straight-line basis over their estimated useful lives of 3 - 5 years.

(18) **Impairment of non-financial assets**

- The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Each unit or

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

(19) Borrowings

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

(20) Notes and accounts payable

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

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

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

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Financial liabilities and equity instruments

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

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

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

(25) Derivative financial instruments

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

(26) Employee benefits

- A. Short-term employee benefits  
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.
- B. Pensions
  - a) Defined contribution plans  
For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

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

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

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

(27) Income tax

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

resolve to retain the earnings.

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

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

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

(28) Dividends

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

(29) Revenue recognition

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

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

(30) Business combinations

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

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

(31) Operating segments

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

5. Critical accounting judgements, estimates and key sources of assumption uncertainty

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

addressed below:

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

A. Financial assets - impairment of equity investments

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

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

B. Revenue recognition on a net/gross basis

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

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

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

(2) Critical accounting estimates and assumptions

Impairment assessment of goodwill

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

6. Details of significant accounts

(1) Cash and cash equivalents

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

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

B. The bank deposits and time deposits pledged as collateral and non-pledged time deposits that are not considered as cash equivalents have been transferred to 'other current assets' by the Group. Details are provided in Note 8.

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

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

Current items:

Financial liabilities held for trading	December 31, 2015	December 31, 2014
Derivatives	\$ 26,719	\$ 10,176

A. The Group recognised net gain (loss) of \$46,150 and (\$61,506) on financial assets and liabilities held for trading for the years ended December 31, 2015 and 2014, respectively.

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

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

Derivative instruments	December 31, 2015		December 31, 2014	
	Contract amount (notional principal)	Contract period	Contract amount (notional principal)	Contract period
Forward foreign exchange contracts				
- Sell	USD 14,000	2015.11.26~2016.02.05	USD 3,300	2014.12.01~2015.01.28
	EUR 600	2015.12.04~2016.02.16		
- Sell-SWAP	USD 15,340	2015.04.24~2016.06.21	USD 16,000	2014.11.04~2015.03.10
- Buy	USD 17,820	2015.11.20~2016.02.26	USD 13,354	2014.08.22~2015.03.24
- Buy	EUR 1,100	2015.12.17~2016.01.14	USD 500	2014.12.04~2015.01.14

Note: expressed in thousands.

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

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

Items	December 31, 2015	December 31, 2014
Listed stocks	\$ 36,952	\$ 18,282
Adjustment of available-for-sale financial assets	( 1,166 )	26,875

A. The Group recognised (\$40,465) and \$64,944 in other comprehensive income (loss) for fair value change of current and non-current available-for-sale financial assets and reclassified \$55,521 and \$79,309 from equity to profit or loss for the years ended December 31, 2015 and 2014, respectively.

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

(4) Notes receivable

	December 31, 2015	December 31, 2014
Notes receivable	\$ 6,511,976	\$ 3,288,163

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

(5) Accounts receivable

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

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

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

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

Group 2: Customers not belonging to Group 1.

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

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

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

	2015
	Group provision
At January 1	\$ 554,967
Provision for impairment	678,057
Write-offs during the year	( 64,464 )
Effects of foreign exchange	33,906
Others (Note)	( 383,549 )
At December 31	<u><b>\$ 818,817</b></u>

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

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

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

(6) Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

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

	December 31, 2015					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In Thousands)	Amount advanced	Interest rate of amount advanced	Pledged assets
Cathay United Bank	\$ 1,334,396	\$ 1,334,396	USD 47,500	\$ 1,334,396	1.32%-1.64%	Note 1
Mega International Commercial Bank	4,194,769	4,194,769	USD 5	650,000	1.10%-1.77%	Note 2
ANZ Bank	2,103,462	2,103,462	USD 160,000	2,103,462	1.53%-1.85%	Note 3
CTBC Bank	2,696,735	2,696,735	USD 28,000	2,416,745	1.05%-1.74%	Note 3
E. SUN Commercial Bank	2,391,241	2,391,241	USD 195,500	1,737,610	1.15%-1.53%	Note 4
Taipei Fubon Commercial Bank	1,817,823	1,817,823	USD 20,000	3,139,300	1,767,617	1.14%-1.30%
Industrial Bank of Taiwan	91,577	91,577	USD 5	244,432	69,613	1.20%
Yuanta Commercial Bank	1,025,276	1,025,276	USD 25,000	906,315	1.15%-1.35%	Note 7
				2,342,000		

	December 31, 2015				
Purchaser of accounts receivable transferred	Accounts receivable transferred	Amount derecognised	Facilities (In Thousands)	Amount advanced	Interest rate of amount advanced
The Hong Kong and Shanghai Banking	\$ 2,611,079	\$ 2,611,079	USD 168,000	\$ 2,595,747	1.02%
Ta Chong Bank	388,851	388,851	USD 12,700	30,503	1.45%-1.80%
Standard Chartered Bank	874,357	874,357	USD 71,130	233,922	1.26%-1.27%
Tai Shin International Bank	6,019,879	6,019,879	USD 8,500,000	2,006,826	1.35%-1.79%
Bank SinoPac	259,361	259,361	USD 17,500	110,379	1.05%-1.46%
Far Eastern International Bank	192,864	192,864	USD 22,000	115,972	1.25%-1.56%
Chang Hwa Bank	500,100	500,100	USD 43,300	251,047	1.35%-1.70%
DBS Bank	429,998	429,998	USD 62,000	208,236	1.15%-1.47%
Shih Kong Bank	20,011	20,011	USD 4,500	15,148	1.36%-1.61%
Taiwan Cooperative Bank	25,932	25,932	USD 3,000	23,339	1.12%-1.46%
Hang Seng Bank	983,212	983,212	USD 28,000	375,286	1.23%-1.43%
KGI Bank	46,539	46,539	USD 65,000	44,212	1.17%

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

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

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

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

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

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

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

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

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

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

	December 31, 2014				
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities (In Thousands)	Amount advanced	Interest rate of amount advanced
Cathay United Bank	\$ 798,330	\$ 798,330	USD 35,600	\$ 798,330	1.64%-2.48%
Mega International Commercial Bank	3,717,187	3,717,187	USD 520,000	3,695,046	1.09%-2.01%
CTBC Bank	1,642,507	1,642,507	USD 2,477,000	1,501,471	1.13%-1.96%
E. SUN Commercial Bank	1,910,735	1,910,735	USD 617,175	1,825,640	1.15%-1.45%
Taipei Fubon Commercial Bank	2,106,180	2,106,180	USD 4,680	2,018,554	1.04%-1.75%
Industrial Bank of Taiwan	51,491	51,491	USD 3,109,300	46,542	1.16%
Yuanta Commercial Bank	1,026,635	1,026,635	USD 2,502,000	1,012,236	1.15%-1.55%
The Hong Kong and Shanghai Banking	2,844,881	2,844,881	USD 133,600	2,681,681	0.96%
Ta Chong Bank	306,571	306,571	USD 5,400	274,619	1.57%-2.00%
				1,700,000	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) Inventories

December 31, 2015		
	Cost	Allowance for valuation
Inventories	\$ 48,262,790	(\$ 818,525)
Inventories in transit	2,850,772	-
	\$ 51,113,562	(\$ 818,525)
		\$ 50,295,037

December 31, 2014		
	Cost	Allowance for valuation
Inventories	\$ 46,582,934	(\$ 661,957)
Inventories in transit	1,452,529	-
	\$ 48,035,463	(\$ 661,957)
		\$ 47,373,506

The cost of inventories recognised as expense for the year:

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

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

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

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

A. There is no investment in available-for-sale financial asset attributed to debt instruments.

B. As of December 31, 2015 and 2014, the Group's available-for-sale financial assets serve as security for purchase guarantee. Please refer to Note 8.

C. The amounts recognised in other comprehensive income for fair value change of current and non-current available-for-sale financial assets for the years ended December 31, 2015 and 2014 are described in Note 6(3).

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

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

A. As of December 31, 2015 and 2014, no financial assets measured at cost held by the Group were pledged to others.

B. Based on the Group's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as these stocks are not traded in active market, and sufficient industry information of companies similar to the investee or the investee's financial information cannot be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets measured at cost'.

C. For details of impairment of financial assets measured as cost, please refer to Note 6(14).

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(10) Investments accounted for under the equity method

A. Details of investments:

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

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2015 and 2014, the carrying amount of the Group's individually immaterial associates amounted to \$550,054 and \$816,213, respectively.

Years ended December 31:

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

C. The Company's investment in Genuine C&C Inc. has quoted market price. The fair value of Genuine C&C Inc. as at December 31, 2014 was \$144,450.

D. The Group originally accounted Genuine C&C, Inc. and Genuine Trading (Hong Kong) Company Limited using equity method. The Company acquired partial stocks of Genuine C&C, Inc. on April 15, 2015, thus Genuine C&C, Inc. became the Group's consolidated entity after the Company acquired Genuine C&C Inc. Details are provided in Notes 4(3)B and 9.

E. For the information on impairment loss on investment accounted for using equity method, please refer to Note 6(14).

	Land	Buildings	Transportation equipment	Furniture and fixtures	Leaschold improvements	Others	Construction in progress and equipment to be tested	Total
At January 1, 2014	\$ 32,537,930	\$ 1,937,833	\$ 2,490	\$ 184,878	\$ 452,865	\$ 202,640	\$ 5,055,011	\$ 39,520,654
Opening net book amount	\$ 32,537,930	\$ 2,393,148	\$ 12,707	\$ 444,461	\$ 10,217	\$ 27,610	\$ 92,771	\$ 39,520,654
Additions	5,669	3,326	30,388	26,712	257,351	20,977	4,601	27,509
Disposals	( 110,130 )	( 27,509 )	-	( 4,253 )	-	( 7,988 )	( 73 )	( 149,853 )
Transfer	( 134,338 )	( 19,410 )	-	( 11 )	-	( 11 )	-	( 153,688 )
Depreciation charge	( 1,582 )	( 61,545 )	( 1,373 )	( 75,578 )	( 49,836 )	( 27,776 )	-	( 216,310 )
Effect due to changes in exchange rates	( 3,809 )	( 55,340 )	( 123 )	( 3,832 )	( 9,930 )	( 1,683 )	( 192 )	( 43,992 )
Closing net book amount	<u>\$ 32,289,641</u>	<u>\$ 1,920,378</u>	<u>\$ 4,364</u>	<u>\$ 139,485</u>	<u>\$ 248,476</u>	<u>\$ 54,779</u>	<u>\$ 4,727</u>	<u>\$ 4,671,850</u>
At December 31, 2014	\$ 32,291,223	\$ 2,337,938	\$ 15,076	\$ 449,008	\$ 469,588	\$ 169,399	\$ 4,727	\$ 37,736,059
Opening net book amount	\$ 32,291,223	\$ 2,337,938	( 10,712 )	( 399,523 )	( 221,112 )	( 114,520 )	-	( 1,051,863 )
Additions	( 305,806 )	( 10,764 )	-	-	-	-	-	( 12,266 )
Disposals	( 1,382 )	( 10,764 )	-	-	-	-	-	( 12,266 )
Transfer	-	-	-	-	-	-	-	-
Depreciation charge	( 1,382 )	( 10,764 )	( 4,364 )	( 139,485 )	( 248,476 )	( 54,779 )	( 4,727 )	( 4,671,850 )
Effect due to changes in exchange rates	( 3,809 )	( 55,340 )	( 123 )	( 3,832 )	( 9,930 )	( 1,683 )	( 192 )	( 43,992 )
Closing net book amount	<u>\$ 32,289,641</u>	<u>\$ 1,920,378</u>	<u>\$ 4,364</u>	<u>\$ 139,485</u>	<u>\$ 248,476</u>	<u>\$ 54,779</u>	<u>\$ 4,727</u>	<u>\$ 4,671,850</u>

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

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	Construction in progress and equipment to be tested	Total
At January 1, 2015	\$ 5,045,341	\$ 5,045,341
Cost	79,911	79,911
Accumulated depreciation	( 966,583 )	( 966,583 )
	<u>\$ 5,055,011</u>	<u>\$ 5,055,011</u>
At December 31, 2015	\$ 5,716,059	\$ 5,716,059
Cost	127,322	127,322
Accumulated depreciation	( 1,051,863 )	( 1,051,863 )
	<u>\$ 5,716,059</u>	<u>\$ 5,716,059</u>

(11) Property, plant and equipment

At January 1, 2015

	Land	Buildings	Total
At January 1, 2015	\$ 349,968	\$ 898,656	\$ 1,248,624
Cost	79,911	99,999	99,999
Accumulated depreciation	( 99,999 )	( 99,999 )	( 99,999 )

Year ended December 31, 2015

	Land	Buildings	Total
At January 1, 2015	\$ 349,968	\$ 898,656	\$ 1,248,624
Cost	79,911	99,999	99,999
Accumulated depreciation	( 99,999 )	( 99,999 )	( 99,999 )
	<u>\$ 349,968</u>	<u>\$ 798,657</u>	<u>\$ 1,148,625</u>

At December 31, 2015

	Land	Buildings	Total
At December 31, 2015	\$ 344,833	\$ 919,470	\$ 1,264,303
Cost	79,776	122,694	122,694
Accumulated depreciation	( 122,694 )	( 122,694 )	( 122,694 )
	<u>\$ 344,833</u>	<u>\$ 798,657</u>	<u>\$ 1,141,609</u>

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

Note 2: Property, plant and equipment amounting to \$408 for the year ended December 31, 2014 was transferred to investment property. Please refer to Note 6(11).

Note 3: Property, plant and equipment amounting to \$408 for the year ended December 31, 2013 was transferred to investment property. Please refer to Note 6(11).

Note 4: Property, plant and equipment amounting to \$408 for the year ended December 31, 2012 was transferred to investment property. Please refer to Note 6(11).

Note 5: Property, plant and equipment amounting to \$408 for the year ended December 31, 2011 was transferred to investment property. Please refer to Note 6(11).

Note 6: Property, plant and equipment amounting to \$408 for the year ended December 31, 2010 was transferred to investment property. Please refer to Note 6(11).

Note 7: Property, plant and equipment amounting to \$408 for the year ended December 31, 2009 was transferred to investment property. Please refer to Note 6(11).

Note 8: Property, plant and equipment amounting to \$408 for the year ended December 31, 2008 was transferred to investment property. Please refer to Note 6(11).

Note 9: Property, plant and equipment amounting to \$408 for the year ended December 31, 2007 was transferred to investment property. Please refer to Note 6(11).

Note 10: Property, plant and equipment amounting to \$408 for the year ended December 31, 2006 was transferred to investment property. Please refer to Note 6(11).

Note 11: Property, plant and equipment amounting to \$408 for the year ended December 31, 2005 was transferred to investment property. Please refer to Note 6(11).

Note 12: Property, plant and equipment amounting to \$408 for the year ended December 31, 2004 was transferred to investment property. Please refer to Note 6(11).

Note 13: Property, plant and equipment amounting to \$408 for the year ended December 31, 2003 was transferred to investment property. Please refer to Note 6(11).

Note 14: Property, plant and equipment amounting to \$408 for the year ended December 31, 2002 was transferred to investment property. Please refer to Note 6(11).

Note 15: Property, plant and equipment amounting to \$408 for the year ended December 31, 2001 was transferred to investment property. Please refer to Note 6(11).

Note 16: Property, plant and equipment amounting to \$408 for the year ended December 31, 2000 was transferred to investment property. Please refer to Note 6(11).

Note 17: Property, plant and equipment amounting to \$408 for the year ended December 31, 1999 was transferred to investment property. Please refer to Note 6(11).

Note 18: Property, plant and equipment amounting to \$408 for the year ended December 31, 1998 was transferred to investment property. Please refer to Note 6(11).

Note 19: Property, plant and equipment amounting to \$408 for the year ended December 31, 1997 was transferred to investment property. Please refer to Note 6(11).

Note 20: Property, plant and equipment amounting to \$408 for the year ended December 31, 1996 was transferred to investment property. Please refer to Note 6(11).

Note 21: Property, plant and equipment amounting to \$408 for the year ended December 31, 1995 was transferred to investment property. Please refer to Note 6(11).

Note 22: Property, plant and equipment amounting to \$408 for the year ended December 31, 1994 was transferred to investment property. Please refer to Note 6(11).

Note 23: Property, plant and equipment amounting to \$408 for the year ended December 31, 1993 was transferred to investment property. Please refer to Note 6(11).

Note 24: Property, plant and equipment amounting to \$408 for the year ended December 31, 1992 was transferred to investment property. Please refer to Note 6(11).

Note 25: Property, plant and equipment amounting to \$408 for the year ended December 31, 1991 was transferred to investment property. Please refer to Note 6(11).

Note 26: Property, plant and equipment amounting to \$408 for the year ended December 31, 1990 was transferred to investment property. Please refer to Note 6(11).

Note 27: Property, plant and equipment amounting to \$408 for the year ended December 31, 1989 was transferred to investment property. Please refer to Note 6(11).

Note 28: Property, plant and equipment amounting to \$408 for the year ended December 31, 1988 was transferred to investment property. Please refer to Note 6(11).

Note 29: Property, plant and equipment amounting to \$408 for the year ended December 31, 1987 was transferred to investment property. Please refer to Note 6(11).

Note 30: Property, plant and equipment amounting to \$408 for the year ended December 31, 1986 was transferred to investment property. Please refer to Note 6(11).

Note 31: Property, plant and equipment amounting to \$408 for the year ended December 31, 1985 was transferred to investment property. Please refer to Note 6(11).

Note 32: Property, plant and equipment amounting to \$408 for the year ended December 31, 1984 was transferred to investment property. Please refer to Note 6(11).

Note 33: Property, plant and equipment amounting to \$408 for the year ended December 31, 1983 was transferred to investment property. Please refer to Note 6(11).

Note 34: Property, plant and equipment amounting to \$408 for the year ended December 31, 1982 was transferred to investment property. Please refer to Note 6(11).

Note 35: Property, plant and equipment amounting to \$408 for the year ended December 31, 1981 was transferred to investment property. Please refer to Note 6(11).

Note 36: Property, plant and equipment amounting to \$408 for the year ended December 31, 1980 was transferred to investment property. Please refer to Note 6(11).

Note 37: Property, plant and equipment amounting to \$408 for the year ended December 31, 1979 was transferred to investment property. Please refer to Note 6(11).

Note 38: Property, plant and equipment amounting to \$408 for the year ended December 31, 1978 was transferred to investment property. Please refer to Note 6(11).

Note 39: Property, plant and equipment amounting to \$408 for the year ended December 31, 1977 was transferred to investment property. Please refer to Note 6(11).

Note 40: Property, plant and equipment amounting to \$408 for the year ended December 31, 1976 was transferred to investment property. Please refer to Note 6(11).

Note 41: Property, plant and equipment amounting to \$408 for the year ended December 31, 1975 was transferred to investment property. Please refer to Note 6(11).

Note 42: Property, plant and equipment amounting to \$408 for the year ended December 31, 1974 was transferred to investment property. Please refer to Note 6(11).

Note 43: Property, plant and equipment amounting to \$408 for the year ended December 31, 1973 was transferred to investment property. Please refer to Note 6(11).

Note 44: Property, plant and equipment amounting to \$408 for the year ended December 31, 1972 was transferred to investment property. Please refer to Note 6(11).

Note 45: Property, plant and equipment amounting to \$408 for the year ended December 31, 1971 was transferred to investment property. Please refer to Note 6(11).

Note 46: Property, plant and equipment amounting to \$408 for the year ended December 31, 1970 was transferred to investment property. Please refer to Note 6(11).

Note 47: Property, plant and equipment amounting to \$408 for the year ended December 31, 1969 was transferred to investment property. Please refer to Note 6(11).

Note 48: Property, plant and equipment amounting to \$408 for the year ended December 31, 1968 was transferred to investment property. Please refer to Note 6(11).

Note 49: Property, plant and equipment amounting to \$408 for the year ended December 31, 1967 was transferred to investment property. Please refer to Note 6(11).

Note 50: Property, plant and equipment amounting to \$408 for the year ended December 31, 1966 was transferred to investment property. Please refer to Note 6(11).

Note 51: Property, plant and equipment amounting to \$408 for the year ended December 31, 1965 was transferred to investment property. Please refer to Note 6(11).

Note 52: Property, plant and equipment amounting to \$408 for the year ended December 31, 1964 was transferred to investment property. Please refer to Note 6(11).

Note 53: Property, plant and equipment amounting to \$408 for the year ended December 31, 1963 was transferred to investment property. Please refer to Note 6(11).

Note 54: Property, plant and equipment amounting to \$408 for the year ended December 31, 1962 was transferred to investment property. Please refer to Note 6(11).

Note 55: Property, plant and equipment amounting to \$408 for the year ended December 31, 1961 was transferred to investment property. Please refer to Note 6(11).

Note 56: Property, plant and equipment amounting to \$408 for the year ended December 31, 1960 was transferred to investment property. Please refer to Note 6(11).

Note 57: Property, plant and equipment amounting to \$408 for the year ended December 31, 1959 was transferred to investment property. Please refer to Note 6(11).

Note 58: Property, plant and equipment amounting to \$408 for the year ended December 31, 1958 was transferred to investment property. Please refer to Note 6(11).

Note 59: Property, plant and equipment amounting to \$408 for the year ended December 31, 1957 was transferred to investment property. Please refer to Note 6(11).

Note 60: Property, plant and equipment amounting to \$408 for the year ended December 31, 1956 was transferred to investment property. Please refer to Note 6(11).

Note 61: Property, plant and equipment amounting to \$408 for the year ended December 31, 1955 was transferred to investment property. Please refer to Note 6(11).

Note 62: Property, plant and equipment amounting to \$408 for the year ended December 31, 1954 was transferred to investment property. Please refer to Note 6(11).

Note 63: Property, plant and equipment amounting to \$408 for the year ended December 31, 1953 was transferred to investment property. Please refer to Note 6(11).

Note 64: Property, plant and equipment amounting to \$408 for the year ended December

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

B. The fair value of the investment property held by the Group as at December 31, 2015 and 2014 was \$1,547,280 and \$1,694,104, respectively. The fair value as of December 31, 2015 and 2014 was based on independent appraisers' valuation, which is made using comparative method and income approach. Comparison method is to compare the valuation target with similar property which is traded around the valuation period. Valuations were made using the income approach with key assumptions as follows:

December 31, 2015      December 31, 2014

Discount rate	2%-2.5%	2%-2.5%
Growth rate	1%	1%
Gross margin	2.7%	2.7%

C. There is no impairment loss on investment property.

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

**(13) Intangible assets**

	Operating right	Software	Goodwill	Others	Total
At January 1, 2015	\$ 414,356	\$ 216,639	\$ 5,624,802	\$ 67,381	\$ 6,323,178
Cost					
Accumulated amortisation and impairment	( 287,321 )	( 162,001 )	( 71,010 )	( 46,283 )	( 566,621 )
	\$ 127,035	\$ 54,638	\$ 5,553,792	\$ 21,092	\$ 5,756,557
Year ended December 31, 2015					
Opening net book amount	\$ 127,035	\$ 54,638	\$ 5,553,792	\$ 21,092	\$ 5,756,557
Additions-acquired separately	-	18,183	-	-	18,183
Additions-acquired from business combinations	-	3,171	53,657	-	56,828
Reclassification	-	289	-	-	289
Amortisation charge	( 40,668 )	( 42,377 )	-	( 11,244 )	( 94,289 )
Others	( 80,567 )	-	-	-	( 80,567 )
Effect due to changes in exchange rates	1,425	802	10,069	1,857	14,153
Closing net book amount	\$ 7,225	\$ 34,706	\$ 5,617,518	\$ 11,705	\$ 5,671,154
At December 31, 2015					
Cost	\$ 356,692	\$ 197,776	\$ 5,691,164	\$ 70,730	\$ 6,316,362
Accumulated amortisation and impairment	( 349,467 )	( 163,070 )	( 73,646 )	( 59,025 )	( 645,208 )
	\$ 7,225	\$ 34,706	\$ 5,617,518	\$ 11,705	\$ 5,671,154

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

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

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

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

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

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

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

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

	Operating right	Software	Goodwill	Others	Total
At January 1, 2014	\$ 399,383	\$ 199,071	\$ 5,607,154	\$ 65,245	\$ 6,270,853
Cost					
Accumulated amortisation and impairment	( 184,502 )	( 141,205 )	( 56,452 )	( 35,804 )	( 427,973 )
	\$ 214,881	\$ 57,866	\$ 5,540,692	\$ 29,441	\$ 5,842,880

	Operating right	Software	Goodwill	Others	Total
Year ended December 31, 2014	\$ 214,881	\$ 57,866	\$ 5,540,692	\$ 29,441	\$ 5,842,880
Opening net book amount	\$ 214,881	\$ 57,866	\$ 5,540,692	\$ 29,441	\$ 5,842,880
Additions-acquired separately	-	21,567	-	-	21,567
Disposal	-	( 3,448 )	-	-	( 3,448 )
Amortisation charge	( 97,014 )	( 22,728 )	-	( 19,568 )	( 139,310 )
Effect due to changes in exchange rates	9,168	1,381	13,100	11,219	34,868
Closing net book amount	\$ 127,055	\$ 54,638	\$ 5,553,792	\$ 21,092	\$ 5,756,557

The details of amortisation charge are as follows:

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

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

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

	December 31, 2015	December 31, 2014
Yosun subgroup	\$ 4,714,529	\$ 4,708,092
Acco subgroup	472,290	472,290
Others	430,699	373,410
	\$ 5,617,518	\$ 5,553,792

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

Goodwill was not impaired as the recoverable amount calculated using the value-in-use exceeded the carrying amount. The key assumptions used for value-in-use calculations are gross margin, growth rate and discount rate.

Management determined budgeted gross margin based on past performance and its expectations of market development. The assumptions used for weighted average

**(16) Short-term borrowings**

Type of borrowings	December 31, 2015	December 31, 2014
Loans for overseas purchases	\$ 30,297,718	\$ 26,912,864
Short-term loans	24,277,634	18,281,126
	\$ 54,575,352	\$ 45,193,990

Annual interest rates

0.85%-4.85%	0.758-3.22%
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For information on pledged assets, please refer to Note 8.

**(17) Short-term commercial papers payable**

	December 31, 2015	December 31, 2014
Commercial papers payable	\$ 3,710,000	\$ 4,090,000
Less: Unamortised discount	( 1,803 )	( 2,234 )
	\$ 3,708,197	\$ 4,087,766

The commercial papers payable are guaranteed by financial institutions.

**(18) Bonds payable**

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

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

- The terms of the first domestic unsecured convertible bonds issued by the Company are as follows:  
The Company issued \$6,000,000, 0% first domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 25, 2014 ~ July 25, 2017) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taiwan Over-The-Counter Securities Exchange on July 25, 2014.
- The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- The conversion price (\$42.8 (in dollars) per share) of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. As of December 31, 2015, the conversion price was \$37.7.
- Under the terms of the bonds, all bonds redeemed (including bonds repurchased from

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

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

(19) Long-term borrowings

Type of borrowings	Borrowing period / repayment term	December 31, 2015	December 31, 2014
Secured bank borrowings (Note 1 and Note 2)	2012.01.02-2027.01.02	\$ 589,852	\$ 595,483
Unsecured bank borrowings (Note 3- Note 8)	2014.01.10-2018.11.09	12,858,025 13,447,927	11,084,848 11,680,331
Less : current portion of long-term borrowings (shown as other current liabilities)		( 1,321,268 )	( 3,374,713 )
		\$ 12,126,659	\$ 8,305,618
Interest rate range		1.23%-1.79%	1.20%-1.79%

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

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

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

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

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

2,191,000.

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

- (a) Contract term: Within three years from the first drawdown (January 10, 2014)
- (b) Facility and drawdown: The facility is \$1,800,000 and the first drawdown of the loan must be within six months from the contract signing date and the amount of drawdown must be no less than \$30,000 or USD1 million, and the amount must be in multiples of \$10,000 (not applied to USD drawbacks). If the amount of drawdown was in New Taiwan Dollars, the repayment period could be between 60 days and 180 days or other periods agreed by the bank; if the amount of drawdown was in US Dollars, the repayment could be between two months and six months or other periods agreed by the bank. If the amount drawn is less than 50% of the facility amount for the nine months after the first drawdown, the financial commitment fee is calculated at 0.15% per annum with the undrawn amount.

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

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

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

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

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

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

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

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

decide to take the following actions:

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

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

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

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

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

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

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

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

#### (20) Pensions

##### A. Defined benefit plans

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension

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

Year ended	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
December 31, 2015			
Balance at January 1	\$ 691,834	(\$ 324,396)	\$ 367,438
Current service cost	9,228	-	9,228
Interest expense (income)	15,453	( 7,230)	8,223
	716,313	( 331,626)	384,889
Re-measurements:			
Return on plan assets	-	( 2,572)	( 2,572)
Change in financial assumptions	29,001	-	29,001
Experience adjustments	140,275	-	140,275
	169,276	( 2,572)	166,704
Paid pension	( 36,059)	36,059	-
Pension fund contribution	-	( 18,084)	( 18,084)
Effect of business combination	81,358	( 37,092)	44,266
	45,293	( 19,117)	26,182
Balance at December 31	\$ 931,090	( \$ 353,315)	\$ 577,775

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

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

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

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

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

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

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

	Year ended December 31	
	2015	2014
Discount rate	1.70%	2.00%
Future salary increases	2.00%-4.00%	0.00%-4.00%
Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience by 5th Taiwan Standard Ordinary Experience Mortality Table.		
Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:		
	Discount rate	Future salary increases
	Increase 1%	Decrease 1%
December 31, 2015		
Effect on present value of defined benefit obligation	(\$ 91,793)	\$ 107,633
December 31, 2014		
Effect on present value of defined benefit obligation	(\$ 71,393)	\$ 83,885

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are \$16,358.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 12-18 years.

**B. Defined contribution plans**

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

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

(c) The pension costs of the Group under the defined contribution pension plans for the years ended December 31, 2015 and 2014 were \$351,662 and \$354,816, respectively.

**(21) Share capital**

A. As of December 31, 2015, the Company's authorized capital was \$20,000,000 (including \$500,000 for stock options, convertible preferred stock and convertible bonds), and the paid-in capital was \$16,557,092 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

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

**B. Treasury stock**

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

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treasury shares are as follows:

December 31, 2015

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

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

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

**(22) Capital surplus**

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

B. Details of capital surplus – stock warrants are provided in Note 6 (18).

**(23) Retained earnings**

A. Under the Company's original Articles of Incorporation, the current year's earnings, if any, shall be used to set aside as legal reserve, and set aside as special reserve in accordance with Article 41 of Securities and Exchange Act. The remainder, if any, to be appropriated shall be proposed by the Board of Directors and resolved by the shareholders in the following order:

a) Directors' and supervisors' remuneration: up to 3% of the earnings;

b) 0.01%~5% of the earnings is appropriated as employees' bonuses; and

c) The remaining earnings may be declared as dividends. At least 20% of the total dividends shall be in the form of cash dividends.

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

B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings.

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When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of earnings for 2014 and 2013 had been resolved at the stockholders' meeting on June 24, 2015 and June 18, 2014, respectively. Details are summarized below:

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

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

E. As of March 29, 2016, the appropriation of earnings for the year ended December 31, 2015 has not yet been proposed by the Board of Directors and resolved by the shareholders.

F. For the information relating to employees' bonuses (compensation) and directors' and supervisors' remuneration, please refer to Note 6(30).

**(24) Other equity items**

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

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

**(25) Operating revenue**

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

**(26) Other income**

	Years ended December 31	
	2015	2014
Rental revenue	\$ 50,351	\$ 44,331
Dividend income	48,036	18,315
Interest income	34,576	26,515
Other income	141,812	131,089
	<u>\$ 274,780</u>	<u>\$ 220,250</u>

**(27) Other gains and losses**

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

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(28) Finance costs

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

(29) Additional information of expenses by nature

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

(30) Employee benefit expense

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

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

- (a) No more than 3% as remuneration to directors and supervisors.
- (b) 0.01%-5% as employees' bonus.
- (c) The remaining is distributed as bonus to shareholders based on shareholding ratio.

Total cash dividends shall not be less than 20% of total bonus distributed to shareholders, if any.

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

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

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

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

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

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

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

(31) Income taxA. Income tax expense

## a) Components of income tax expense:

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

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

	Year ended December 31, 2015				
	Recognised in profit or loss	Recognised in other comprehensive income	Effect from adjustments in net assets	December 31	
<b>- Deferred tax assets:</b>					
<b>Temporary differences</b>					
Unrealised allowance for inventory obsolescence	\$ 23,131	\$ 2,783	\$ 5	\$ 25,914	
Unrealised sales discount	91,337	( 26,393)	-	64,944	
Bad debts expense	33,783	( 4,829)	-	30,920	
Unrealised expense	65,013	( 41,999)	-	23,054	
Investment loss	82,582	( 80,297)	-	9,927	
Pensions	47,155	10,071	28,235	92,608	
Others	32,363	39,818	-	1,941	74,122
Loss carryforward	130,790	( 112,244)	-	4,985	13,531
	<b>496,155</b>	<b>( 213,050)</b>	<b>28,235</b>	<b>23,080</b>	<b>335,020</b>
<b>- Deferred tax liabilities:</b>					
<b>Temporary differences</b>					
Investment income	( 301,921)	( 21,220)	-	-	( 323,141)
Reserve for building increment	( 23,905)	-	-	( 23,905)	
Land revaluation increment tax	( 30,156)	-	-	( 30,156)	
Pensions	( 21,181)	9,452	105	-	( 11,624)
Cumulative translation adjustments	( 21,019)	( 202)	( 12,285)	( 1,265)	( 34,771)
Others	( 35,249)	17,611	-	( 323)	( 18,461)
	<b>( 433,431)</b>	<b>5,641</b>	<b>( 12,180)</b>	<b>( 2,085)</b>	<b>( 442,058)</b>
	<b>\$ 52,724</b>	<b>\$ ( 207,409)</b>	<b>\$ 16,055</b>	<b>\$ 21,592</b>	<b>\$ ( 107,038)</b>

	Year ended December 31, 2014				
	Recognised in profit or loss	Recognised in other comprehensive income	Effect from adjustments in net assets	December 31	
<b>- Deferred tax assets:</b>					
<b>Temporary differences</b>					
Unrealised allowance for inventory obsolescence	\$ 40,614	\$ 17,483	\$ 5	\$ 23,131	
Unrealised sales discount	32,737	58,600	-	91,337	
Bad debts expense	33,480	303	-	33,783	
Unrealised expense	55,580	8,433	-	65,013	
Investment loss	64,040	18,542	-	82,582	
Pensions	47,653	31	( 538)	-	47,156
Cumulative translation adjustments	11,877	( 3,184)	( 8,693)	-	
Others	14,824	17,539	-	-	32,363
Loss carryforward	11,835	108,255	-	-	120,790
	<b>313,650</b>	<b>191,736</b>	<b>( 9,231)</b>	<b>-</b>	<b>496,155</b>

Year ended December 31, 2014				
	Recognised in profit or loss	Recognised in other comprehensive income	Effect from adjustments in entities	December 31
January 1				
- Deferred tax liabilities:				
Temporary differences				
Investment income	( 273,295)	( 28,625)	-	( 301,921)
Reserve for building increment	( 23,993)	94	-	( 23,905)
Land revaluation increment tax	( 32,491)	2,335	-	( 30,156)
Pensions	( 15,677)	( 1,103)	( 4,401)	( 21,181)
Cumulative translation adjustments	-	( 509)	( 20,510)	( 21,019)
Others	( 11,402)	( 23,847)	-	( 35,249)
	( 356,865)	( 51,655)	( 24,911)	( 433,431)
	<u>( \$ 43,215)</u>	<u>\$ 140,081</u>	<u>\$ 34,142</u>	<u>\$ 62,724</u>

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

	December 31, 2015	December 31, 2014
Deductible temporary differences	\$ 82,819	\$ 637,576
Loss carryforward	\$ 2,164,761	\$ 1,288,345

The deductible temporary differences belong to overseas subsidiaries that cannot be realised as deferred tax assets in the near future.

E. The Company's income tax returns through 2010 have been assessed and approved by the Tax Authority.

F. Unappropriated retained earnings:

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

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

H. Creditable ratio of appropriated retained earnings:

	2015 (Estimated)	2014 (Actual)
Creditable ratio	11.2%	12.3%

(32) Earnings per share

Year ended December 31, 2015		
Basic earnings per share	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Profit attributable to ordinary shareholders of the parent	\$ 5,420,469	1,655,681
Diluted earnings per share	\$ 5,420,469	1,655,681
Profit attributable to ordinary shareholders of the parent	\$ 5,420,469	1,655,681
Assumed conversion of all dilutive potential ordinary shares		
Convertible bonds	78,944	152,524
Employees' compensation		1,003
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,499,413	1,809,308
		\$ 3.04

Year ended December 31, 2014

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

(33) Business combinations

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

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

B. On July 20, 2015, the Group acquired 55% of the share capital of Peng Yu (Shanghai) Digital Technology Co., Ltd. (Peng Yu) for \$41,536 (approximately US\$1,334 thousand).

C. The following table summarises the consideration paid for Genuine C&C and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	April 15, 2015
Purchase consideration - cash	\$ 510,041
Fair value of equity interest in Genuine C&C Inc. held before the business combination	188,628
Fair value of the non-controlling interest	486,396
	<u>1,153,065</u>

Fair value of identifiable assets and assumed liabilities

Cash	453,641
Notes and accounts receivable	898,620
Inventory	810,653
Other current assets	200,185
Property, plant and equipment	20,920
Intangible assets (excluding goodwill)	3,170
Goodwill	1,637
Deferred tax assets	23,681
Other non-current assets	34,592
Bank borrowings	( 238,269)
Notes and accounts payable	( 869,676)
Other current liabilities	( 158,573)
Deferred tax liabilities	( 2,088)
Other non-current liabilities	( 45,448)
Total identifiable net assets	<u>1,133,045</u>
Goodwill	<u>\$ 52,020</u>

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

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

July 20, 2015

Fair value of the identifiable assets acquired and liabilities assumed	July 20, 2015
Cash	\$ 46,637
Other receivables	29,412
Refundable deposits	19,489
Other payables	( 19,765)
	<u>\$ 75,473</u>

E. The Group recognised a gain of \$14,483 as a result of measuring at fair value its 16.29% equity interest in Genuine C&C Inc. held before the business combination.

F. The operating revenue included in the consolidated statement of comprehensive income since April 15, 2015 contributed by Genuine C&C Inc. and since July 20, 2015 contributed by Peng Yu (Shanghai) Digital Technology Co., Ltd. (Peng Yu) was \$8,764,446. Genuine C&C and Peng Yu also contributed profit before income tax of \$30,289 over the same period. Had Genuine C&C and Peng Yu been consolidated from January 1, 2014, the consolidated statement of comprehensive income and profit before income tax would be as follows:

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

(34) Supplemental cash flow information

A. Partial payment of cash from investing activities

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

B. Fair value information relating to acquisition of subsidiary:

December 31, 2015
Cash and bank deposit
Other current assets
Property, plant and equipment
Intangible assets and other assets
Other current liabilities
Other non-current liabilities

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

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

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

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Significant transactions and balances with related parties

A. Sales of goods

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

The terms and sales prices with its other related parties were negotiated in consideration of different factors including product, cost, market, competition and other conditions. The collection period was 90 days. Terms and sales prices with associates are in accordance with normal selling prices and terms of collection. Furthermore, as the associate, Genuine C&C Inc., became a consolidated entity of the Group starting from April 15, 2015, sales to Genuine C&C Inc. are disclosed until that date.

B. Purchases of goods

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

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

C. Receivables from related parties

	December 31, 2015	December 31, 2014
Accounts receivable		
Others	\$ 297,338	\$ 247,708
Associates	21,720	21,833
	\$ 319,058	\$ 269,541

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

D. Other receivables

	December 31, 2015	December 31, 2014
Other receivables:		
Associates	\$ 95,876	\$ 169,419
The above pertain mainly to advance payments.		

E. Payables to related parties

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

The payables to related parties arise mainly from purchases of goods. The payables are due 30 to 90 days after the date of purchase. The payables are unsecured in nature and bear no interest.

F. Others

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

(3) Key management compensation

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

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8. PLEDGED ASSETS

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

Note 1: The Company held 100% of shares of WPG Investment Co., Ltd., in which 8,999 thousand shares have been pledged for purchases as of December 31, 2015 and 2014.

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

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

December 31, 2015

Property, plant and equipment and intangible assets

\$ 18,891

B. Operating lease commitments and building management fee agreements

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

December 31, 2015

Not later than one year

\$ 475,455

Later than one year but not later than five years

1,075,573

Later than five years

136,197

\$ 1,687,225

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

December 31, 2015

\$ 852,378

USD 51,477,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Fair value information of financial instruments

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

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

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

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

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

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

B. Financial risk management policies

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

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

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

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

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

	December 31, 2015			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
<b>Foreign currency: functional currency</b>				
<b>Financial assets</b>				
<b>Monetary items</b>				
USD : TWD	\$ 801,075	32.83	\$ 26,295,292	
USD : RMB	16,589	6.57	544,544	
USD : HKD	36,138	7.75	1,186,224	
USD : KRW	12,131	1,167.94	398,210	
USD : JPY	21,340	120.37	700,477	
USD : MYR	8,274	4.30	271,588	
RMB : USD	559,155	0.15	2,792,977	
HKD : USD	146,515	0.13	620,492	
<b>Non-monetary items</b>				
USD : TWD	339,296	32.83	11,137,405	
RMB : USD	380,040	0.15	1,898,301	
JPY : USD	880,289	0.01	240,055	
INR : USD	632,449	0.02	312,888	
KRW : TWD	12,039,892	0.03	338,381	
HKD : USD	296,861	7.75	1,257,207	
<b>Financial liabilities</b>				
<b>Monetary items</b>				
USD : TWD	780,580	32.83	25,622,531	
USD : RMB	86,387	6.57	2,835,647	
USD : KRW	23,181	1,167.94	760,911	
USD : JPY	20,870	120.37	685,052	
USD : MYR	7,899	4.30	259,272	
USD : INR	8,875	66.35	291,316	
HKD : USD	68,822	0.13	291,461	
RMB : USD	90,307	0.15	452,083	
SGD : USD	6,498	0.71	151,081	

	December 31, 2014			
	Foreign Currency Amount (In Thousands)	Exchange rate	Book Value (NTD)	
<b>Foreign currency: functional currency</b>				
<b>Financial assets</b>				
<b>Monetary items</b>				
USD : TWD	\$ 915,675	31.65	\$ 28,981,127	
USD : HKD	35,646	7.76	1,128,206	
USD : KRW	15,020	1,082.98	475,389	
USD : JPY	29,540	119.61	934,931	
USD : MYR	6,220	3.50	196,858	
RMB : USD	398,566	0.16	2,029,497	
HKD : USD	39,132	0.13	159,659	
<b>Non-monetary items</b>				
USD : TWD	309,463	31.65	9,794,490	
RMB : USD	275,979	0.16	1,405,283	
JPY : USD	563,329	0.01	149,057	
INR : USD	639,296	0.02	320,433	
KRW : TWD	10,522,645	0.03	307,524	
HKD : USD	282,179	0.13	1,151,292	
<b>Financial liabilities</b>				
<b>Monetary items</b>				
USD : TWD	861,293	31.65	\$ 27,259,915	
USD : RMB	59,230	6.22	1,874,633	
USD : KRW	16,306	1,082.98	516,097	
USD : JPY	30,504	119.61	965,441	
USD : INR	6,694	63.15	211,881	
USD : MYR	5,379	3.50	170,234	
RMB : USD	110,565	0.16	562,996	
SGD : USD	6,100	0.76	146,030	
v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014 amounted \$26,504 and \$124,221, respectively.				

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

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

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

**Price risk**

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by \$326 and \$138, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$3,711 and \$4,626 as a result of gains/losses on equity securities classified as available-for-sale, respectively.

**Interest rate risk**

- The Group's interest rate risk arises from short-term and long-term borrowings (including long-term liabilities due within a year), short-term notes payable and bonds payable. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings were mainly in fixed rate instruments. During the years ended December 31, 2015 and 2014, the Group's borrowings at variable rate were mainly denominated in the NTD and USD.
- At December 31, 2015 and 2014, if interest rates on borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have been \$115,607 and \$88,280 lower/higher, respectively, mainly as a result of higher / lower interest expense on floating rate borrowings.

b) Credit risk

- Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only rated parties with good ratings are accepted.
- No credit limits were exceeded during the years ended December 31, 2015 and 2014, and management does not expect any significant losses from non-performance by these counterparties.
- The credit quality information of financial assets that are neither past due nor impaired is provided in Note 6(5)A. and Note 7(2)C.
- The ageing analysis of financial assets that were past due is provided in Note 6(5)B.
- The individual analysis of financial assets that had been impaired is provided in Note 6(5)C. and Note 6(15).

c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Group. Each

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

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

**Non-derivative financial liabilities:**

December 31, 2015	Between 1 and 2 years				Between 2 and 5 years		Over 5 years	
	Less than 1 year	and 2 years	and 5 years	Over 5 years	Less than 1 year	and 2 years	and 5 years	Over 5 years
Short-term loans	\$ 54,667,489	\$ -	\$ -	\$ -	-	-	-	-
Short-term notes payable		3,710,000	-	-	-	-	-	-
<b>Financial liabilities</b>								
measured at fair value through profit or loss	26,719	-	-	-	-	-	-	-
Notes payable	727,694	-	-	-	-	-	-	-
Accounts payable	44,513,040	-	-	-	-	-	-	-
Accounts payable - related parties	2,121	-	-	-	-	-	-	-
Other payables	5,055,168	-	-	-	-	-	-	-
Bonds payable	-	6,000,000	-	-	-	-	-	-
Long-term loans (including current portion)	1,533,143	7,768,167	4,287,932	324,499	-	-	-	-

<u>December 31, 2014</u>				
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term loans	\$ 45,596,304	\$ -	\$ -	\$ -
Short-term notes payable	4,090,000	-	-	-
Financial liabilities measured at fair value through profit or loss	10,176	-	-	-
Notes payable	438,529	-	-	-
Accounts payable	40,710,731	-	-	-
Accounts payable - related parties	2,058	-	-	-
Other payables	4,927,500	-	-	-
Bonds payable	-	-	6,000,000	-
Long-term loans (including current portion)	3,507,054	3,661,753	4,413,974	386,477

**Derivative financial liabilities:**

As of December 31, 2015 and 2014, derivative financial liabilities that the Group operated are all due within a year.

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

**(3) Fair value information**

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(12).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of the Group's investment in emerging stocks, publicly traded equity investment, forward exchange and swap contracts is

included in Level 2.

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

C. The related information on financial and non-financial instruments measured at fair value by level on the basis on the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<b>Recurring fair value measurements</b>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 32,557	\$ -	\$ -	\$ 32,557
Forward exchange contracts	-	29,709	-	29,709
Available-for-sale financial assets				
Equity securities	288,213	76,185	6,684	371,082
	\$ 320,770	\$ 105,894	\$ 6,684	\$ 433,348
<b>Liabilities</b>				
<b>Recurring fair value measurements</b>				
Forward exchange contracts	\$ -	\$ 26,719	\$ -	\$ 26,719

<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<b>Recurring fair value measurements</b>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 13,794	\$ -	\$ -	\$ 13,794
Forward exchange contracts	-	1,919	-	1,919
Available-for-sale financial assets				
Equity securities	343,687	112,182	6,684	462,553
	\$ 357,481	\$ 114,101	\$ 6,684	\$ 478,266
<b>Liabilities</b>				
<b>Recurring fair value measurements</b>				
Forward exchange contracts	\$ -	\$ 10,176	\$ -	\$ 10,176

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

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

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

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(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques widely accepted in financial management.

(c) When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) Forward exchange contracts are usually valued based on the current forward exchange rate.

(e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

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

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

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

G. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level 3.

H. Finance and accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and frequently reviewed.

Finance and accounting department sets up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related

requirements in IFRS. The related valuation results are reported to management monthly. Management is responsible for managing and reviewing valuation processes.

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

	<u>Fair value at December 31, 2015</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Equity investment without active market	\$ 6,684	Net asset value method	-	-	- The higher the net asset value, the higher the fair value

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

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

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

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### 13. SUPPLEMENTARY DISCLOSURES

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

#### (1) Significant transactions information

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

I. Derivative financial instruments undertaken during the reporting periods: Please see Notes 6 and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

#### (2) Information on investee companies

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

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

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

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Information on significant transactions of the Company and subsidiary and investee company in Mainland China as of and for the year ended December 31, 2015 is provided in Note(1)J.

	Year ended December 31, 2014:	Year ended December 31, 2014:
World Peace Industrial Co., Ltd. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Asian Information Technology Inc. and its subsidiaries
\$ 190,274,604	\$ 64,751,843	\$ 64,111,671
Revenue from external customers	3,045,638	1,209,265
Revenue from internal customers	3,266,017	5,349,127
Total revenue	\$ 193,540,621	\$ 65,411,616
Segment profit (loss)	\$ 4,541,317	\$ 1,051,172
Net income	\$ 2,818,261	\$ 845,374
		Yosan Industrial Corp. and its subsidiaries
		\$ 112,207,522
		\$ 21,126,358
		\$ 5,116,659
		\$ 26,245,017
		\$ 890,880
		\$ 1,850,748
		\$ 1,414,061
		\$ 311,585
		\$ 5,814,176
		Total
		\$ 452,471,998

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### 14. OPERATING SEGMENT INFORMATION

#### 1) General information

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

#### 2) Measurements of segment information

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

#### 3) Reconciliation for segmented income (loss)

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

B. The segment information of the reportable segments provided to the chief operating decision-maker for the years ended December 31, 2015 and 2014 is as follows:

Year ended December 31, 2015:

	Asian Information Technology Inc. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Yosan Industrial Corp. and its subsidiaries	Genuine C&C Inc. and its subsidiaries (Net)	Total
Revenue from external customers	\$ 223,222,833	\$ 61,897,657	\$ 80,081,066	\$ 103,320,344	\$ 377,322,393
Revenue from internal customers	\$ 10,521,828	\$ 3,357,359	\$ 1,699,336	\$ 2,310	\$ 29,216,099
Total revenue	\$ 233,744,661	\$ 65,245,016	\$ 81,689,402	\$ 114,324,310	\$ 2,364,446
Segment profit (loss)	\$ 5,184,530	\$ 1,639,458	\$ 2,297,162	\$ 1,636,242	\$ 637,810
Net income	\$ 3,040,713	\$ 376,147	\$ 1,07,293	\$ 893,065	\$ 11,817
					\$ 515,536,489

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

#### 4) Information on product and service

The Group is mainly engaged in the import and export of electronic components. Revenues consist as follows:

	Years ended December 31,	
	2015	2014
Core components	\$ 155,862,880	\$ 151,168,015
Analog IC and mixed signal component	85,756,502	78,357,353
Discrete, logic IC	57,295,589	51,726,076
Memory	83,146,404	73,989,956
Optical components	43,004,869	38,659,253
Passive component, connector and magnetic component	31,971,119	12,627,063
Others	58,499,126	45,944,282
	\$ 515,536,489	\$ 452,471,998

#### 5) Geographical information

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

	Years ended December 31,			
	2015	2014		
Revenue	Non-current assets	Revenue	Non-current assets	
Taiwan	\$ 93,605,707	\$ 9,161,921	\$ 82,840,942	\$ 8,735,178
Mainland China	357,464,248	2,023,604	317,032,196	2,160,041
Others	64,466,534	641,782	52,598,860	701,158
	\$ 515,536,489	\$ 11,827,307	\$ 452,471,998	\$ 11,596,387

#### 6) Major customer information

No single customer contributes more than 10% of the Group's total consolidated operating revenues for the years ended December 31, 2015 and 2014.



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WPC Holdings Limited and Subsidiaries  
acquisition of 51% of the same revenue with the accumulated cost exceeding \$100 million or 20% of the Company's paid-in capital  
Year ended December 31, 2015

Table 4. *Page 1*

WFO Holdings Limited and Subsidiaries		Acquisitions as of the same review month the accumulated cost exceeded 500 million or 25% of the Company's total capital	
Year ended December 31, 2015		Period	
Balances as at January 1, 2015		Additions	
Relationship with the acquirer or subsidiary	Number of shares (in thousands)	Number of shares (in thousands)	Period
1. Same person company	12,400	129,244	35,175 \$ 503,347
2. Different persons but same control	-	-	12,400 329,424
3. Different persons and different subsidiary and not controlled by the acquirer	-	12,400	315,379

income (loss) and cumulative translation difference totaling \$55,503. The Company carried forward or wrote off these items. Thus, retained earnings amounted to \$(7,601) per share, which include investment gains and cumulative translation adjustments amount to \$(7,601).

table 2, page 3

As of December 31, 2015		Number of shares (in thousands)		Book value (\$)		Description (\$)		Fair value (Note 1)		YTD change	
Number of shares (in thousands)		5	263,644					\$			
Common			17,390					17,720			
			51,934					51,534			
			658	6,634	1,332			6,684			
				1,345				1,345			
			9,647	214,548	5,713			214,644			
				21,620				21,400			
				20,648				20,644			
				20,655				20,655			
			1,249	6,532	4,799			6,532			
				151,179				151,179			
				16,212				16,212			
				6,325	4,244			4,244			
					6,355			6,345			
			120					1,000			



Sect. 6, Part 3

Table 6. Part 1

Country	Corporation	Consistency	Relationship with the company	Balance as December 31, 2012 (Note 1)		Turnover rate (Note 2)	Amounts	Actions taken	Allowance for doubtful accounts	Allowance short date balance short date (Note 2)
				Same name	Company					
U.S.A. (Continued)	WTF SPC Limited		Same name	144,040	4,09				126,165	
	West Marine Industrial Co., Ltd.		Same name	131,519	0,00				21,042	
ALCO Technology Co., Ltd.	West Marine Industrial Co., Ltd.		Company	63,377	0,00				7	
ALTO Economic Co., Ltd.	WTF International (Hong Kong) Limited		Company	621,377	0,00				391,46	
WTF International (Hong Kong) Limited	WTF G&C Limited		Company	201,373	0,00				11,134	
	Long Think International (Hong Kong) Limited		Company	206,879	0,00				266,639	
	WTF Date Time Ltd.		Company	65,937	0,00					
WTF Power International (South Asia) Pte. Ltd.	WTF International (Hong Kong) Limited		Company	302,397	0,00					
	WTF Date Inc.		Company	696,659	0,00				218,497	
	WTF Americas Inc.		Company	45,270	3,6				145,370	
Yuan Industrial Corp.	Yuan Hong Kong Corp. Ltd.		Company	199,983	0,00					
	WTF Date Inc.		Company	743,216	3,00				271,24	
Yuan Hong Kong Corp. Ltd.	WTF Date (SC) Inc.		Company	2,092,170	3,26				1,020,734	
	WTF Date Inc.		Company	298,914	0,00				293,514	
	Yuan Industrial Corp.		Company	1,13,137	0,00				825,346	
Giak Corp. Ltd.	Yuan Hong Kong Corp. Ltd.		Company	190,268	0,00				434	
Yuan Saitu China Corp. Ltd.	WTF Date (SC) Inc.		Company	233,344	0,00				1,262	
Yuan Shanglin Corp. Ltd.	WTF Date (SC) Inc.		Company	346,733	0,00					
Scoti Limited	Yuan Hong Kong Corp. Ltd.		Company	472,141	0,00					
	Scoti International Inc.		Company	50,279	8,76				504,379	
	Asia Information Technology Inc.		Company	161,793	2,25				141,127	
	WTF Electronics (HK) Limited		Company	151,221	1,97				70,275	
	Asia Information Technology Inc.		Company	112,947	2,31				50,70	
	WTF Date (SC) Inc.		Company	272,104	0,00				212,104	
	Asia Information Technology Inc.		Company	1,000					1,000	

Transactions										Transactions									
Number (Note 1)					Counterparty name (Note 2)			Relationship (Note 2)		General ledger account (Note 3)			Amount Transaction terms (Note 3)		General ledger account (Note 3)			Amount Transaction terms (Note 3)	
Number (Note 1)					Counterparty name (Note 2)			Relationship (Note 2)		General ledger account (Note 3)			Amount Transaction terms (Note 3)		General ledger account (Note 3)			Amount Transaction terms (Note 3)	
Number (Note 1)					Counterparty name (Note 2)			Relationship (Note 2)		General ledger account (Note 3)			Amount Transaction terms (Note 3)		General ledger account (Note 3)			Amount Transaction terms (Note 3)	
1	Silicon Applications Corp.	WPI China (SD) Inc.	WPI International (Hong Kong) Limited	3	Accounts receivable	\$	3,235,530	Notes 5 and 9	0.39	2,030	7	Yousi Industrial Corp.	\$	136,357	Notes 5 and 16	0.16	0.16	0.16	0.16
2	World Peace Industrial Co., Ltd.	WPI Electronics (HK) Limited	WPI Electronics (HK) Limited	3	Accounts receivable	\$	3,627,045	Notes 5	0.17	0.17	7	WPI China (SD) Inc.	\$	132,124	Notes 5 and 16	0.23	0.23	0.23	0.23
3	Langnew Technology Inc.	WPI International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	Accounts receivable	\$	151,705	Notes 5	0.09	0.09	7	WPI China (SD) Inc.	\$	5,514,794	Notes 5 and 16	1.02	1.02	1.02	1.02
4	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	World Peace Industrial Co., Ltd.	2	Accounts receivable	\$	40,511	Notes 5	0.22	0.22	7	WPI China (SD) Inc.	\$	8,235,873	Notes 5 and 16	0.15	0.15	0.15	0.15
5	WPI Electronics (SD) Inc.	World Peace International (South Asia) Inc.	World Peace International (South Asia) Inc.	3	Accounts receivable	\$	335,217	Notes 5	0.18	0.18	7	WPI Electronics (HK) Limited	\$	1,613,182	Notes 5 and 16	0.22	0.22	0.22	0.22
6	WPI Electronics (HK) Limited	WPI Electronics (HK) Limited	WPI Electronics (HK) Limited	3	Accounts receivable	\$	1,046,223	Notes 5	0.39	0.39	7	WPI China (SD) Inc.	\$	1,046,223	Notes 5 and 16	0.20	0.20	0.20	0.20
7	WPI Electronics (HK) Limited	WPI Electronics (HK) Limited	WPI Electronics (HK) Limited	3	Accounts receivable	\$	953,637	Notes 5	0.48	0.48	7	WPI SO4 Limited	\$	341,638	Notes 5 and 16	0.08	0.08	0.08	0.08
8	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	155,316	Notes 5	0.09	0.09	7	Yousi Industrial Corp.	\$	174,446	Notes 5 and 16	0.02	0.02	0.02	0.02
9	WPI International (Hong Kong) Limited	WPI International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	Accounts receivable	\$	141,811	Notes 5	0.16	0.16	9	Yousi Singapore Pte. Ltd.	\$	516,007	Notes 5 and 16	0.10	0.10	0.10	0.10
10	WPI International (South Asia) Inc.	WPI International (South Asia) Inc.	WPI International (South Asia) Inc.	3	Accounts receivable	\$	281,844	Notes 5	0.16	0.16	9	WPI SO4 Limited	\$	240,193	Notes 5 and 16	0.05	0.05	0.05	0.05
11	WPI Electronics (HK) Limited	WPI Electronics (HK) Limited	WPI Electronics (HK) Limited	3	Accounts receivable	\$	297,218	Notes 5	0.17	0.17	9	World Peace Industrial Co., Ltd.	\$	643,330	Notes 5 and 16	0.12	0.12	0.12	0.12
12	WPI Electronics (HK) Limited	WPI Electronics (HK) Limited	WPI Electronics (HK) Limited	3	Accounts receivable	\$	200,690	Notes 5	0.11	0.11	10	World Peace Industrial Co., Ltd.	\$	216,241	Notes 5 and 16	0.04	0.04	0.04	0.04
13	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	293,532	Notes 5	0.14	0.14	11	WPI Electronics (Techno) Inc.	\$	5,419,454	Notes 5 and 16	1.09	1.09	1.09	1.09
14	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	260,349	Notes 5	0.15	0.15	11	WPI SO4 Limited	\$	149,518	Notes 5 and 16	0.03	0.03	0.03	0.03
15	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	1,152,423	Notes 5	0.02	0.02	11	WPI Electronics (HK) Limited	\$	172,838	Notes 5 and 16	0.03	0.03	0.03	0.03
16	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	148,649	Notes 5	0.08	0.08	12	ATI Japan Inc.	\$	108,533	Notes 5 and 16	0.02	0.02	0.02	0.02
17	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	166,373	Notes 5 and 16	0.08	0.08	13	ATI Electronics Limited	\$	1,479,210	Notes 5 and 16	0.37	0.37	0.37	0.37
18	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	745,210	Notes 5	0.42	0.42	13	ATI Electronics (Techno) Inc.	\$	1,129,076	Notes 5 and 16	0.22	0.22	0.22	0.22
19	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	2,052,170	Notes 5	1.16	1.16	14	French Technology Corporation	\$	496,170	Notes 5 and 16	0.10	0.10	0.10	0.10
20	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	58,279	Notes 4	0.21	0.21	14	French Technology Corporation	\$	174,635	Notes 5 and 16	0.03	0.03	0.03	0.03
21	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	133,754	Notes 5	0.10	0.10	15	Applus Communications Inc.	\$	200,384	Notes 5 and 16	0.05	0.05	0.05	0.05
22	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	151,321	Notes 5	0.03	0.03	15	French Technology Corporation	\$	222,194	Notes 5 and 16	0.04	0.04	0.04	0.04
23	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	112,657	Notes 5	0.06	0.06	16	Franstech Electronics Co., Ltd.	\$	1,712,415	Notes 5 and 16	0.35	0.35	0.35	0.35
24	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	470,115	Notes 5 and 9	0.26	0.26	17	WPI China (SD) Inc.	\$	136,341	Notes 5 and 16	0.03	0.03	0.03	0.03
25	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	320,790	Notes 5 and 9	0.49	0.49	18	French Technology Corporation	\$	449,002	Notes 5 and 16	0.29	0.29	0.29	0.29
26	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	413,200	Notes 5	0.23	0.23	18	Richpower Electronic Devices Co., Ltd.	\$	1,099,309	Notes 5 and 16	0.21	0.21	0.21	0.21
27	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	413,200	Notes 5	0.23	0.23	19	Richpower Electronic Devices Co., Ltd.	\$	241,117	Notes 5 and 16	0.09	0.09	0.09	0.09
28	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	1,152,423	Notes 5	0.12	0.12	19	Richpower Electronic Devices Co., Ltd.	\$	240,216	Notes 5 and 16	0.05	0.05	0.05	0.05
29	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	723,211	Notes 5	0.40	0.40	20	Richpower Electronic Devices Co., Ltd.	\$	2,980,242	Notes 5 and 16	0.56	0.56	0.56	0.56
30	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	572,205	Notes 5	0.30	0.30	20	Richpower Electronic Devices Co., Ltd.	\$	262,234	Notes 5 and 16	0.05	0.05	0.05	0.05
31	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	113,619	Notes 5	0.07	0.07	21	Other Electronic Company Limited	\$	127,159	Notes 5 and 16	0.02	0.02	0.02	0.02
32	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	63,277	Notes 5	0.18	0.18	22	WPI America Inc.	\$	236,676	Notes 5 and 16	0.04	0.04	0.04	0.04
33	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	63,197	Notes 5	0.35	0.35	22	WPI International (Hong Kong) Limited	\$	160,277	Notes 5 and 16	0.03	0.03	0.03	0.03
34	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	205,727	Notes 5	0.12	0.12	23	WPI South Asia Pte. Ltd.	\$	291,727	Notes 5 and 16	0.06	0.06	0.06	0.06
35	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	266,819	Notes 5	0.15	0.15	24	WPI China Inc.	\$	513,235	Notes 5 and 16	0.10	0.10	0.10	0.10
36	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	65,397	Notes 5	0.37	0.37	24	WPI International (Hong Kong) Limited	\$	146,071	Notes 5 and 16	0.04	0.04	0.04	0.04
37	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	372,397	Notes 5	0.19	0.19	25	WPI-Tech International (Singapore) Limited	\$	122,208	Notes 5 and 16	0.06	0.06	0.06	0.06
38	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	69,659	Notes 5	0.59	0.59	25	WPI China (SD) Inc.	\$	1,371,726	Notes 5 and 16	0.27	0.27	0.27	0.27
39	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	199,933	Notes 5	0.11	0.11	25	WPI Electronics (Techno) Inc.	\$	924,584	Notes 5 and 16	0.18	0.18	0.18	0.18
40	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	1,155,187	Notes 5 and 16	0.65	0.65	26	WPI SO4 Limited	\$	215,545	Notes 5 and 16	0.15	0.15	0.15	0.15
41	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	190,268	Notes 5	0.11	0.11	26	WPI International (Malaysia) Sdn. Bhd.	\$	1,031,444	Notes 5 and 16	0.06	0.06	0.06	0.06
42	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	313,541	Notes 5	0.19	0.19	26	WPI SO4 Limited	\$	4,579,936	Notes 5 and 16	0.49	0.49	0.49	0.49
43	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	303,355	Notes 5	0.19	0.19	26	WPI SO4 Limited	\$	213,213	Notes 5 and 16	0.04	0.04	0.04	0.04
44	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	470,641	Notes 5	0.28	0.28	26	WPI SO4 Limited	\$	1,567,051	Notes 5 and 16	0.27	0.27	0.27	0.27
45	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	272,024	Notes 5	0.15	0.15	26	WPI SO4 Limited	\$	1,171,726	Notes 5 and 16	0.27	0.27	0.27	0.27
46	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	111,243	Notes 5	0.04	0.04	26	WPI SO4 Limited	\$	227,208	Notes 5 and 16	0.05	0.05	0.05	0.05
47	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	211,543	Notes 5	0.12	0.12	26	WPI SO4 Limited	\$	1,031,444	Notes 5 and 16	0.06	0.06	0.06	0.06
48	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	164,125	Notes 5	0.07	0.07	26	WPI SO4 Limited	\$	229,370	Notes 5 and 16	0.04	0.04	0.04	0.04
49	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	200,223	Notes 5	0.13	0.13	26	WPI SO4 Limited	\$	213,213	Notes 5 and 16	0.04	0.04	0.04	0.04
50	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	30,209	Notes 5	0.20	0.20	27	WPI Electronics (Techno) Inc.	\$	127,059	Notes 5 and 16	0.02	0.02	0.02	0.02
51	WPI SO4 Limited	WPI SO4 Limited	WPI SO4 Limited	3	Accounts receivable	\$	293,914	Notes 5	0.17	0.17	27	WPI Electronics (Techno) Inc.	\$	63,177	Notes 5 and 16	0.05	0.05	0.05	0.05

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Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit/loss for the year ended December 31, 2015	Investment income (loss) recognized by the Company for the year ended December 31, 2015	
Shaanxi Application Corp., Ltd.	Forwin Electronics Co., Ltd.	Taiwan	Supply of electronic and electronic components	5 971,534	5 995,404	73,902,000	100.00	1,175,320	1,175,320	-\$ 2,370,15	-\$ 2,370,15
Wanli Force Industrial Co., Ltd.	Wanli Force Industrial Co., Ltd.	British Virgin Islands	Holding company	1,171,162	1,171,162	34,195,397	100.00	509,511	509,511	-\$ 60,091	-\$ 60,091
Wanli Force Industrial Co., Ltd.	Wanli Force Industrial Co., Ltd.	British Virgin Islands	Holding company	2,774,146	3,117,945	10,030	1,531,156	1,274,277	1,274,277	-\$ 34,171	-\$ 34,171
Wanli Force Industrial Co., Ltd.	Leisure Technology Inc.	Taiwan	Sale of electronic equipment	342,250	342,250	33,950,000	100.00	62,115	94,759	-\$ 32,609	-\$ 32,609
Wanli Force Industrial Co., Ltd.	Qianhai Technology Corp.	Taiwan	Sale of electronic equipment	116,659	116,659	14,272,342	39.00	20,823	34,942	-\$ 14,163	-\$ 14,163
Wanli Force Industrial Co., Ltd.	AECD Technology Co., Ltd.	Taiwan	Sale of electronic equipment	1,483,535	2,242,555	94,500,000	100.00	1,072,111	45,974	-\$ 1,026,137	-\$ 1,026,137
Wanli Force Industrial Co., Ltd.	Orionline E&C Inc.	Taiwan	Sale of electronic equipment	143,130	143,130	12,564,078	16.29	178,333	38,742	-\$ 34,801	-\$ 34,801
Wanli Force Industrial Co., Ltd.	Logistics Technology Inc.	Taiwan	Holding company	333,232	333,232	1,290,000	100.00	397,164	165,020	-\$ 161,936	-\$ 161,936
Wanli Force Industrial Co., Ltd.	Logistics Technology Inc.	Taiwan	Sale of electronic equipment	32,502	37,002	4,800,000	100.00	60,238	37,449	-\$ 6,211	-\$ 6,211
Wanli Force Industrial Co., Ltd.	AECD Technology Co., Ltd.	British Virgin Islands	Investment company	454,246	454,246	12,616,000	100.00	80,192	15,394	-\$ 64,800	-\$ 64,800
Yuan Industrial Corp.	Yuan Industrial Corp.	Cayman Islands	Investment company	1,612,118	1,612,118	20,700,000	100.00	4,670,379	27,540	-\$ 1,958,201	-\$ 1,958,201
Yuan Industrial Corp.	Strate Incorporated Inc.	Taiwan	Sale of office equipment and electronic components	1,616,732	1,616,732	14,228,100	100.00	1,394,706	2,616,010	-\$ 1,221,294	-\$ 1,221,294
Yuan Industrial Corp.	Yuan Industrial Techincal Corp.	Taiwan	Supply of electronic components	-	26,100	-	-	-	-	579	Notes 2, 3 and 5
Yuan Industrial Corp.	Forwin Technology Inc.	Taiwan	Vehicle machinery	19,920	19,920	1,640,000	12.24	205,1	4,171	-\$ 1,473	-\$ 1,473
Yuan Industrial Corp.	Yuan Industrial Corp.	Taiwan	Sale of electronic components	11,570	11,570	1,580,000	20.00	36,938	27,010	-\$ 1,042	-\$ 1,042
Yuan Industrial Corp.	Yuan Japan Corp.	Japan	Sale of electronic components	44,172	44,172	15,015	50.06	40,257	2,239	-\$ 1,776	-\$ 1,776
Yuan Industrial Corp.	Asia Power Electronic Devices Co., Ltd.	Taiwan	Sale of electronic components	2,079,531	2,079,531	13,600,000	100.00	2,305,916	46,264	-\$ 1,227	-\$ 1,227
Yuan Industrial Corp.	Yuan Industrial Corp.	Taiwan	Supply of electronic components	-	26,100	-	-	-	-	579	Notes 2, 3 and 5
Yuan Industrial Corp.	Yuan Industrial Corp.	Taiwan	Supply of electronic components	-	26,100	-	-	-	-	579	Notes 2, 3 and 5
Yuan Industrial Corp.	Forwin Technology Inc.	Taiwan	Vehicle machinery	19,920	19,920	1,640,000	12.24	205,1	4,171	-\$ 1,473	-\$ 1,473
Yuan Industrial Corp.	Yuan Industrial Corp.	Taiwan	Sale of electronic components	11,570	11,570	1,580,000	20.00	36,938	27,010	-\$ 1,042	-\$ 1,042
Yuan Industrial Corp.	Yuan Japan Corp.	Japan	Sale of electronic components	44,172	44,172	15,015	50.06	40,257	2,239	-\$ 1,776	-\$ 1,776
Yuan Industrial Corp.	Asia Power Electronic Devices Co., Ltd.	Taiwan	Sale of electronic components	2,079,531	2,079,531	13,600,000	100.00	2,305,916	46,264	-\$ 1,227	-\$ 1,227

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Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit/loss for the year ended December 31, 2015	Investment income (loss) recognized by the Company for the year ended December 31, 2015	
Global Aspirated Inc.	Star Track Co., Ltd.	Hong Kong	Report and export business for electronic components and related business of other products	79,959	79,959	2,000,000	100.00	34,726	1,979	-\$ 1,979	-\$ 1,979
Global CAC Inc.	Global CAC Inc.	Taiwan	Holding company	163,498	123,549	5,500,000	100.00	109,927	1,172	-\$ 1,172	-\$ 1,172
Global CAC Inc.	Global CAC Inc.	Taiwan	Retail business of leather products	23,000	20,500	50,000	5.00	7,618	1	-\$ 1,511	-\$ 1,511
Global CAC Inc.	Swiss Techology Co., Ltd.	Taiwan	Manufacturer of peripheral equipment and related products	12,636	1,621,511	5,47	13,636	5,190	Notes 2, 3 and 5	Notes 2, 3 and 5	
Asia Information Technology Inc.	Forwin Technology Corporation	Taiwan	Import and export business for electronic components	1,515,256	1,515,256	21,452,322	100.00	2,646,556	42,016	-\$ 1,473	-\$ 1,473
Asia Information Technology Inc.	Alpha-Net Communication Inc.	Taiwan	Import and export business for electrical components	582,133	582,133	16,495,002	100.00	1,872,254	22,928	-\$ 1,272	-\$ 1,272
Asia Information Technology Inc.	Alpha-Net Trading Co., Ltd.	Taiwan	Import and export business for electrical components	124,521	124,521	1,090,000	100.00	321,154	1,317	-\$ 1,163	-\$ 1,163
Asia Information Technology Inc.	Alpha-Electro Trading Co., Ltd.	Taiwan	Import business for electrical components	127,500	98,406	10,700,000	49.00	312,90	1	-\$ 2,461	-\$ 2,461
Asia Information Technology Inc.	Alpha-Net Co., Ltd.	Taiwan	Import and export business for electrical components	113,558	113,558	4,201,067	100.00	278,555	115,333	-\$ 1,163	-\$ 1,163
Asia Information Technology Inc.	Time Hall International Co., Ltd.	Taiwan	International investment	181,362	181,362	2,370,008	100.00	126,737	3,637	-\$ 1,272	-\$ 1,272
Asia Information Technology Inc.	Time Hall International Limited	British Virgin Islands	International investment	34,939	34,939	18,000,000	100.00	770,211	1,132,915	-\$ 34,939	-\$ 34,939
Forwin Electronics Co., Ltd.	Forwin Electronics Co., Ltd.	Taiwan	Import and export business for electrical components	312,017	312,017	1,800,000	100.00	4,169	54	-\$ 1,201	-\$ 1,201
Forwin Electronics Co., Ltd.	Forwin Electronics (Shenzen) Limited	Shenzen	Investment investment	16,194	224,888	6,200,000	100.00	1,621,346	22,046	-\$ 45,776	-\$ 45,776
Blackstar Electronic Device Inc.	Blackstar Electronic Device Inc.	Taiwan	Sale of electronic components	491,347	491,347	14,390,000	100.00	465,798	52,094	-\$ 1,201	-\$ 1,201
Blackstar Electronic Device Inc.	Blackstar Electronic Device Inc.	Taiwan	Sale of electronic components	-	491,347	-	-	-	-	-\$ 1,201	-\$ 1,201

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Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit/loss for the year ended December 31, 2015	Investment income (loss) recognized by the Company for the year ended December 31, 2015	
Global Aspirated Inc.	Star Track Co., Ltd.	Hong Kong	Report and export business for electronic components and related business of other products	79,959	79,959	2,000,000	100.00	34,726	1,979	-\$ 1,979	-\$ 1,979
Global CAC Inc.	Global CAC Inc.	Taiwan	Holding company	163,498	123,549	5,500,000	100.00	109,927	1,172	-\$ 1,172	-\$ 1,172
Global CAC Inc.	Global CAC Inc.	Taiwan	Retail business of leather products	23,000	20,500	50,000	5.00	7,618	1	-\$ 1,511	-\$ 1,511
Global CAC Inc.	Swiss Techology Co., Ltd.	Taiwan	Manufacturer of peripheral equipment and related products	12,636	1,621,511	5,47	13,636	5,190	Notes 2, 3 and 5	Notes 2, 3 and 5	
Asia Information Technology Inc.	Forwin Technology Corporation	Taiwan	Import and export business for electronic components	1,515,256	1,515,256	21,452,322	100.00	2,646,556	42,016	-\$ 1,473	-\$ 1,473
Asia Information Technology Inc.	Alpha-Net Communication Inc.	Taiwan	Import and export business for electrical components	582,133	582,133	16,495,002	100.00	1,872,254	22,928	-\$ 1,272	-\$ 1,272
Asia Information Technology Inc.	Alpha-Net Trading Co., Ltd.	Taiwan	Import and export business for electrical components	124,521	124,521	1,090,000	100.00	321,154	1,317	-\$ 1,163	-\$ 1,163
Asia Information Technology Inc.	Alpha-Electro Trading Co., Ltd.	Taiwan	Import business for electrical components	127,500	98,406	10,700,000	49.00	312,90	1	-\$ 2,461	-\$ 2,461
Asia Information Technology Inc.	Alpha-Net Co., Ltd.	Taiwan	Import and export business for electrical components	113,558	113,558	4,201,067	100.00	278,555	115,333	-\$ 1,163	-\$ 1,163
Asia Information Technology Inc.	Time Hall International Co., Ltd.	Taiwan	International investment	181,362	181,362	2,370,008	100.00	126,737	3,637	-\$ 1,272	-\$ 1,272
Asia Information Technology Inc.	Time Hall International Limited	British Virgin Islands	International investment	34,939	34,939	18,000,000	100.00	770,211	1,132,915	-\$ 34,939	-\$ 34,939
Forwin Electronics Co., Ltd.	Forwin Electronics Co., Ltd.	Taiwan	Import and export business for electrical components	312,017	312,017	1,800,000	100.00	4,169	54	-\$ 1,201	-\$ 1,201
Forwin Electronics Co., Ltd.	Forwin Electronics (Shenzen) Limited	Shenzen	Investment investment	16,194	224,888	6,200,000	100.00	1,621,346	22,046	-\$ 45,776	-\$ 45,776
Blackstar Electronic Device Inc.	Blackstar Electronic Device Inc.	Taiwan	Sale of electronic components	491,347	491,347	14,390,000	100.00	465,798	52,094	-\$ 1,201	-\$ 1,201
Blackstar Electronic Device Inc.	Blackstar Electronic Device Inc.	Taiwan	Sale of electronic components	-	491,347	-	-	-	-	-\$ 1,201	-\$ 1,201

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Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit/loss for the year ended December 31, 2015	Investment income (loss) recognized by the Company for the year ended December 31, 2015	
Global Aspirated Inc.	Star Track Co., Ltd.	Hong Kong	Report and export business for electronic components and related business of other products	79,959	79,959	2,000,000	100.00	34,726	1,979	-\$ 1,979	-\$ 1,979
Global CAC Inc.	Global CAC Inc.	Taiwan	Holding company	163,498	123,549	5,500,000	100.00	109,927	1,172	-\$ 1,172	-\$ 1,172
Global CAC Inc.	Global CAC Inc.	Taiwan	Retail business of leather products	23,000	20,500	50,000	5.00	7,618	1	-\$ 1,511	-\$ 1,511
Global CAC Inc.	Swiss Techology Co., Ltd.	Taiwan	Manufacturer of peripheral equipment and related products	12,636	1,621,511	5,47	13,636	5,190	Notes 2, 3 and 5	Notes 2, 3 and 5	
Asia Information Technology Inc.	Forwin Technology Corporation	Taiwan	Import and export business for electronic components	1,515,256	1,515,256	21,452,322	100.00	2,646,556	42,016	-\$ 1,473	-\$ 1,473
Asia Information Technology Inc.	Alpha-Net Communication Inc.	Taiwan	Import and export business for electrical components	582,133	582,133	16,495,002	100.00	1,872,254	22,928	-\$ 1,272	-\$ 1,272
Asia Information Technology Inc.	Alpha-Net Trading Co., Ltd.	Taiwan	Import and export business for electrical components	124,521	124,521	1,090,000	100.00	321,154	1,317	-\$ 1,163	-\$ 1,163
Asia Information Technology Inc.	Alpha-Net Trading Co., Ltd.	British Virgin Islands	International investment	34,939	34,939	18,000,000	100.00	770,211	1,132,915	-\$ 34,939	-\$ 34,939
Forwin Electronics Co., Ltd.	Forwin Electronics Co., Ltd.	Taiwan	Import and export business for electrical components	312,017	312,017	1,800,000	100.00	4,169	54	-\$ 1,201	-\$ 1,201
Forwin Electronics Co., Ltd.	Forwin Electronics (Shenzen) Limited	Shenzen	Investment investment	16,194	224,888	6,200,000	100.00	1,621,346	22,046	-\$ 45,776	-\$ 45,776
Blackstar Electronic Device Inc.	Blackstar Electronic Device Inc.	Taiwan	Sale of electronic components	491,347	491,347	14,390,000	100.00	465,798	52,094	-\$ 1,201	-\$ 1,201
Blackstar Electronic Device Inc.	Blackstar Electronic Device Inc.	Taiwan	Sale of electronic components	-	491,347	-	-	-	-	-\$ 1,201	-\$ 1,201

Table 3, Page 2

Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit/loss for the year ended December 31, 2015	Investment income (loss) recognized by the Company for the year ended December 31, 2015

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Company name	Accrued amount of remittance from Time to Maturity (as of December 31, 2013)	amount imposed by the Executive Committee of the Ministry of Economic Affairs (NT\$)	Capital or increments to Mitaichi China imposed by the Investment Committee of MEIA
WFOO Holdings Limited	\$ 2,171,537	\$ 2,260,899	\$ 28,990,655
World Peace Industrial Co., Ltd.	269,466	634,737	13,658,591
Widopharm Pharmaceutical Co., Ltd	22,449	16,473	1,417,211
Widopharm Silicon Application Corp.	141,173	20,632	4,093,150
Witrus Electronics Co., Ltd	32,225	27,135	667,164
Yousan Industrial Corp.	212,256	44,632	7,254,767
Surtex Incorporated	-	-	878,173
AFCO Technology Co., Ltd	128,774	123,674	649,006
YUFO Investments Co., Ltd	-	-	295,974
Guangzhou CACI, Inc.	-	-	871,974
	\$ 146,423	\$ 146,370	

(1) Richganner Electronic Devices Co., Ltd had received USD 115.5 thousand of investment from investors in China.

THERM. 1

WBC HOLDINGS LIMITED

#### NON-CONSOLIDATED FINANCIAL STATEMENTS AND

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of WPG Holdings Limited

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

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WPG Holdings Limited as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

PricewaterhouseCoopers, Taiwan  
March 29, 2016

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

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 English language version and financial statements shall prevail.

WPG HOLDINGS LIMITED  
NON-CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2014, DECEMBER 31, 2013 AND JANUARY 1, 2014  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	(Adjusted)		(Adjusted)		(Adjusted)	
		December 31, 2014	Amount	%	December 31, 2014	Amount	%
<b>Current Assets</b>							
1100 Cash and cash equivalents	6(1)	\$ 28,481	-	\$ 33,160	-	\$ 52,071	-
1180 Accounts receivable - related parties, net	7	66,760	-	56,015	-	56,019	-
1200 Other receivables		814	-	55	-	60	-
1210 Other receivables - related parties	7	327,771	1	320,456	1	168,242	1
1410 Prepayments		14,693	-	10,356	-	11,222	-
1470 Other current assets		4,022	-	4,079	-	1,040	-
11XX Total Current Assets		442,543	1	424,141	1	288,654	1
<b>Non-current Assets</b>							
1543 Financial assets carried at cost - non-current		243,164	-	120,000	-	120,000	-
1550 Investments accounted for under the equity method	6(3) and 8	55,377,857	98	51,133,455	97	42,723,287	97
1600 Property, plant and equipment	6(4)	27,233	-	41,497	-	67,258	-
1760 Investment property, net	6(5) and 8	731,429	1	736,026	2	741,469	2
1780 Intangible assets	6(6)	11,858	-	16,741	-	24,612	-
1840 Deferred income tax assets	6(22)	4,226	-	85,567	-	75,800	-
1900 Other non-current assets		10,615	-	3,624	-	33,617	-
15XX Total Non-current Assets		57,406,382	99	53,136,910	99	43,786,043	99
1XXX Total Assets		\$ 57,848,925	100	\$ 53,561,051	100	\$ 44,074,697	100

(Continued)

WPG HOLDINGS LIMITED  
NON-CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2014, DECEMBER 31, 2013 AND JANUARY 1, 2014  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	(Adjusted)		(Adjusted)	
		December 31, 2014	%	December 31, 2014	%
<b>Current Liabilities</b>					
2100 Short-term borrowings	6(8)	\$ 1,866,000	3	\$ 650,000	1
2110 Commercial papers payable	6(9)	899,665	2	749,829	2
2150 Notes payable		-	-	-	619
2200 Other payables		218,501	-	192,145	-
2220 Other payables - related parties	7	12,652	-	5,260	-
2230 Current income tax liabilities		556,672	1	480,950	1
2300 Other current liabilities	6(11)	50,023	-	4,231	-
21XX Total Current Liabilities		3,603,513	6	2,091,415	4
<b>Non-current Liabilities</b>					
2330 Bonds payable	6(10)	5,875,383	10	5,756,140	11
2540 Long-term borrowings	6(11) and 8	499,563	1	545,000	1
2570 Deferred income tax liabilities	6(22)	67,257	-	47,116	-
2500 Other non-current liabilities	6(12)	32,769	-	25,649	-
25XX Total Non-current Liabilities		6,474,092	11	6,413,905	12
2XXX Total Liabilities		10,078,505	17	8,595,320	16
<b>Equity</b>					
3110 Common stock	6(13)	16,557,092	29	16,557,092	31
3200 Capital reserve	6(14)	15,187,178	26	15,185,802	28
3300 Retained earnings	6(15)	3,470,739	6	2,890,021	5
3310 Legal reserve		-	-	1,937,752	4
3320 Special reserve		-	-	2,943,004	7
3350 Undistributed earnings		10,002,877	17	7,501,303	14
<b>Other equity interest</b>					
3400 Other equity interest		2,553,776	5	983,761	2
3500 Treasury share	6(13)	(1,242)	-	-	-
3XXX Total Equity		47,770,420	83	45,055,731	84
<b>Significant contingent liabilities and unrecognised contract commitments</b>					
Total Liabilities and Equity		\$ 57,848,925	100	\$ 53,561,051	100
		\$ 44,074,697	100	\$ 39,874,875	99

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

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

Items	Notes	2015		2014		(Adjusted)
		Amount	%	Amount	%	
<b>Operating revenues</b>						
4000 Operating revenues	6(16) and 7	\$ 6,383,519	100	\$ 6,490,174	100	
5000 Operating costs	6(6)(20)(21) and 7	(557,452)	(9)	(484,849)	(7)	
5900 Gross profit		5,826,067	91	6,005,325	93	
<b>Non-operating income and expenses</b>						
7010 Other income	6(5)(17)	21,213	1	27,076	-	
7020 Other gains or losses	6(18)	869	-	(8,186)	-	
7050 Financial costs	6(19)	(115,899)	(2)	(75,152)	(1)	
7000 Total non-operating income and expenses		(92,812)	(1)	(56,262)	(1)	
7900 Income before income tax		5,732,250	90	5,949,063	92	
7950 Income tax expense	6(22)	(311,781)	(5)	(140,224)	(2)	
8200 Profit for the year		\$ 5,420,469	85	\$ 5,808,839	90	
<b>Other comprehensive income / loss, net</b>						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Benefit plan	6(12)	(\$ 5,722)	-	\$ 2,296	-	
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(131,906)	(2)	22,720	-	
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		973	-	(350)	-	
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(22)	(136,655)	(2)	24,626	-	
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Financial statement translation differences of foreign operations		16,557,907	5	14,860,914	5	
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		1,505,248	23	2,776,449	43	
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(22)	(13,266)	-	(29,712)	(1)	
8360 Components of other comprehensive income that will be reclassified to profit or loss		1,570,015	24	2,921,513	45	
8300 Other comprehensive income, net		\$ 1,433,360	22	\$ 2,946,139	45	
8500 Total comprehensive income		\$ 6,855,829	107	\$ 8,754,978	135	
<b>Earnings per share (in dollars)</b>						
9750 Basic earnings per share	6(23)	\$ 3.27		\$ 3.51		
9850 Diluted earnings per share	6(23)	\$ 3.04		\$ 3.39		

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

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

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

	Notes	2015	2014
<b>Cash flows from operating activities</b>			
Income before income tax		\$ 5,732,250	\$ 5,949,063
Adjustments to reconcile net income to net cash provided by operating activities:			
Income and expenses			
Depreciation	6(20)	24,028	33,565
Amortization	6(20)	10,976	33,905
Gain on disposal of investments	6(18)	( 14,483 )	-
Impairment loss	6(18)	5,200	-
Interest expense	6(19)	33,438	38,377
Interest income	6(17)	( 377 )	( 865 )
Dividend income	6(17)	-	5,600
Share of profit of associates and joint ventures			
Share of loss under the equity method			
Amortisation of bond discount	6(19)	( 5,815,228 )	( 5,977,925 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable - related parties, net		( 10,745 )	4
Other receivable		( 759 )	5
Other receivables - related parties		470,369	( 1,471 )
Prepaid expenses		( 4,339 )	886
Other current assets		1,815	( 523 )
Changes in operating liabilities			
Notes payable		29,709	( 619 )
Other payables		7,392	276,593
Other payables - related parties		45,792	( 1,745 )
Other current liabilities		( 1,298 )	577
Changes in assets/liabilities from operations			
Interest received		393,618	338,637
Dividends received		4,157,693	4,378,512
Interest paid		( 32,970 )	( 38,924 )
Income tax paid		( 626,311 )	( 251,832 )
Net cash provided by operating activities		<u>4,094,468</u>	<u>4,427,453</u>
<b>Cash flows from investing activities</b>			
Acquisition of financial assets carried at cost		( 128,364 )	-
Acquisition of investments accounted for under the equity method		( 1,120,876 )	( 4,800,000 )
Acquisition of property, plant and equipment	6(24)	( 1,120,876 )	( 2,180 )
Acquisition of intangible assets	6(24)	( 10,385 )	( 51 )
Decrease (increase) in refundable deposits		( 509 )	( 7 )
Increase in prepayments for investment		( 2,500 )	-
Net cash used in investing activities		<u>1,271,312</u>	<u>( 4,802,738 )</u>
<b>Cash flows from financing activities</b>			
Increase in short-term borrowings		13,226,000	12,603,000
Decrease in short-term borrowings		( 12,019,000 )	( 14,184,000 )
Increase (decrease) in commercial papers payable		( 149,836 )	( 149,713 )
Decrease (increase) in bank - related parties	7(3)	( 100,000 )	( 100,000 )
Decrease in long-term borrowings		( 45,417 )	( 3,808,131 )
Distribution of cash dividends	6(15)	( 4,139,274 )	( 6,000,000 )
Issuance of corporate bonds payable	6(10)	-	( 5,262 )
Cost of bond issuance		-	-
Net cash (used in) provided by financing activities		<u>( 2,827,855 )</u>	<u>355,894</u>
Net decrease in cash and cash equivalents		<u>( 4,699 )</u>	<u>( 18,891 )</u>
Cash and cash equivalents at beginning of year		<u>33,180</u>	<u>52,071</u>
Cash and cash equivalents at end of year		<u>\$ 28,481</u>	<u>\$ 33,180</u>

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

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**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

A. IAS 19 (revised), 'Employee benefits'

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

The Company expected to recognise previously unrecognised past service cost by increasing accrued pension liabilities by \$340 and deferred tax assets by \$58 and decreasing investment accounted for using equity method by \$3,769 and retained earnings by \$4,051 at January 1, 2014; increasing accrued pension liabilities by \$170 and deferred income tax assets by \$29 and decreasing investments accounted for using equity method by \$2,247 and retained earnings by \$2,388 at December 31, 2014; and decreasing operating costs by \$170, and increasing operating revenue - investment by \$1,522 and income tax expense by \$29 for the year ended December 31, 2014.

B. IAS 1, 'Presentation of financial statements'

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

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to

**WPG HOLDINGS LIMITED**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)**

**1. HISTORY AND ORGANIZATION**

(1) WPG Holdings Limited (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date. After restructuring, Richpower Electronic Devices Co., Ltd. became the Company's subsidiary on January 1, 2008. The Company acquired Pemas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology Inc. by exchanging shares of common stock on July 16, 2008, February 6, 2009, November 15, 2010 and March 1, 2012, respectively. After the Group's organisation restructuring on January 1, 2014, World Peace Industrial Co., Ltd., Silicon Application Corp. and Yosun Industrial Corp. acquired 100% shares in AECO Technology Co., Ltd., Pemas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. through share exchange, and consequently, AECO Technology Co., Ltd., Pemas Electronics Co., Ltd. and Richpower Electronic Devices Co., Ltd. became indirectly owned subsidiaries. The Company originally evaluated Genuine C&C, Inc. using equity method through its subsidiary, World Peace Industrial Co., Ltd. The Company acquired partial stocks of Genuine C&C, Inc. on April 8, 2015 and completed the purchase on April 15, 2015. After the purchase, the Company and World Peace Industrial Co., Ltd. collectively held 60.5% shares of Genuine C&C, Inc. which became the Company's directly owned subsidiary.

(2) The Company's main business is to establish the group's management mechanism and supervise subsidiaries' operations, and enhance the group's overall effectiveness through integration and sharing of the resource platform. In accordance with the Company's Articles of Incorporation, the total shares of authorized common stock is 2 billion shares (including 50 million shares of warrant, warrant preferred stock and warrant bond conversion). As of December 31, 2015, the Company had issued capital of \$16,557,092 with a par value of \$10 (in dollars) per share.

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

These non-consolidated financial statements were authorised for issuance by the Board of Directors on March 29, 2016.

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

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

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

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

None.

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

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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 Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

These non-consolidated financial statements are prepared by the Company in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

##### (2) Basis of preparation

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

Defined benefit liabilities is recognised based on the net amount of pension fund assets, less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

##### (3) Foreign currency translation

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

#### A. Foreign currency transactions and balances

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

#### B. Translation of foreign operations

- a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- b) When a foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are

proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

##### (4) 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.

##### (5) Cash equivalents

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

##### (6) Loans and receivables

###### Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial

invoice amount as the effect of discounting is immaterial.

##### (7) Impairment of financial assets

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

Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(8) Derecognition of financial assets

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

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

(9) Investments accounted for under the equity method / subsidiaries

- Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- Unrealised profit (loss) arising from the transactions between the Company and subsidiaries have been offset.
- The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportional to its ownership.
- Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(10) Property, plant and equipment

- Property, plant and equipment are initially recorded at cost.
- Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- Land is not depreciated. Other property, plant and equipment apply cost model and are

depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

Office equipment	3 – 6 years
Leasehold improvements	2 – 5 years

(11) Leases

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

(12) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 37–40 years.

(13) Intangible assets

Intangible assets are software which are amortised on a straight-line basis over the estimated useful life of 3 years.

(14) Impairment of non-financial assets

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

(15) Borrowings

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

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period of the borrowings using the effective interest method.

- Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(16) Derecognition of financial liabilities

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

(17) Offsetting financial instruments

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

(18) Financial liabilities and equity instruments

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

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

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

(19) Employee benefits

- Short-term employee benefits

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

- Pensions

- Defined contribution plan

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

- Defined benefit plan

- Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds at the balance sheet date of a currency and term consistent with currency and term of the employment benefit obligation.
- Remeasurement arising on defined benefit plan is recognised in other comprehensive income in the period in which they arise and is recorded as retained earnings.
- Past service costs are recognised immediately in profit or loss.

- Employees' compensation and directors' and supervisors' remuneration

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

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(20) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (laws) that have been enacted or 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.

(21) 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.

(22) Revenue recognition

- A. The Company's main business is to manage investees. When transactions of services rendered can be reasonably estimated, revenue should be recognised by reference to the stage of completion at the balance sheet date.
- B. When transactions of services rendered cannot be reasonably estimated, possibility of cost recovery should be considered when recognising revenue. If it is possible to recover the cost incurred, the Company shall recognise revenue within the estimated recoverable cost that has been incurred; if it is possible that the cost incurred cannot be recovered, the Company should not recognise revenue and should recognise cost incurred as expenses during the period.

5. Critical accounting judgements, estimates and key sources of assumption uncertainty

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

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

Financial assets-impairment of equity investments

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

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Company would suffer an additional loss of \$243,164 in its 2015 financial statements, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for under the equity method

The Company assesses the impairment of an investment accounted for under the equity method

as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of expected cash dividends receivable from the investee and expected future cash flows from the disposal of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Checking accounts	\$ 15	\$ 52
Demand deposits	27,599	32,751
Foreign currency deposits	867	377
	<u>28,481</u>	<u>33,180</u>

- A. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. No cash and cash equivalents were pledged to others.

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

Investee company	December 31, 2015	December 31, 2014
Ability I Venture Capital Corporation	\$ 80,000	\$ 80,000
CDIB CMB Fund Ltd.	80,000	40,000
Ability Asia Capital Corporation	25,000	-
Tyche Partners, L.P.	63,364	-
	<u>248,364</u>	<u>120,000</u>
Less: accumulated impairment	(5,200)	-
	<u>\$ 243,164</u>	<u>\$ 120,000</u>

- A. As of December 31, 2015 and 2014, no financial assets measured at cost held by the Company were pledged to others.
- B. Based on the Company's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as these stocks are not traded in active market, and sufficient industry information of companies similar to the investee or the investee's financial information cannot be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Company classified those stocks as 'financial assets measured at cost'.
- C. For details of impairment of financial assets measured as cost, please refer to Note 6(7).

(3) Investments accounted for under the equity method

	December 31, 2015	December 31, 2014	January 1, 2014
World Peace Industrial Co., Ltd.	\$ 21,696,782	\$ 19,649,371	\$ 15,204,163
Yosun Industrial Corp.	16,920,576	17,163,385	15,226,676
Silicon Application Corp.	6,668,916	6,186,777	4,694,050
Asian Information Technology Inc.	6,043,555	5,096,091	3,919,510
WPG International (CI) Limited	3,658,553	3,173,003	2,923,382
WPG Investment Co., Ltd.	498,207	505,155	471,845
Genuine C&C Inc. (Note)	502,347	-	-
WPG Korea Co., Ltd.	338,381	307,524	251,959
WPG Electronics Ltd.	41,821	40,603	31,702
WPG Core Investment Co., Ltd.	8,719	11,546	-
	<u>\$ 56,377,857</u>	<u>\$ 52,133,455</u>	<u>\$ 42,723,287</u>

Note: The Company acquired ordinary shares of Genuine C&C, Inc. on April 15, 2015 and holds 44.21% of shares.

Details of the Company's subsidiaries are provided in Note 4(3) in the Company's 2015 consolidated financial statements.

(4) Property, plant and equipment

	Furniture and fixtures	Leasehold improvements	Total
At January 1, 2015			
Cost	\$ 135,937	\$ 30,133	\$ 166,070
Accumulated depreciation	(95,453)	(29,120)	(124,573)
	<u>\$ 40,484</u>	<u>\$ 1,013</u>	<u>\$ 41,497</u>
2015			
Opening net book amount	\$ 40,484	\$ 1,013	\$ 41,497
Additions	4,317	-	4,317
Depreciation charge	(18,110)	(471)	(18,581)
Closing net book amount	<u>\$ 26,691</u>	<u>\$ 542</u>	<u>\$ 27,233</u>
At December 31, 2015			
Cost	\$ 140,254	\$ 30,133	\$ 170,387
Accumulated depreciation	(113,563)	(29,591)	(143,154)
	<u>\$ 26,691</u>	<u>\$ 542</u>	<u>\$ 27,233</u>

	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>At January 1, 2014</u>			
Cost	\$ 143,080	\$ 29,988	\$ 173,068
Accumulated depreciation	( 76,933)	( 28,872)	( 105,810)
	<u>\$ 66,147</u>	<u>\$ 1,111</u>	<u>\$ 67,258</u>
<u>2014</u>			
Opening net book amount	\$ 66,147	\$ 1,111	\$ 67,258
Additions	1,843	518	2,361
Depreciation charge	( 27,506)	( 616)	( 28,122)
Closing net book amount	<u>\$ 40,484</u>	<u>\$ 1,013</u>	<u>\$ 41,497</u>
<u>At December 31, 2014</u>			
Cost	\$ 135,937	\$ 30,133	\$ 166,070
Accumulated depreciation	( 95,453)	( 29,120)	( 124,573)
	<u>\$ 40,484</u>	<u>\$ 1,013</u>	<u>\$ 41,497</u>
<b>(5) Investment property</b>			
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2015</u>			
Cost	\$ 541,428	\$ 212,407	\$ 753,835
Accumulated depreciation	( 17,809)	( 17,809)	( 17,809)
	<u>\$ 541,428</u>	<u>\$ 194,598</u>	<u>\$ 736,026</u>
<u>2015</u>			
Opening net book amount	\$ 541,428	\$ 194,598	\$ 736,026
Additions	-	850	850
Depreciation charge	( 5,447)	( 5,447)	( 5,447)
Closing net book amount	<u>\$ 541,428</u>	<u>\$ 190,001</u>	<u>\$ 731,429</u>
<u>At December 31, 2015</u>			
Cost	\$ 541,428	\$ 213,257	\$ 754,685
Accumulated depreciation	( 23,256)	( 23,256)	( 23,256)
	<u>\$ 541,428</u>	<u>\$ 190,001</u>	<u>\$ 731,429</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2014</u>			
Cost	\$ 541,428	\$ 212,407	\$ 753,835
Accumulated depreciation	( 12,366)	( 12,366)	( 12,366)
	<u>\$ 541,428</u>	<u>\$ 200,041</u>	<u>\$ 741,469</u>
<u>2014</u>			
Opening net book amount	\$ 541,428	\$ 200,041	\$ 741,469
Depreciation charge	( 5,443)	( 5,443)	( 5,443)
Closing net book amount	<u>\$ 541,428</u>	<u>\$ 194,598</u>	<u>\$ 736,026</u>
<u>At December 31, 2014</u>			
Cost	\$ 541,428	\$ 212,407	\$ 753,835
Accumulated depreciation	( 17,809)	( 17,809)	( 17,809)
	<u>\$ 541,428</u>	<u>\$ 194,598</u>	<u>\$ 736,026</u>

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

	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Rental income from the lease of the investment property (shown as "Other income")	\$ 19,135	\$ 19,135
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 8,032	\$ 8,028

B. The fair value of the investment property held by the Company as at December 31, 2015 and 2014 was \$753,500 and \$753,500, respectively. The fair value as of December 31, 2015 and 2014 was based on independent appraisers' valuation. Valuations were made using the income approach with key assumptions as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Discount rate	2.3%	2.3%
Growth rate	-	-

C. Information about the investment property that was pledged to others as collateral is provided in Note 8.

D. All of the Company's investment property is leased to subsidiaries. The leasing period is from March 2012 to March 2022. Except for the aforementioned leasing transactions, there was no similar transactions to compare with. The prices and terms are determined in accordance with mutual agreement. Rent is collected monthly.

**(6) Intangible assets**

	<u>Software</u>	
	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
<u>At January 1</u>		
Cost	\$ 96,977	\$ 91,006
Accumulated amortisation	( 80,236)	( 66,394)
	<u>\$ 16,741</u>	<u>\$ 24,612</u>
<u>For the year ended December 31</u>		
Opening net book amount	\$ 16,741	\$ 24,612
Additions	6,093	6,035
Amortisation charge	( 10,976)	( 13,906)
Closing net book amount	<u>\$ 11,858</u>	<u>\$ 16,741</u>
<u>At December 31</u>		
Cost	\$ 103,070	\$ 96,977
Accumulated amortisation	( 91,212)	( 80,236)
	<u>\$ 11,858</u>	<u>\$ 16,741</u>

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The details of amortization charge are as follows:

	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Operating costs	\$ 10,976	\$ 13,906

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

The Company recognised impairment loss for the years ended December 31, 2015 and 2014 of \$5,200 and \$0, respectively. Details of such loss are as follows:

	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Recognised in profit or loss		

Impairment loss-financial assets carried at cost-non-current \$ 5,200 \$ - \$ -

**(8) Short-term borrowings**

Type of borrowings	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Unsecured borrowings	\$ 1,866,000	\$ 659,000
Interest rate range	1.05%-1.22%	1.05%-1.20%

There was no collateral pledged for all types of short-term borrowings for all periods.

**(9) Short-term commercial papers payable**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Commercial papers payable	\$ 900,000	\$ 750,000
Less: Unamortized discount	( 335)	( 171)
Annual interest rates	0.63%-0.90%	0.72%-0.90%

The commercial papers payable are guaranteed by financial institutions.

**(10) Bonds payable**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Bonds payable	\$ 6,000,000	\$ 6,000,000
Less: Discount on bonds payable	( 124,617)	( 203,860)

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

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

The Company issued \$6,000,000, 0% first domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date

(July 25, 2014 ~ July 25, 2017) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taiwan Over-The-Counter Securities Exchange on July 25, 2014.

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

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

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

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$232,800 were separated from the liability component and were recognised in 'capital surplus-stock warrants' in accordance with IAS 32.

C. As of December 31, 2015, none of the bondholders has requested for conversion to ordinary shares.

D. The amortisation of discount on bonds payable was \$79,243 and \$34,203 for the years ended December 31, 2015 and 2014, respectively.

**(11) Long-term borrowings**

Type	Facility	<u>December 31, 2015</u>	<u>Period</u>	<u>Annual interest rate</u>
Medium to long-term loan (Chang Hwa Bank)	\$ 576,000 (Note 1)	\$ 45,000	2012/01/02~2027/01/02	Note 2
Less: Current portion of long-term loan (Shown as other current liabilities)	( 45,417)	\$ 499,583		

Type	Facility	<u>December 31, 2014</u>	<u>Period</u>	<u>Annual interest rate</u>
Medium to long-term loan (Chang Hwa Bank)	\$ 576,000 (Note 1)	\$ 45,000	2012/01/02~2027/01/02	Note 2
Less: Current portion of long-term loan	( 54,000)	\$ 545,000		

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Note 1: The Company had entered into a long-term agreement for fifteen years with a financial institution. The pledged assets are the land and building of Linkou warehouse. Details of collateral for the long-term borrowings are provided in Note 8. Furthermore, in November 2014, the borrowing bank has agreed to extend the grace period for another year. Consequently, the principal will be paid monthly starting from January 2016.

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

(12) Pensions

A. Defined benefit plan

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

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

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

	December 31, 2015	December 31, 2014	January 1, 2014
Present value of defined benefit obligations	\$ 34,613	\$ 27,389	\$ 28,196
Fair value of plan assets	( 1,844)	( 1,740)	( 1,645)
Net defined benefit liability	\$ 32,769	\$ 25,649	\$ 26,551

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2015			
Balance at January 1	\$ 27,389	( \$ 1,740)	\$ 25,649
Current service cost	943	-	943
Interest (expense) income	548	( 35)	513
	28,880	( 1,775)	27,105
Remeasurements:			
Return on plan assets	-	( 11)	( 11)
Change in financial assumptions	2,015	-	2,015
Experience adjustments	3,718	-	3,718
	5,733	( 11)	5,722
Pension fund contribution	-	( 58)	( 58)
Balance at December 31	\$ 34,613	( \$ 1,844)	\$ 32,769
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2014			
Balance at January 1	\$ 28,196	( \$ 1,645)	\$ 26,551
Current service cost	920	-	920
Interest (expense) income	564	( 33)	531
	29,680	( 1,678)	28,002
Remeasurements:			
Return on plan assets	-	( 5)	( 5)
Experience adjustments	( 2,291)	-	( 2,291)
	( 2,291)	( 5)	( 2,296)
Pension fund contribution	-	( 57)	( 57)
Balance at December 31	\$ 27,389	( \$ 1,740)	\$ 25,649

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

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

	For the years ended December 31,			
	2015		2014	
Discount rate	1.70%		2.00%	
Future salary increases	3.00%		3.00%	

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience by 5<sup>th</sup> 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			
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	(\$ 6,370)	\$ 7,434	\$ 6,270	(\$ 5,499)

	December 31, 2014
Effect on present value of defined benefit obligation	(\$ 4,767)
	\$ 5,587

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

while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The 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 Company for the year ending December 31, 2016 are \$58.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 13 years.

B. Defined contribution plan

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

(b) The pension costs of the Company under the defined contribution pension plan for the years ended December 31, 2015 and 2014 were \$5,624 and \$5,182, respectively.

(13) Share capital

A. As of December 31, 2015, the Company's authorized capital was \$20,000,000 (including \$500,000 for stock options, convertible preferred stock and convertible bonds), and the paid-in capital was \$16,557,092, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

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

B. Treasury stock

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

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

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

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

(14) Capital surplus

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

B. Details of capital surplus – stock warrants are provided in Note 6 (10).

(15) Retained earnings

A. Under the Company's original Articles of Incorporation, the current year's earnings, if any, shall be used to set aside as legal reserve, and set aside as special reserve in accordance with Article 41 of Securities and Exchange Act. The remainder, if any, to be appropriated shall be proposed by the Board of Directors and resolved by the shareholders in the following order:

- Directors' and supervisors' remuneration: up to 3% of the earnings;
- 0.01%~5% of the earnings is appropriated as employees' bonuses; and
- The remaining earnings may be declared as dividends. At least 20% of the total dividends shall be in the form of cash dividends.

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

B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of earnings for 2014 and 2013 had been resolved at the stockholders' meeting on June 24, 2015 and June 18, 2014, respectively. Details are summarized below:

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	Year ended December 31, 2014		Year ended December 31, 2013	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 580,718	\$ -	\$ 475,631	\$ -
Special reserve	( 1,937,752)	-	( 1,005,252)	-
Cash dividend	4,139,274	2.5	3,808,131	2.30
	<b>\$ 2,782,240</b>	<b>\$ 2.5</b>	<b>\$ 3,278,510</b>	<b>\$ 2.30</b>

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

E. As of March 29, 2016, the appropriation of earnings for the year ended December 31, 2015 has not yet been proposed by the Board of Directors and resolved by the shareholders.

F. For the information relating to employees' bonuses and directors' and supervisors' remuneration, please refer to Note 6(21).

(16) Operating revenue

	For the years ended December 31,	
	2015	2014
Investment revenues	\$ 5,815,228	\$ 5,977,925
Service revenue	568,291	512,249
	<b>\$ 6,383,519</b>	<b>\$ 6,490,174</b>

(17) Other income

	For the years ended December 31,	
	2015	2014
Rental revenue	\$ 19,135	\$ 19,135
Dividend income	-	5,600
Interest income from bank deposits	377	865
Other income	1,701	1,476
	<b>\$ 21,213</b>	<b>\$ 27,076</b>

(18) Other gains and losses

	For the years ended December 31,	
	2015	2014
Loss on disposal of property, plant and equipment	\$ 14,483	\$ -
Currency exchange loss	( 382)	( 158)
Impairment loss	( 5,200)	-
Direct operating expenses arising from the investment property	( 8,032)	( 8,028)
	<b>\$ 869</b>	<b>( \$ 3,186)</b>

(19) Finance costs

	For the years ended December 31,	
	2015	2014
Interest expense:		
Bank borrowings	\$ 33,438	\$ 38,377
Convertible bonds	79,243	34,203
Others	3,218	2,572
	<b>\$ 115,899</b>	<b>\$ 75,152</b>

(20) Additional information on expenses by nature

	For the years ended December 31,	
	2015	2014
Employee benefit expense	\$ 335,839	\$ 288,874
Depreciation charges on property and equipment (including investment property)	\$ 24,028	\$ 33,565
Amortisation charges on intangible assets	\$ 10,976	\$ 13,906

(21) Employee benefit expense

	For the years ended December 31,	
	2015	2014
Wages and salaries	\$ 275,819	\$ 259,827
Labor and health insurance fees	12,495	11,665
Pension costs	7,080	6,633
Other personnel expenses	31,845	10,749
	<b>\$ 327,239</b>	<b>\$ 288,874</b>

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

- No more than 3% as remuneration to directors and supervisors.
- 0.01%~5% as employees' bonus.
- The remaining is distributed as bonus to shareholders based on shareholding ratio.

Total cash dividends shall not be less than 20% of total bonus distributed to shareholders, if any.

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

However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee compensation, based on the profit of the current year distributable, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channelled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form

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

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

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

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

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

(22) **Income tax**

## A. Income tax expense

## (a) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Current tax:		
Current tax on profits for the year	(\$ 80,876)	\$ 3,420
Additional 10% tax on undistributed earnings	304,956	152,059
Adjustments in respect of prior year's income tax	(1,488)	(22,502)
Total current tax	222,592	132,977
Deferred tax:		
Origination and reversal of temporary differences	89,189	7,247
Income tax expense	\$ 311,781	\$ 140,224

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

	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Currency translation differences	\$ 13,266	\$ 29,712
Remeasurement of defined benefit obligation	(973)	390
	\$ 12,293	\$ 30,102

## B. Reconciliation between income tax expense and accounting profit

	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 974,482	\$ 1,011,082
Effects from items disallowed by tax regulation	(966,169)	(1,000,415)
Adjustments in respect of prior year's income tax	(1,488)	(22,502)
Additional 10% tax on undistributed earnings	304,956	152,059
Tax expense	\$ 311,781	\$ 140,224

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

	<u>For the year ended December 31, 2015</u>				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>Recognised in equity</u>	<u>December 31</u>
<b>Temporary differences:</b>					
-Deferred tax assets:					
Unused compensated absences	\$ 527	\$ 30	\$ -	\$ -	\$ 557
Pension payable	2,459	237	973	-	3,669
Investment loss	82,581	(82,581)	-	-	-
	85,567	(82,314)	973	-	4,226
-Deferred tax liabilities:					
Investment gain	(26,097)	(6,875)	-	-	(32,972)
Currency translation differences	(21,019)	-	(13,266)	-	(34,285)
	(47,116)	(6,875)	(13,266)	-	(67,257)
	\$ 38,451	(\$ 82,189)	(\$ 12,293)	\$ -	\$ 63,031
	<u>For the year ended December 31, 2014</u>				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>Recognised in equity</u>	<u>December 31</u>
<b>Temporary differences:</b>					
-Deferred tax assets:					
Unused compensated absences	\$ 455	\$ 72	\$ -	\$ -	\$ 527
Pension payable	2,612	237	(390)	-	2,459
Investment loss	64,040	18,541	-	-	82,581
Currency translation differences	8,693	-	(8,693)	-	-
	75,800	18,850	(9,083)	-	85,367
-Deferred tax liabilities:					
Investment gain	-	(26,097)	-	-	(26,097)
Currency translation differences	-	-	(21,019)	-	(21,019)
	-	(26,097)	(21,019)	-	(47,116)
	\$ 75,800	(\$ 7,247)	(\$ 30,102)	\$ -	\$ 38,451

D. The Company's income tax returns through 2010 have been assessed and approved by the Tax Authority.

## E. Unappropriated retained earnings:

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

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

## G. Creditable ratio of appropriated retained earnings:

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

(23) **Earnings per share**

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

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

(24) **Supplemental cash flow information**

Partial payment of cash from investing activities:

	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Acquisition of property, plant and equipment, investment property, and intangible assets	\$ 11,260	\$ 8,396
Less: accounts payable at the end of year	(2,344)	(6,165)
Add: accounts payable at the beginning of year	6,165	-
Cash paid during the year for property, plant and equipment, intangible assets and other non-current assets	\$ 15,081	\$ 2,231

7. **RELATED PARTY TRANSACTIONS**(1) **Parent and ultimate controlling party**

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

(2) **Names and relationship of related parties**

<u>Names of related parties</u>	<u>Relationship with the Company</u>
WPG Americas Inc.	Indirectly-owned subsidiary (Note 1)
Apache Communication Inc. (B.V.I.)	
Apache Korea Corp.	
WPG South Asia Pte. Ltd.	
Dynamic Image Technologies, LLC (Note 2)	
WPG Malaysia Sdn. Bhd.	

Names of related parties	Relationship with the Company	Names of related parties	Relationship with the Company
WPG (Thailand) Co., Ltd.	Indirectly-owned subsidiary (Note 1)	SAC Components (South Asia) Pte. Ltd.	Indirectly-owned subsidiary (Note 1)
WPG India Electronics Pvt Ltd.	-	Win-Win Electronic Corp.	-
WPG Electronics (Philippines) Inc.	-	Silicon Application Company Limited	-
WPG SCM Limited	-	Dstar Electronic Company Limited	-
WPG International (Hong Kong) Limited	-	Permas Electronics Co., Ltd.	-
WPG Cloud Service Limited	-	Everwiner Enterprise Co., Ltd.	-
WPG-Gain Tune Ltd.	-	Permas Enterprise (Samos) Limited	-
WPG Electronics (HK) Limited	-	World Components Agent (Shanghai) Inc.	-
WPG China Inc.	-	Apache Communication Inc.	-
WPG China (SZ) Inc.	-	Henshen Electric Trading Co., Ltd.	-
World Peace International (BVI) Ltd.	-	Frontek Technology Corporation	-
WPI Investment Holding (BVI) Company Ltd.	-	Fame Hall International Co., Ltd.	-
Longview Technology Inc.	-	Frontek International Limited	-
AECO Technology Co., Ltd.	-	AIT Japan Inc.	-
Teco Enterprise Holding (BVI) Co., Ltd.	-	AITG Electronic Limited	-
AECO Electronic Co., Ltd.	-	Sertek Incorporated	-
AECO Electronic (Ningbo) Co., Ltd.	-	Suntop Investments Limited	-
Prime Future Technology Limited	-	Richpower Electronic Devices Co., Ltd. (Note 2)	-
World Peace International Pte Ltd.	-	MEC Technology Co., Ltd.	-
Genuine C&C (IndoChina) Pte Ltd.	-	RichPower Electronic Devices Co., Limited	-
World Peace International (South Asia) Pte Ltd.	-	Mec Technology Co., Limited	-
Genuine C&C (South Asia) Pte Ltd.	-	Richpower Electronic Devices Pte., Ltd.	-
World Peace International (India) Pte., Ltd.	-	Sertek Limited	-
WPG C&C (Malaysia) Sdn Bhd	-	Yousun Hong Kong Corp. Ltd.	-
WPG C&C (Thailand) Co., Ltd.	-	Yousun Singapore Pte Ltd.	-
WPG C&C Computers And Peripheral (India) Private Limited	-	Sertek (Shanghai) Limited	-
WPI International (Hong Kong) Limited	-	Giatek Corp., Ltd.	-
WPI International Trading (Shenzhen) Ltd. (Note 4)	-	Yousun South China Corp. Ltd.	-
VITEC WPG Limited (Note 5)	-	Yousun Shanghai Corp. Ltd.	-
World Peace International (Asia) Limited	-	Yousun Industrial (Malaysia) Sdn. Bhd.	-
WPI International Trading (Shanghai) Ltd.	-	Yousun India Private Ltd.	-
WPG C&C Limited	-	Hal-Trick Co., Ltd. (Note 3)	-
AIO Components Company Limited	-	Taibao Creation Co., Ltd. (Note 3)	-
AIO (Shanghai) Components Company Limited	-	Genuine C&C Holding Inc. (Seychelles) (Note 3)	-
Longview Technology GC Limited	-	Genuine Trading (Hong Kong) Company Limited (Note 3)	-
Long-Think International Co., Ltd.	-	Peng Yu (Shanghai) Digital Technology Co., Ltd. (Note 3)	-
Long-Think International (Hong Kong) Limited	-	Hubel Xinheng Technology Investment Management Co., Ltd. (Note 3)	-
Long-Think International (ShangHai) Limited	-	WPG Holdings Education Foundation	Other related parties
Silicon Application (BVI) Corp.	-		
Win-Win Systems Ltd.	-		

Note 1: Shown as 'subsidiary' in Note 7(3).

Note 2: It was liquidated in May 2015.

Note 3: The Company acquired ordinary shares of Genuine C&C, Inc. on April 15, 2015 and holds 44.21% of shares. The Company originally held 16.29% of shares of Genuine C&C, Inc. through the Company's wholly-owned subsidiary, World Peace Industrial Co., Ltd. After the acquisition, the Company holds 60.50% of shares in total in Genuine C&C Inc.

Note 4: It was liquidated in September, 2015.

Note 5: It was formerly known as TEKSEL WPG Limited and was renamed in November 2015.

(3) Significant transactions and balances with related parties

A. Service revenue

	For the years ended December 31,	
	2015	2014
Subsidiaries	\$ 568,291	\$ 512,249

Service revenue arose from providing administrative resources and managing services to subsidiaries. Prices and terms are determined in accordance with mutual agreement.

B. Service cost

	For the years ended December 31,	
	2015	2014
Subsidiaries	\$ 68,669	\$ 29,054

Service cost is cost paid to subsidiaries for administrative resources and management services for engine room use. Prices and terms are determined in accordance with mutual agreement, and cost is paid at the end of the following month.

C. Accounts receivable

	December 31, 2015	December 31, 2014
Subsidiaries	\$ 66,760	\$ 56,015

D. Other receivables

	December 31, 2015	December 31, 2014
Subsidiaries	\$ 327,771	\$ 320,456

Other receivables are receipts under custody, payment on behalf of others and collections from subsidiaries for filing consolidated tax returns.

E. Other payables

(a) Financing:

	For the year ended December 31, 2015	
	Maximum balance	Ending balance
	Interest rate	Amount of interest
Subsidiaries	\$ -	\$ -

For the year ended December 31, 2014

	Maximum balance	Ending balance	Interest rate	Amount of interest	Ending balance of interest payable
Subsidiaries	\$ 1,100,000	\$ -	1.95%	\$ 6,575	\$ -

(b) Other payables:

	December 31, 2015	December 31, 2014
Subsidiaries	\$ 12,652	\$ 5,260

Payables are mainly collections from subsidiaries for filing consolidated tax returns.

F. Lease transactions

Please refer to Note 6(5) for details.

G. Endorsements and guarantees provided to related parties

	December 31, 2015	December 31, 2014
Subsidiaries	\$ 89,667	\$ 504,251

H. Others

For the years ended December 31, 2015 and 2014, the amount of the Company's donations to other related parties was \$5,700 and \$4,350, respectively.

I. The Company has increased its investments in subsidiaries - World Peace Industrial Co., Ltd., Yousun Industrial Corp., Silicon Application Corporation and Asian Information Technology Inc. by \$2,200,000, \$1,100,000, \$1,000,000 and \$500,000, respectively, which were recorded as investments accounted for using equity method. All investments had been paid.

J. In February and April 2015, the Company increased its investment in WPG International (CI) Limited by \$595,835. The additional investment was recognized as investments accounted for under the equity method and has been fully paid. In September 2015, the Company increased its investment in WPG Core Investment Co., Ltd. by \$15,000. The investment was recognized as investments accounted for under the equity method and has been fully paid.

(4) Key management compensation

	For the years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	\$ 133,051	\$ 122,223
Post-employment benefits	1,036	1,145

	2015	2014
	\$ 134,087	\$ 123,368

8. PLEDGED ASSETS

Pledged asset	December 31, 2013	December 31, 2014	Purpose
Investments accounted for under the equity method	\$ 89,667	\$ 90,951	Subsidiary's guarantee for payment on purchases
Investment property			
– Land	533,666	533,666	Collateral for long-term borrowings
– Buildings	171,747	175,831	
	<b>\$ 795,080</b>	<b>\$ 800,448</b>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Operating lease agreements

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

	December 31, 2015
Not later than one year	\$ 5,557
Later than one year but not later than five years	3,412
	<b>\$ 8,969</b>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Fair value information of financial instruments

(a) Except those listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable-related parties, other receivables (including related parties), refundable

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deposits, short-term borrowings, short-term commercial papers payable, notes payable, and other payables (including related parties), long-term loans-current portion, bonds payable and long-term loans are approximate to their fair values.

December 31, 2015			
Book value	Level 1	Level 2	Level 3
Financial assets:			
Investments in bonds without active markets			
Financial assets measured at cost - non-current	\$ 243,164	\$ -	\$ -

December 31, 2014			
Book value	Fair value		
Financial assets:			
Investments in equities without active markets:			
Financial assets measured at cost - non-current	\$ 120,000	\$ -	

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

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

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and KRW. Foreign exchange risk arises from future commercial transactions, recognised

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assets and liabilities and net investments in foreign operations.

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

December 31, 2015			
Foreign Currency	Amount	Book Value	
(Foreign currency: functional currency)	(In thousands)	Exchange rate	(NTD)
Financial assets			
Non-monetary items			
USD: NTD	\$ 111,477	32.825	\$ 3,658,553
KRW: NTD	12,039,892	0.0281	338,381

December 31, 2014			
Foreign Currency	Amount	Book Value	
(Foreign currency: functional currency)	(In thousands)	Exchange rate	(NTD)
Financial assets			
Non-monetary items			
USD: NTD	\$ 100,253	31.650	\$ 3,173,003
KRW: NTD	10,522,645	0.0292	307,524

As of December 31, 2015 and 2014, there was no significant monetary financial assets and liabilities.

There was no foreign currency market risk arising from significant foreign exchange variation.

Interest rate risk

The Company's interest rate risk arises from short-term and long-term borrowings (including long-term liabilities due within a year), commercial papers payable and bonds payable. Borrowings and short-term notes payable issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings were mainly in fixed rate. During the years ended December 31, 2015 and 2014, the Company's borrowings, commercial papers payable and bonds payable were mainly denominated in the NTD.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by

the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only rated parties with good ratings are accepted.

ii. For the years December 31, 2015 and 2014, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company. Company treasury department monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans and covenant compliance.

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

Non-derivative financial liabilities:

December 31, 2015	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 1,868,893	\$ -	\$ -
Commercial papers payable	900,000	-	-
Other payables	218,501	-	-
Other payables – related parties	12,652	-	-
Bonds payable	-	6,000,000	-
Long-term borrowings	\$ 53,537	\$ 56,876	165,034
			315,438

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WPG HOLDINGS LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	December 31, 2014	Between 1 and 2 years			Between 2 and 5 years			Over 5 years		
		Less than 1 year	and 2 years	and 5 years	Less than 1 year	and 2 years	and 5 years	Less than 1 year	and 2 years	and 5 years
Short-term borrowings	\$ 659,685	\$ -	-	-	\$ -	\$ -	-	\$ -	\$ -	-
Commercial papers payable	750,000	-	-	-	-	-	-	-	-	-
Other payables	192,145	-	-	-	-	-	-	-	-	-
Other payables - related parties	5,260	-	-	-	-	-	-	-	-	-
Bonds payable	-	-	-	6,000,000	-	-	-	-	-	-
Long-term borrowings	8,666	53,747	168,831	370,517	-	-	-	-	-	-

**13. SUPPLEMENTARY DISCLOSURES**

(1) Significant transactions information

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

(2) Disclosure information of investee companies

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

(3) Information on investments in Mainland China

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

Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Information on significant transactions of the Company and subsidiary and

investee company in Mainland China as of and for the year ended December 31, 2015 is provided in Note (1) J.

**14. OPERATING SEGMENT INFORMATION**

In accordance with IFRS 8, operating segment information is disclosed in the consolidated financial statements.

Type of loans	As of December 31, 2015		As of December 31, 2014		As of December 31, 2013		As of December 31, 2012		As of December 31, 2011	
	No. of loans	No. of loans	No. of loans	No. of loans	No. of loans	No. of loans	No. of loans	No. of loans	No. of loans	No. of loans
World Peace Industrial Co., Ltd.	933,594	\$ 19,649,371	47,546	\$ 4,111,936	156,211	\$ 2,064,325	5	\$ 21,690,732	1035	\$ 21,694,718
Siemens Application Corp.	799,599	6,166,777	16,063	1,064,877	-	502,748	406,570	6,668,916	1035	16,40
WPG International (CJ) Limited	-	-	25,175	519,925	-	17,388	35,175	503,347	44,215	12,50
Genius CAD Inc.	-	-	46,603	1,218	-	-	3,920	41,821	10,67	41,821
WPG Biometric Ltd.	-	-	307,124	-	36,457	-	-	316,181	1026	311,01
WPG Korea Co., Ltd.	1,038	1,173,003	19,000	485,550	( 17,638)	-	124,443	3,658,533	1036	29,40
Yoomi Industrial Corp.	631,287	17,163,385	18,361	850,033	-	1,091,492	691,659	16,926,576	1035	18,62
WPG Care Investment Co., Ltd.	3,000	11,326	1,300	( 2,821)	-	4,590	3,480,207	1035	1,94	8,719
		\$ 52,137,455		\$ 8,407,075		\$ 1,417,651	\$ 56,377,652			

Note 1: In thousands of dollars  
Note 2: The increase for the period are recognized investment losses (gains) accounted under equity method, cumulative translation adjustments, new investments and changes in the equity accounts of subsidiaries.

Note 3: Closing NTD.

Note 4: The reduction is caused by WPG International (CJ) Limited's reduction of capital in office loans.

WPG HOLDINGS LIMITED SUMMARY OF SHORT-TERM LOANS DECEMBER 31, 2015 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)					
Type of loans	Ending balance	Loan period	Interest rate range	Pledge /collateral	Remark
Short-term unsecured loans	\$ 1,866,000	Nov. 30, 2015~ Mar. 1, 2016	1.05%~1.22%	None	

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WPG HOLDINGS LIMITED SUMMARY OF BONDS PAYABLE DECEMBER 31, 2015 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)									
Name of bond	Interest rate	Issue date	Amount of issuance	Retired amount	Ending balance	Unamortized discount	Book value	Redemption plan	Collateral Remark
First domestic unsecured convertible bonds	0%	2014.7.25	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	(\$ 124,617)	\$ 5,875,383	Refer to Note 6(19)	None

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WPG HOLDINGS LIMITED  
SUMMARY OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Please refer to Note 6(16) for related information.

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WPG HOLDINGS LIMITED  
SUMMARY OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Amount	Remark
Salaries expense	\$ 245,819	
Management service fee	68,669	
Directors' and supervisors' remuneration	30,000	
Advertising expenses	24,240	
Other expenses	188,724	Balance of individual accounts is under 5% of this account's balance.
	\$ 557,452	

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WPG HOLDINGS LIMITED  
SUMMARY OF EMPLOYEE BENEFIT EXPENSE,  
DEPRECIATION AND AMORTIZATION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Operating cost For the years ended December 31,	
	2015	2014
Employee benefit expense		
Wages and salaries	\$ 275,819	\$ 259,827
Labor and health insurance fees	12,495	11,665
Pension costs	7,080	6,633
Other personnel expenses	31,845	10,749
	\$ 327,239	\$ 288,874
Depreciation (including investment property)	\$ 24,028	\$ 33,565
Amortization	\$ 10,976	\$ 13,906
Number of employees (including directors and independent directors)	124	121

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Table 2: Similar to Table 1, but for services.

Table 3: The terms and sale price were calculated by multiplying factors including product, cost, sales tax and depreciation. The collection period is 60-120 days from the date of sale.

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Financial Information by Segment									
(Expressed in Chinese Yuan)									
Segment	Customer name	General ledger account		Relationship	Transaction items	Amount	Note 5	Percentage of consolidated total operating revenue or Net assets (%)	
		Sales	\$						
1	World Trade Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	15,463,082				3.10	
1	World Trade Industrial Co., Ltd.	WPI Components Company Limited	2	615,230				0.12	
1	AECO Technology Co., Ltd.	WPO Electronics (HK) Limited	2	565,978				0.10	
1	Granicus (HK) Inc.	AECO Technology Co., Ltd.	3	143,458				0.03	
1	AECO Technology Co., Ltd.	World Peace Industrial Co., Ltd.	3	116,006				0.02	
1	Logistic Technology Inc.	WPI International (Hong Kong) Limited	2	575,972				0.11	
1	Logistic Technology Inc.	AIO Components Company Limited	3	111,415				0.02	
1	Logistic Technology Inc.	Logistic Technology Inc.	2	25,075				0.06	
1	WPI International (Hong Kong) Limited	WPI International (Hong Kong) Limited	3	291,491				0.06	
1	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	4,651,066				0.96	
1	WPI China (SZ) Inc.	WPI China (SZ) Inc.	3	1,849,851				0.36	
1	World Peace Industrial (South Asia) Ltd.	World Peace Industrial (South Asia) Ltd.	3	1,655,395				0.32	
1	WPO Electronics (HK) Limited	WPO Electronics (HK) Limited	3	1,272,161				0.24	
1	WPSG SCA Limited	WPSG SCA Limited	3	811,577				0.16	
1	WPI International Trading (Shanghai) Ltd.	WPI International Trading (Shanghai) Ltd.	3	660,518				0.12	
1	WPI China (Shanghai) Inc.	WPI China (Shanghai) Inc.	3	303,991				0.06	
1	WPI Korea Co., Ltd.	WPI Korea Co., Ltd.	3	275,106				0.05	
1	WITSE WPI Limited	WITSE WPI Limited	3	206,090				0.04	
1	Arctech Communication Inc.	Arctech Communication Inc.	3	153,933				0.03	
1	WIG Electronic (HK) Limited	WIG Electronic (HK) Limited	3	1,973,165				0.38	
1	Silicon Application Corp.	Silicon Application Corp.	3	875,270				0.17	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	1,211,777				0.26	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	521,077				0.10	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	218,272				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	166,829				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	165,375				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	312,357				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	1,007,254				21.67	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	279,334				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	1,151,437				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	163,246				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	192,345				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	247,270				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	2,082,170				47.24	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	42,137				0.01	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	792,775				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	54,290				0.01	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	277,164				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	497,141				0.06	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	58,379				0.01	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	8,735				0.00	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	133,706				0.03	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	151,421				0.03	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	116,267				0.03	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	2,31				0.00	
1	WPI Components (HK) Limited	WPI Components (HK) Limited	3	272,064				0.06	
1	Future Electronics Co., Ltd.	Future Electronics Co., Ltd.	3	477,145				0.06	
1	Future Electronics Co., Ltd.	Future Electronics Co., Ltd.	3	151,242				0.03	
1	Future Electronics Co., Ltd.	Future Electronics Co., Ltd.	3	163,199				0.03	
1	Future Electronics Co., Ltd.	Future Electronics Co., Ltd.	3	115,007				0.03	
1	Future Electronics Co., Ltd.	Future Electronics Co., Ltd.	3	213,543				0.06	
1	Future Electronics Co., Ltd.	Future Electronics Co., Ltd.	3	751,250				0.06	

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Table 6 Page 17

Orchestrator	Customer	Relationship with the customer		Reference to December 31, 2013 financials		Reference to December 31, 2014 financials		Amount collected in the period to the date of the financial statement		Amount due to the customer at the date of the financial statement
		Supplier	Buyer	\$	Amount (thousand)	\$	Amount (thousand)	Amount (thousand)	Amount (thousand)	
Mac Technology Co., Limited	WFO Electronics (HKT) Limited	Supplier	Buyer	210,677	2,17	163,972	3,68	-	141,945	\$
WFO China (HK) Inc.	WFO China (SD) Inc.	Supplier	Buyer	1,143,325	6,08	1,143,325	6,08	-	165,137	\$
WFO China (SD) Inc.	WFO China (HK) Inc.	Supplier	Buyer	210,235	0,08	210,235	0,08	-	-	\$
WFO China (HK) Inc.	WFO China (SD) Inc.	Supplier	Buyer	212,20	0,00	212,20	0,00	-	100,249	\$
WFO China (SD) Inc.	WFO China (HK) Inc.	Supplier	Buyer	1,45	-	-	-	-	-	\$

1	Asian Information Technology Inc.	3	34,088	2.2
	WPG SCS4 Limited	3	314,038	0.16
	Yousa Singapore Pte Ltd.	3	121,435	0.02
1	Yousa Singapore Pte Ltd.	3	316,507	0.10
	Yousa (Hong Kong) Corp. Ltd.	3	246,193	0.05
	WPG SCS4 Limited	3	663,820	0.12
1	Soritk Electronics Inc.	3	216,741	0.04
	Yousa (Hong Kong) Corp. Ltd.	3	5,653,448	1.09
	Yousa Industrial Corp.	3	149,458	0.03
1	AIT Japan Inc.	3	177,518	0.93
	WPG China (Suz) Inc.	3	101,033	0.02
	Silicon Application Corp.	3	1,897,610	0.37
	NPFC Electronics (UK) Limited	3	1,129,916	0.22
1	AIT Japan Inc.	3	496,990	0.10
	ATTG Electronics Limited	3	177,635	0.03
	Frontech Technology Corporation	3	265,584	0.05
1	Frontech Technology Corporation	3	221,194	0.04
	Apache Communication Inc.	3	1,702,445	0.35
	Frontech Technology Corporation	3	Notes 9 and 15	
	Frontech Electronics Co. Ltd.	3	Notes 9 and 15	
	Frontech Electronics Co. Ltd.	3	1,702,445	
	Frontech Electronics Co. Ltd.	3	1,702,445	

Transaction											Transaction											
Number (Note 1)	Customer name	Company name	Contingency	Relationship	General ledger account		Amount	Transaction terms	Relationship	General ledger account	Amount	General ledger account		Amount	Transaction terms	Relationship	General ledger account	Amount	General ledger account		Amount	
					3	4						5	6						11	12	13	14
9	Yuan Hong Kong Corp. Ltd.	WPG China Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
10	Aster Information Technology Inc.	ATI Corp. Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
11	Fractech Technology Corporation	WPG Electronics (HK) Limited			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
12	AIT Japan Inc.	Aster Information Technology Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
13	Auracle Communication Inc.	WPG China (HK) Limited			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
14	Everwin Enterprise Co., Ltd.	Prime Electronic Co., Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
15	Prime Electronics Co., Ltd.	Everwin Enterprise Co., Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
16	RichPower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
17	RichPower Electronic Devices Co., Limited	Yuan Hong Corp. Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
18	WPG China Inc.	WPG China (HK) Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
19	Net Techrology Co., Limited	WPG Electronics (HK) Limited			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
20	Silicon Application Corp.	WPG China Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
1					3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
1					3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
2	ALCO Technology Co., Ltd.	WPG Gain Tone Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
3	ALCOO Electronic Co., Ltd.	WPG International (Hong Kong) Limited			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
4	WPG International (Hong Kong) Limited	WPG CAC (HK) Limited			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
4	Lam's Tech International (Hong Kong)	WPG Gain Tone Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
5	World Peace Industrial (South Asia) Pte. Ltd.	WPG International (Hong Kong) Limited			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
5	WPG China Inc.	WPG International (Hong Kong) Limited			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
5	WPG China Inc.	WPG International (South Asia) Pte. Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
6	Yuan Industrial Corp.	WPG China Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
7	Giltek Corp. Ltd.	Yuan Industrial Corp.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
8	Yuan South China Corp. Ltd.	WPG China (HK) Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28

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Transaction											Transaction											
Number (Note 1)	Customer name	Company name	Contingency	Relationship	General ledger account		Amount	Transaction terms	Relationship	General ledger account		Amount	General ledger account		Amount	Transaction terms	Relationship	General ledger account		Amount		
					3	4				11	12		14	15	16	17	18	19	20	21	22	23
9	Yuan Sheng Corp. Ltd.	WPG China (HK) Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
10	Strik Limited	Yuan Hong Corp. Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
11	Strik Acoustically Inc.	Yuan Hong Corp. Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
12	Aster Information Technology Inc.	Apex Communication Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
13	Everwin Enterprise Co., Ltd.	Prime Electronics Co., Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
14	RichPower Electronic Devices Pte. Ltd.	Yuan Industrial Corp.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
15	WPG China Inc.	WPG Electronics (HK) Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
16	WPG South Asia Pte. Ltd.	WPG South Asia Pte. Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
17	Yuan Hong Corp. Ltd.	Yuan Industrial Corp.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
18	SILICON APPLICATION (H.K.) LTD.	Silicon Application Corp.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28

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Transaction											Transaction											
Number (Note 1)	Customer name	Company name	Contingency	Relationship	General ledger account		Amount	Transaction terms	Relationship	General ledger account		Amount	General ledger account		Amount	Transaction terms	Relationship	General ledger account		Amount		
					3	4				11	12		14	15	16	17	18	19	20	21	22	23
9	Yuan Sheng Corp. Ltd.	WPG China (HK) Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
10	Strik Limited	Yuan Hong Corp. Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
11	Strik Acoustically Inc.	Yuan Hong Corp. Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
12	Aster Information Technology Inc.	Apex Communication Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
13	Everwin Enterprise Co., Ltd.	Prime Electronics Co., Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
14	RichPower Electronic Devices Pte. Ltd.	Yuan Industrial Corp.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
15	WPG China Inc.	WPG Electronics (HK) Inc.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
16	WPG South Asia Pte. Ltd.	WPG South Asia Pte. Ltd.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
17	Yuan Hong Corp. Ltd.	Yuan Industrial Corp.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28
18	SILICON APPLICATION (H.K.) LTD.	Silicon Application Corp.			3	4				16	17	18	19	20	21	22	23	24	25	26	27	28

Table 7 Page 24

Transaction											Transaction										
Number (Note 1)	Customer name	Company name	Contingency	Relationship	General ledger account		Amount	Transaction terms	Relationship	General ledger account		Amount	General ledger account		Amount	Transaction terms	Relationship	General ledger account		Amount	
3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18</th						

Table 3

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## 7 Financial Status, Operating Results and Risk Management

### 7.1 Financial status

#### 7.1.1 Consolidated

Item	Year	2015	2014	Unit: NT\$ thousands	
				Amount	%
Current assets		165,487,412	146,245,684	19,241,728	13.16
Notes and accounts receivable, net		92,271,467	82,249,794	10,021,673	12.18
Inventories, net		50,295,037	47,373,506	2,921,531	6.17
Non-current Assets		13,564,453	14,101,532	(537,079)	(3.81)
Financial assets - non-current and Investments in bonds		808,327	817,892	(9,565)	(1.17)
Investments accounted for under the equity method		555,054	816,213	(261,159)	(32.00)
Total assets		179,051,855	160,347,215	18,704,649	11.67
Short-term and Long-term borrowings (include current portion of long-term borrowings)		77,506,850	66,756,227	10,849,632	16.25
Notes and accounts payable		45,242,855	41,151,318	4,091,537	9.54
Total liabilities		130,734,107	115,229,534	15,504,573	13.46
Capital		16,557,092	16,557,092	-	-
Total equity		48,317,759	45,117,682	3,200,076	7.09

#### 7.1.2 Main causes of significant changes in the assets, liabilities and equities of the 2015 and 2014 Consolidated financial statements and the response plan

1. Current assets: The current assets in 2015 have increased compared with those in 2014 mainly due to the increase of notes and accounts receivable in 2015.
2. Notes and accounts receivable: The notes and accounts receivable in 2015 has increased because the total sales amount grew up by 13.94% year-on-year, leading to the increase of notes and accounts receivable.
3. Investments accounted for under the equity method : Investments accounted for under the equity method in 2015 has decreased because the entity of Genuine CAC Inc. became consolidated and added shareholdings after tender offer.
4. Total assets : Total assets has increased in 2015 due to the increase of notes and accounts receivable in 2015 compared with those in 2014.
5. Short-term and Long-term borrowings (include current portion of long-term borrowings) : The amount of loans from banks has increased in 2015 compared with those in 2014 because revenues grew so needed borrowing more money from banks in order to maintain fluent operation.
6. Total liabilities: Total liabilities has increased in 2015 compared with those in 2014 because revenues grew so needed borrowing more money from banks in order to maintain fluent operation.

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#### 7.1.3 Non-Consolidated

Unit: NT\$ thousands

Item	Year	2015	2014	Difference	
				Amount	%
Current assets		442,543	424,141	18,402	4.34
Investments accounted for under the equity method		56,377,857	52,133,455	4,244,402	8.14
Total assets		57,848,925	53,561,051	4,287,874	8.01
Total liabilities		10,078,505	8,505,320	1,573,185	18.50
Capital		16,557,092	16,557,092	-	0.00
Total equities		47,770,420	45,055,731	2,714,689	6.03

#### 7.1.4 Main causes of significant changes in the assets, liabilities and equities of the 2015 and 2014 Non-Consolidated financial statements and the response plan

1. Investments accounted for under the equity method: The Investments accounted for under the equity method has increased in 2015 compared with those in 2014 because investments in subsidiaries and cumulative translation adjustments as well as invest income increased after deducted subsidiary dividend and balance got increased.
2. Total assets: The total assets in 2015 has increased because the investment accounted for under the equity method increased.
3. Total liabilities: The total liabilities in 2015 grew compared with those in 2014 because of long-term investments in subsidiaries and the increasing accumulated retained earnings tax result in capital requirements and loans added.

## 7.2 Financial performance

### 7.2.1 Consolidated

Unit: NT\$ thousands

Item	Year	2015	2014	Difference	
				Amount	%
Operating revenues		515,536,489	452,471,998	63,064,491	13.94
Operating costs		(494,086,240)	(431,988,193)	(52,098,047)	14.37
Gross profit		21,450,249	20,483,805	956,444	4.72
Operating expenses		(12,976,134)	(12,542,066)	(434,068)	3.45
Operating Income		8,474,115	7,941,739	532,376	6.70
Non-operating income and expenses		(1,320,672)	(835,104)	(485,568)	(58.14)
Profit before tax		7,153,443	7,106,635	46,808	0.65
Income tax expense		(1,717,511)	(1,292,459)	(425,052)	32.89
Consolidated net income		5,435,932	5,814,176	(378,244)	(6.51)

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#### 7.2.5 Projection of the sales in the next year and the basis, possible effects on our future financial business and response plan

WPG Group has a variety of production lines and these products are calculated in different units so that there is no statistics in the same unit. In response to the continuously increasing demands for semiconductor parts of communication and consumer electronics, automotive electronics and green energy in China, the Group will continue to develop the Asia-Pacific markets and believes that the growing demands will facilitate the growth of WPG Group revenues and profits. The Company will continue to improve the earning quality and asset use efficiency financially to keep up with the expansion of the business scale. In terms of business, we will provide higher value-added service, win more OEM agreements, improve the sales and penetration in China and use our advantages such as information technology to increase our market share and optimize the interests for the Company and shareholders.

## 7.3 Cash flow

### 7.3.1 Consolidated

Unit: NT\$ thousands

Cash Balance 12/31/2014	Net Cash Provided by Operating Activities in 2015	Net increase (decrease) in Cash in 2015	Cash Balance 12/31/2015	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
11,184,859	(9,273,069)	(1,738,217)	9,446,642	0	0

The increase of revenues results in higher requirements of operating capitals to support operating activities, thus leading to the net cash outflow in the 2015 consolidated financial statement. The net cash inflow of investment is generated from the proceeds of the sale of investment properties. The net cash inflow of financing activities in 2015 is the result of the increase of loans. The net cash outflow of 2015 results in higher closing cash balance over the opening cash balance.

### 7.3.2 Non-Consolidated

Unit: NT\$ thousands

Cash Balance 12/31/2014	Net Cash Provided by Operating Activities in 2015	Net increase (decrease) in Cash in 2015	Cash Balance 12/31/2015	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
33,180	4,094,468	(4,699)	28,481	0	0

Our cash flow is composed of the capitals for daily operation, cash dividends and dividend payout of subsidiaries, organization framework adjustment and payment of investment in the subsidiaries.

### 7.3.3 Low Liquidity Improvement plan: WPG Group do not have the problem of low liquidity.

### 7.2.3 Non-Consolidated

Unit: NT\$ thousands

Item	Year	2015	2014	Difference	
				Amount	%
Operating revenues		6,383,519	6,490,174	(106,655)	(1.64)
Operating costs and expenses		(557,452)	(484,849)	(72,603)	14.97
Gross profit		5,826,067	6,005,325	(179,258)	(2.98)
Non-operating income and expenses		(93,817)	(56,262)	(37,555)	(66.75)
Profit before tax		5,732,250	5,949,063	(216,813)	(3.64)
Income tax expense		(311,781)	(140,224)	(171,557)	122.34
Net income		5,420,469	5,808,839	(388,370)	(6.69)

#### 7.2.4 Main causes of significant changes in the operating revenue, operating income and income before tax of the 2015 and 2014 Consolidated financial statements and the response plan

1. Operating costs and expenses : The growth of operating costs and expenses in 2015 results from the increase of operating expenses on adding Corporate Credit & Risk Management Service Unit in 2015.
2. Non-operating income and expenses : Non-operating income and expenses has increased in 2015 compared with 2014 as a result of the increase interest expenses in issued convertible bonds and raised financial cost in 2015.
3. Income tax expense : The income tax expense has increased in 2015 compared with 2014 because additional tax on undistributed earnings increased.
4. Net Income: The net income decreased in 2015 compared with 2014 due to decrease of the investment revenues results, in the growth of operating expense, expenditure as well as tax expense in 2015.

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### 7.3.4 Consolidated cash liquidity analysis for the next year

Cash Balance 12/31/2015	Net Cash Provided by Operating Activities in 2016	Net Increase (decrease) In Cash in2016	Cash Balance 12/31/2016	Remedy for Liquidity Shortfall		Unit: NT\$thousands
				Investment Plan	Financing Plan	
9,446,642	6,732,000	495,000	9,941,542	0	0	

It is expected that the net cash inflow from operating activities will increase in the 2016 consolidated statement because of the key objectives resulted from operating cost controlled and net income increased. Cash dividends will therefore be paid and loans borrowed from banks will be reimbursed.

### 7.3.5 Non-Consolidated cash liquidity analysis for the next year

Cash Balance 12/31/2015	Net Cash Provided by Operating Activities in 2016	Net Increase (decrease) In Cash in2016	Cash Balance 12/31/2016	Remedy for Liquidity Shortfall		Unit: NT\$thousands
				Investment Plan	Financing Plan	
28,481	3,927,000	11,519	40,000	0	0	

The cash flow is composed of the capitals for daily operation, cash dividends and dividend payout of the subsidiaries, organization framework adjustment and payment of investment in subsidiaries.

### 7.4 The influence of major capital expenditure on financial business in recent years

WPG Holdings has not made major capital expenditures in recent years. Refer to P.93 of Financial statement for the most recent fiscal year augmented with auditor's report prepared by a CPA for the information about major capital expenditure of WPG Group. (5. WPG Holdings spent NT\$300 million dollars or 20% above of paid-in capital in real estate.)

### 7.5 Reinvestment policy and main cause of profits or loss in recent years, improvement plan and investment planning for the next year

#### 7.5.1 Reinvestment analysis

December 31, 2015/ Unit: NT\$thousands						
Company	Long-term investment	Policy	2015 profits (loss)	Main cause of profits or loss	Improvement plan	Future Investment planning
World Peace Industrial Co., Ltd	21,696,782	Sales of electronic / electrical components	3,032,362	Profits from the invested company, leading to gain on Investment	--	--
Silicon Application Corporation	6,668,916	Sales of computer software and electronic products	876,147	--	--	--
Asian Information Technology Inc.	6,043,555	Sales of electronic / electrical	1,192,293	--	--	--

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Company	Long-term investment	Policy	2015 profits (loss)	Main cause of profits or loss	Improvement plan	Future Investment planning
Yosun Industrial Corp.	16,920,576	Sales of electronic / electrical components	850,066	--	--	--
WPG Electronic Ltd.	41,821	Sales of electronic / electrical components	2,639	--	--	--
WPG Korea Co., Ltd.	338,381	Sales of electronic / electrical components	40,441	--	--	--
WPG Investment Co., Ltd.	498,207	Investment company	14,695	Investment	--	--
WPG Int'l (CI) Limited	3,658,553	Subsidiary of the Holdings	(184,587)	Profits from the reinvested company	--	--
WPG Core Investment Co., Ltd.	8,719	Investment company	(17,827)	Start-up stage	--	--
Genuine C&C Inc.	502,347	Sales of electronic / electrical components	28,142	Profits from the invested company, leading to gain on Investment	--	--

#### 7.5.2 Reinvestment policy of recent years

We reinvest in the professional distributors of electronic parts considering the integration of markets and the completeness of OEM production lines. We also continue to improve our position of the high value-added service and e-commerce distributor to achieve the economics of scale, and maintain and continue to increase the market share and profits.

#### 7.5.3 Investment plan for the next year

WPGH has no significant investment plan from the beginning to the annual report published date in 2016, but the Company will keep setting the acquisition platform of the holding structure and focusing on investment target at home and abroad.

### 7.6 Risk assessment of the following items in the recent year and as of the publication date of the annual report:

Integrated risk management is the goal of WPG Holdings. The risk units at each level include risk management in the operation processes through systematic risk identification, risk assessment, risk handling and monitoring considering the enterprise holistically in order to reach the goal of the organization. We will progressively conduct business at acceptable risk

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level, improve the quality and quantity of incomes, optimize resource distribution and ensure that the appropriate risk culture will be established and maintained in the organization

#### 7.6.1 Risk management organization framework

Our risk management organization is described as below:

1. The Board has established "Risk Management Policy and Guidelines" as the basis for the implementation of risk management in the Company and Subsidiaries.
2. Audit Committee is responsible for monitoring the formulation and execution of the risk management policy in accordance with the "Audit Committee Charter" approved by the Board and establishes the monitoring indicators of risk management with the authorization of the Board.
3. The CEO of the Holdings assigns a person who is responsible for risk management in order to effectively plan, monitor and implement the risk management system in the Company and Subsidiaries.
4. The Board of each Subsidiary shall establish risk management procedures or management measures based on the risk management policy and guidelines as well as the characteristics of the industry.
5. The responsibility of risk management does not solely lie on the risk management unit or the assigned person. Instead, all functions/departments/units/business has the corresponding responsibility and need to cooperate in order to practically carry out risk management.

Related supervisory mechanisms are described as below:

#### 1. High-level management meeting:

The meeting is held every month; the CEO of the Holdings and each group, the chief marketing officer(CMO) of business and product units and directors of departments of the Holdings will attend the meeting. The Subsidiary will report the monthly business performance, financial status and key performance indicators in the meeting while the Holdings will communicate, discuss and promote cross-group and cross-region policies and projects.

The Holdings and Subsidiaries propose the annual plan for the second half of every year based on the operation direction and budget, regularly track the progress and dynamically inspect possible risks and adjustment measures.

2. Departments of the Holdings: The policy has been established for the financial, HR, legal, information and logistics departments to integrate the key strategies. The cross-department and cross-subsidiary as well as cross-area meetings are held regularly to establish the excellent two-way and horizontal communication mechanism, adjust the operation direction and respond to possible risks.
3. Internal audit unit of the Holdings: The unit regularly audits the appropriateness of the design and implementation of the internal control system in the financial and sale departments and report to Audit Committee and Board.

#### 7.6.2 Risk management responsibility

##### 1. Board

The Board shall be aware of the operation risks that the Company encounters ensure the effectiveness of risk management and take the ultimate responsibility of risk management.

##### 2. Audit Committee

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- (1) Regularly debrief the risk management units of the Holdings and supervise the implementation of risk management in the Company and Subsidiaries.
- (2) Provide recommendation to the risk management policy and system, process and supervision indices.
- (3) Discuss the cases reported to the Board by the risk management unit (responsible person) of the Holdings.

##### 3. Risk management unit (responsible person)

The risk management unit of the Holdings is responsible for monitoring, measuring and evaluating of daily risks. The unit shall be independent from other business unit and operating activities in order to exercise the power. The unit directly reports to the CEO of the Holdings and Audit Committee. The main responsibilities are described as below:

- (1) Help with the formulation of the risk management policy.
- (2) Ensure the implementation of the risk management policy which has been approved by the Board.
- (3) Render the risk management report at appropriate time.
- (4) Evaluate the degree of risk exposure and risk concentration.
- (5) Deal with the unit which fails to obey risk limits with authorized power.
- (6) Track early warnings, violation of limits and exceptional management affairs.
- (7) Other risk management affairs.

##### 4. The Board of the Subsidiaries

- (1) The Board of the Subsidiaries shall supervise each function to actually establish risk management procedures or processes in accordance with the policy of the Holdings and practically manage risks in order to implement the risk management policy of the Holdings.

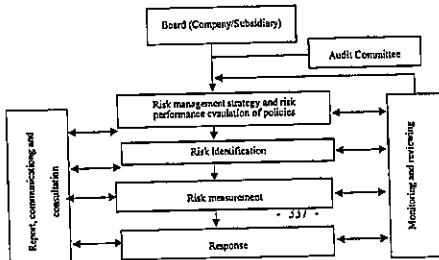
- (2) The Board shall supervise whether the Subsidiary violates the limits and propose improvement and prevention strategies.

5. Every related unit (every function/department of the Company or Subsidiaries) The directors of every unit are the first line risk controllers with the following responsibilities:

- (1) Ensure the communication of risk information in the timely and correct manner.
- (2) Ensure the effective implementation of the risk limit regulations in the unit.
- (3) Ensure that related units measure risks, use models and establish hypotheses on the same basis.

#### 7.6.3 Risk management process

The risk management process includes: risk identification, risk measurement, risk monitoring, risk reports and response measures as described in the figure below.



#### 7.6.4 Risk Identification and response

Our risk management unit divides the possible risks into 5 categories: hazardous risk, operating risk, financial risk, strategic risk and compliance/contract risk.

##### 1. Hazardous risk

Business continuity caused by great disasters and calamities is the biggest risk that the Company may encounter and the destruction of the data center and main storehouse is the most significant of all. Moreover, the global or regional financial crisis may also hazardously affect our business.

##### - Risk of business discontinuity as the result of the destruction of the data center

The backup data center has been built off-site; the data in the information system has been backed up every day and stored off-site. Furthermore, the multi-circuit network redundancy has been established and there are multiple network connections in the main sites with the data center to prevent business discontinuity caused by disconnection of single network. The information department has set up the regular back-up plan, conducts on-site practice and continues to improve and perfect the plan.

##### - Risk of great financial loss or business discontinuity as the result of the destruction of the major storehouses

The disaster response plan has been formulated for the major storehouses and on-site practice has been carried out regularly. We insure the stocks in the storehouse and regularly review and adjust the premiums and coverage accordingly to protect our important assets.

##### - Risk of business discontinuity as the result of blockage of major offices

In 2015, the disaster recovery plan of key offices in China has been completed and practice has been conducted. We formulate the plan in response to the blocked office and damaged data center and complete practice. Regular practice will be held and modification will be made according to the result and actual status to maintain the effectiveness.

##### - Risk of capital circulation and operating profits as the result of financial crisis

In addition to establish preventive measures, such as increasing the sensitivity to market trends, building an appropriate preventive mechanism for the use, allocation and distribution of capitals and strengthening credit control, we also organize the response procedures based on the experience in dealing with financial crisis, such as forming a project team as well as establishing a quick information collection system and phased credit principle as the reference for similar risks.

##### 2. Operating risk

###### - Industrial risk

**■ Influence of important national policy and legal changes on the financial business and responsive measures:** In response to the amendment of policies related to corporate governance and Company Act of the competent authorities, the Company will continue to notice on the change of related regulations and make changes accordingly.

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**■ Influence of technical and industrial changes on our financial business and responsive measures:** The Company in the midstream supply chain of semiconductor parts will expand the production lines and customer coverage to meet the demands of semiconductor parts, brought by changing technology. Due to the intense competition in the industry, merger and acquisition is common among domestic and foreign electronic companies to ensure the competitiveness in the market. The Company will continue to seek partners for strategic alliance, expand production lines and customer coverage, and maintain and expand market share through the Investment Holdings in order to maintain our leading position of parts distributors in the Asia-Pacific market.

##### - Risk of corruption or intrusion of the data center

The measures in response to the corrupted system are described above. The Company also builds a system to detect the intrusion and regularly check the effectiveness.

##### - Risk of the storehouses and logistics

The measures in response to the corrupted storehouse are described above. In addition, more storehouses have been built near the major storehouses or operation sites to disperse inventory in order to prevent the risk of over-concentration.

##### - Expected benefits, possible risk and responsive measures of plant expansion: Not applicable. Both the Company and Subsidiaries are not manufacturing industries.

##### - Future R&D plan and budget

There are FAEs in the Subsidiaries to help clients with testing and design and they will irregularly provide or update the best solutions based on the application categories of the products to help clients reduce manufacturing costs and improve product efficiency. A total of 8,224,000 dollars has been invested in R&D as of the 1<sup>st</sup> quarter of the year.

##### - Influence of the corporate image change on the corporate risk management and responsive measures:

The Company upholds the sustainable management principle of professionalism and integrity and highly values our corporate image and risk control. There is no foreseeable risk currently.

##### - Influence, risk and responsive measures of management right change on the Company: Not applicable.

##### 3. Financial crisis

###### - Influence of interest rate, currency and inflation on our revenues and responsive measures

###### ■ Interest rate

The financial cost of 2015 was 1,467,904,000 dollars, an increase of 253,673,000 dollars from 2015. 79,243,000 dollars of them was generated due to the interest of convertible bonds. We borrowed money from banks to meet the capital requirements of operation. Moreover, the interest rate on borrowings of the money market rose so that the growth rate of interests reached 21%, higher than 13.94% of the revenue growth rate. The percentage of interest expenses in revenues grew up from 0.27% to 0.28% but still in the

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reasonable range. The rising of interest rate will positively affect our revenues, and we will evaluate the currency trends at all time, use the long-term and short-term financing tools and manage the operating capitals to reduce the effect of interest on the Company.

###### ■ Currency

WPG is a multi-national company and may face the threat from currency risk of US dollars and RMB. Currency risk arises in business transactions, recognized assets and Group has established the policy, requiring every company of the Group to manage currency risk of corresponding functional currency. The financial department of each company shall help hedge currency considering the overall currency risk. The financial department of each Company also manages the currency risk of future transactions and recognized assets and our liabilities through forward exchange agreements to reduce the influence of interest rate on total revenues; therefore, it did not impose significant influence in 2015.

###### ■ Inflation

Semiconductor components are our main products and Asia-Pacific is the major market. The characteristics and price of the products mostly reflect the supply and demands of the market, technical progress and fast innovation. Inflation or deflation of the Asia-Pacific countries did not significantly affect our operation in 2015.

###### - The policy of the transactions, involving high risk, high leveraged investment, lending of capitals, endorsement and derivatives, main causes of profits or loss and responsive measures: The Company did not engage in high risk and high leveraged investment and lent capitals, endorsed for other and conducted derivative transactions in accordance with the policy and responsive measures in "Procedure for the Acquisition and Disposal of Assets", "Procedures for Loaning of Company Funds" and "Procedures for Endorsements and Guarantees"

###### - Credit risk: Risk of low capital turnover caused by default of big clients.

The credit management business between the Company and its subsidiaries have been fully integrated so far. To strengthen the performance of credit risk control, we will continue to optimize the system flow, combine professional with the system for further objective of reducing the risk of security claims.

The main character of credit management divides into four parts: customer management, credit management, accounts receivable management and risk management. Except for customer management of warning key management, we are promoting the reconciliation of accounts receivable along with cash requirement and offset. Then we integrate them into management in credit management unit and the start function of internal auditing and controlling to achieve the effect of anti-wrongdoing.

###### - Risk of the quality of financial statements

We build a mechanism to analyze and check financial figures, offer regular training to improve the accountants' legal and taxation knowledge and regularly inspect the internal control system and operation processes.

###### - Risk of the capital structure and difficulty of acquiring capitals:

We set a goal of the expense use ratio and strengthen operating capital management.

#### 4. Strategic risk

The strategic risk that the Company may face is over-concentration.

###### - Risk of procurement and sales concentration and responsive measures: Our clients spread across Asia-Pacific broadly and the products include computer peripheral, communication, consumer electronics and automotive electronics. The sales amount of single clients has not gone over 10% of the consolidated revenues in recent years and the 1<sup>st</sup> quarter of 2016, and therefore there is no problem of sales concentration. In addition, we have maintained great relationship with suppliers in the long term so we have stable supply source.

###### - Risk of industry concentration: Electronic parts and components are our major business currently and the computer system occupies a low percentage of total business. New Business Strategy Committee under the Board has been established to evaluate and plan the development of new business.

###### - Expected benefits, possible risk and responsive measures of M&A: No M&A has been conducted in recent years and the last quarter.

#### 5. Compliance/contract risk

It is the basic requirement for the Company that all operation processes are in compliance with the local regulations. The responsible units regularly inspect whether the operation meets local laws or is in line with future legal direction and make appropriate adjustment. The legal department is responsible for reviewing all agreements. Besides that, since 2015 all certified legal staffs have been fully centralized and unified the management system to improve the effectiveness on human resources of legal staffs as well as service efficiency. Therefore, it can meet all management requirements of WPG Holdings and its affiliation to review contract, deal with dispute in law and comply with various regulations. Meanwhile, we optimize the process and integrate contact person with a view to achieve the best balance between the risk management of enterprise agreement and the efficiency of legal services.

In addition to contract risk resulted from the legal risk in daily operation, it may also act inadvertently or take risks due to various outside business activities. Therefore, we will continue to strengthen staff's awareness of risk through educational training program and raise internal mechanisms of self-protection by the integrated and optimum internal control process.

To reduce the risk of trade compliance and strengthen operational management between the Company and its subsidiaries, WPG Holdings has established Trade Compliance Service Unit in March in 2015 to ensure that all the transactions, customers, and products are well managed in accordance to the global and local trade compliance regulations. The Year 2015 is the construction phase of organization and base system. We will begin with systematic training and education program for propelling the fundamental management mechanisms in 2016.

#### 6. Other risks

###### - Influence, risk and responsive measures of transferring huge amount of equities by the Board directors, supervisors or the major shareholder with the holding ratio over 10% on the Company: none

###### - A list shall be made for the lawsuits, non-contentious events or administrative

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appeals involving the Company, the directors, supervisors, general manager, major shareholders holding greater than 10% of shares and the company's subsidiaries (whether pending or for which a verdict has been reached) and the

**Other important risks and responsive measures:** WPG Holdings did not have other important risks in 2015 and as of the publication date of the annual report.

important risks in 2013 and as of the publication date of the annual report.

Our vision is expanded along with the business scale. The risk management unit shall review the risk management policy and implementation at a regular basis, and pay attention to the development of international and domestic risk management systems at any time in order to make improvement based on it. We will continue to promote the spirit of risk management at all levels of the organization to increase the efficiency of risk management.

## 7.7 Other important matters:

#### Reference and foundation of evaluation for the appropriation of assets and liabilities

7.7.1 The allowance method of accounting for bad debts - account receivables: In the event of doubtful debts, they shall be individually evaluated to determine the possibility of collection and whether there is impairment loss with reference to the aging schedule (not the only reference). Evaluation shall be made to see whether there is objective evidence showing impairment loss.

- (1) The customer has serious financial problems.
- (2) The customer does not pay upon expiry.
- (3) It is highly possible that the customer will declare bankruptcy or financial restructuring.

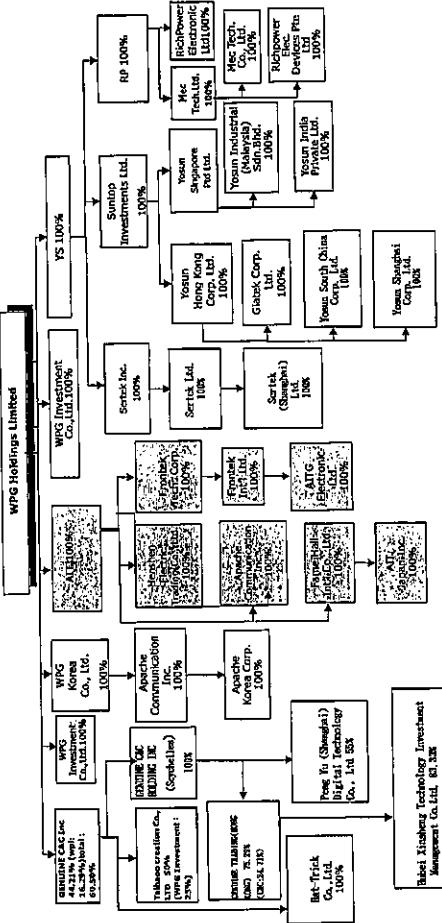
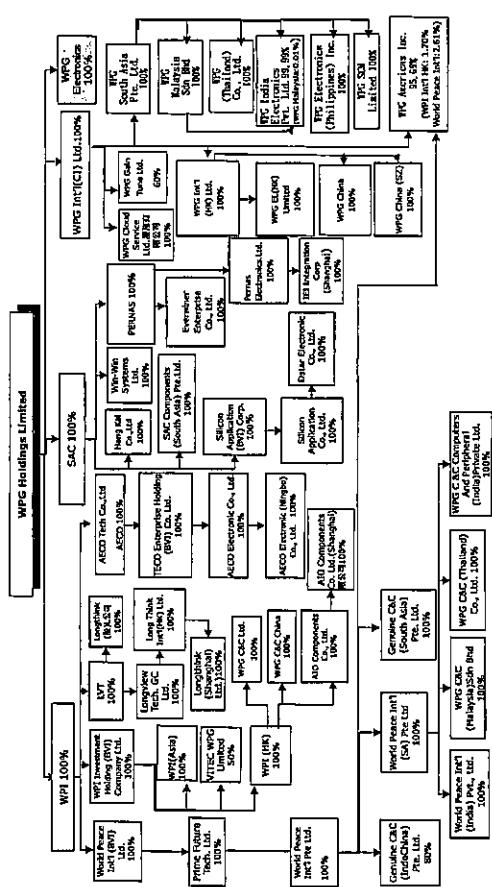
7.7.2 Allowance for Inventory decline in market value policy : It is measured based on the cost and net realizable value to determine which is lower. The cost and net realizable value are compared item by item.

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Dec., 31, 2015



Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
World Peace International (South Asia) Pte. Ltd.	1995/5/17	No. 10 Upper Aljunied Link #05-07, Singapore 367904	USD 21,774 thousand	Sales of electronic / electrical components
World Peace International (India) Pvt. Ltd.	1997/10/3	Unit No. 214/1, 2nd Floor, Ober Garden Estate Off. #05-07, Sector 105, Noida, Uttar Pradesh, India 201022	INR 3,575 thousand	Sales of electronic / electrical components
WPG C&C Computers and Peripheral (India) Private Limited	2000/6/4	Re: 26, 2 <sup>nd</sup> Floor, Oikha Industrial Estate, Phase-III, New Delhi-110026, India.	INR 184,200 thousand	Sales of electronic / electrical components
WPG C&C (Malaysia) Sdn Bhd	2001/1/25	No. 4/302-4 UH Tower, 30 <sup>th</sup> Floor, Ramkhanheng Road, Subanlong Sub-district, Sunlhang District, Bangkok, Thailand	MYR 11,250 thousand	Sales of electronic / electrical components
WPG C&C (Thailand) Co., Ltd.	2006/8/23	Units C & G, 15th Floor, CDW Building, 388 Castle Peak Road, Tuen Wan, N.T., Hong Kong	USD 6,500 thousand	Agent and sales of information products
WPG C&C Limited	2007/7/19	Unit 315B, 3rd Road, Xizheng Industrial Zone, Shanghai	USD 6,650 thousand	Agent and sales of information products
WP1 International Trading (Shanghai) Ltd.	2005/1/13	Units C & G, 15th Floor, CDW Building, 388 Castle Peak Road, Tuen Wan, N.T., Hong Kong	HKD 1,302 thousand	Sales of electronic (electrical) components
ATO Components Company Limited	1992/7/15	Commerce Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 200 thousand	Sales of electronic (electrical) components
ATO (Shanghai) Components Company Limited	2002/5/21	Units C & G, 15th Floor, Kehing Building, No.35, Ruijing Road, Wuhuqiao Free Trade Zone, Shanghai	40,000	Sales of electronic / electrical components
Long-Think International Co., Ltd	2010/3/19	5/F, No.76, Sec. 1, Chengqong Rd., Nangang Dist., Taipei City	USD 11,300 thousand	Holding company
LongView Technology Inc. Limited	2012/5/10	Commerce Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 10,000 thousand	Sales of electronic (electrical) components
Long-Think International (Hong Kong) Limited	1991/5/14	Tuen Wan, N.T., Hong Kong	USD 100 thousand	Sales of electronic / electrical components
Long-Think International (Shanghai) Limited	2002/10/21	Sh. 5, Building 2, 115 First Fukex Free Trade Test Area, Shanghai, Shanghai, 200131, China	USD 400 thousand	Sales of electronic / electrical components

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Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Win-Win Electronic Corp.	2004/7/13	18/F., No. 2, Jian 8th Rd., Zhonghe Dist., New Taipei City	10,000	Sales of computer software and electronic product
Silicon Application (WVI) Corp.	1997/6/17	Chin Building, P.O. Box 662, Road Town, British Virgin Islands	USD 22,000 thousand	Holding company
Silicon Application Company Limited	2000/2/14	Units C & G, 15th Floor, CDW Building, 388 Castle Peak Road, HKD 100,000 thousand	Sales of computer software and electronic product	
Ostar Electronic Company Limited	2000/9/4	Units C & G, 15th Floor, CDW Building, 388 Castle Peak Road, Tuen Wan, N.T., Hong Kong	HKD 60,000 thousand	Sales of computer software and electronic product
Win-Win Systems Ltd.	2000/6/20	The premises of Companionship Trust Limited, Stellight House, Toa Payoh, British Virgin Islands	USD 7,65 thousand	Holding company
SAC Components (South Asia) Pte. Ltd.	2012/4/25	No. 10 Upper Aljunied Link #05-07, Singapore 367904	3,500 thousand	Sales of computer software and electronic product
Nex Technology Co., Ltd.	1999/4/19	5/F, No.189, Sec. 2, Teling Blvd., Neihu Dist., Taipei City	243,000	Sales of electronic / electrical products
Ricpower Electronic Devices Co., Limited	1998/5/27	Units C & G, 15th Floor, CDW Building, 388 Castle Peak Road, Tuen Wan, N.T., Hong Kong	USD 61 thousand	Sales of electronic / electrical products
Wts. Technology Co., Limited	2004/7/12	Units C & G, 15th Floor, CDW Building, 388 Castle Peak Road, Tuen Wan, N.T., Hong Kong	USD 32 thousand	Sales of electronic / electrical products
Everwinter Enterprise Co., Ltd.	1998/3/31	1/F, No.218, Lancheng Rd., Zhonghe Dist., New Taipei City	260,000	Sales of electronic / electrical components
Pentes Enterprise (Gorno) Limited	2005/9/26	Orpheus Chambers, 2/F, 10/F, 217, Asia, Simea	USD 1,000 thousand	Holding company
World Components Agent (Shanghai) Inc.	2004/7/5	Part M1 and C3, 4/F, No. 268, Fute North Road, Wukewo Free Trade Zone, Shanghai	USD 120 thousand	Sales of electronic / electrical products
Apache Communication Inc.	1998/7/9	7/F, No.431, Ruiqiang Rd., Neihu Dist., Taipei City	1,364,154	Sales of electronic / electrical components

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
World Peace Industrial Co., Ltd.	1981/6/3	8/F., No.74, No.76, Sec. 1, Chengqong Rd., Nangang Dist., Taipei City	9,811,000	Sales of electronic / electrical components
Silicon Application Corporation	1987/7/21	18/F., No.2, Jian 8th Rd., Zhonghe Dist., New Taipei City	4,065,700	Sales of computer software and electronic product
Ricpower Electronic Devices Co., Ltd.	2005/1/3	4/F, No.419, Sec. 2, Teling Blvd., Neihu Dist., Taipei City	830,000	Sales of electronic / electrical components
Pemas Electronics Co., Ltd.	1984/2/14	11/F, No.258, Lancheng Rd., Zhonghe Dist., New Taipei City	755,000	Sales of electronic / electrical components
Asian Information Technology Inc.	1993/7/29	7/F, No.419, Ruiqiang Rd., Neihu Dist., Taipei City	3,468,124	Sales of electronic / electrical components
Tosun Industrial Corp.	1980/5/30	9/F, No.419, Sec. 2, Teling Blvd., Neihu Dist., Taipei City	6,956,500	Sales of electronic / electrical components
WPG Electronic Ltd.	2002/4/22	4/F, No.70, Sec. 1, Chengqong Rd., Neihu Dist., Taipei City	39,200	Sales of electronic / electrical components
WPG Korea Co., Ltd.	2005/11/8	(Pango) Innovation B-301, 253, Pango-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, 463-00, Korea	KRW 5,438,970 thousand	Sales of electronic / electrical components
WPG International (C) Limited	2007/3/1	4th Floor, Willow House Office Square, P.O. Box 2894, Grand German, KY1-112, Cayman Islands	USD 124,443 thousand	Holding company
WPG Investment Co., Ltd.	1998/7/19	10/F, No.97, Sec. 2, Dunhua S. Rd., Daren Dist., Taipei City	500,000	Investment company
Genuine C&C INC.	1988/1/170	No.36, Ln. 65, Ruiqiang Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	705,695	Computers and computer peripherals company

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Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
World Peace International (South Asia) Pte. Ltd.	1995/5/17	No. 10 Upper Aljunied Link #05-07, Singapore 367904	USD 21,774 thousand	Sales of electronic / electrical components
World Peace International (India) Pvt. Ltd.	1997/10/3	Unit No. 214/1, 2nd Floor, Ober Garden Estate Off. #05-07, Sector 105, Noida, Uttar Pradesh, India 201022	INR 3,575 thousand	Sales of electronic / electrical components
WPG C&C Computers and Peripheral (India) Private Limited	2000/6/4	Re: 26, 2 <sup>nd</sup> Floor, Oikha Industrial Estate, Phase-III, New Delhi-110026, India.	INR 184,200 thousand	Sales of electronic / electrical components
WPG C&C (Malaysia) Sdn Bhd	2001/1/25	No. 9/302-4 UH Tower, 30 <sup>th</sup> Floor, Ramkhanheng Road, Subanlong Sub-district, Sunlhang District, Bangkok, Thailand	MYR 11,250 thousand	Sales of electronic / electrical components
WPG C&C (Thailand) Co., Ltd.	2006/8/23	Units C & G, 15th Floor, CDW Building, 388 Castle Peak Road, Tuen Wan, N.T., Hong Kong	USD 6,500 thousand	Agent and sales of information products
WPG C&C Limited	2007/7/19	Unit 315B, 3rd Road, Xizheng Industrial Zone, Shanghai	USD 6,650 thousand	Agent and sales of information products
WP1 International Trading (Shanghai) Ltd.	2005/1/13	Units C & G, 15th Floor, CDW Building, 388 Castle Peak Road, Tuen Wan, N.T., Hong Kong	HKD 1,302 thousand	Sales of electronic (electrical) components
ATO Components Company Limited	1992/7/15	Commerce Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 200 thousand	Sales of electronic (electrical) components
ATO (Shanghai) Components Company Limited	2002/5/21	Units C & G, 15th Floor, Kehing Building, No.35, Ruijing Road, Wuhuqiao Free Trade Zone, Shanghai	40,000	Sales of electronic / electrical components
Long-Think International Co., Ltd	2010/3/19	5/F, No.76, Sec. 1, Chengqong Rd., Nangang Dist., Taipei City	USD 11,300 thousand	Holding company
LongView Technology Inc. Limited	2012/5/10	Commerce Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 10,000 thousand	Sales of electronic (electrical) components
Long-Think International (Hong Kong) Limited	1991/5/14	Tuen Wan, N.T., Hong Kong	USD 100 thousand	Sales of electronic / electrical components
Long-Think International (Shanghai) Limited	2002/10/21	Sh. 5, Building 2, 115 First Fukex Free Trade Test Area, Shanghai, Shanghai, 200131, China	USD 400 thousand	Sales of electronic / electrical components

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Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Hesthen Electric Trading Co., Ltd.	1978/7/7	2F, No.441, Ruliguang Rd., Neihu Dist., Taipei City	100,000	Sales of electronic / electrical components
Frontek Technology Corporation	1985/12/10	7F, No.435, Ruliguang Rd., Neihu Dist., Taipei City	2,145,634	Sales of electronic / electrical components
Furniture Hall International Co., Ltd.	1989/8/27	Plum Grove House, 10A, Box 418, Road Town, Tortola, British Virgin Islands	USD 4,703 thousand dollars	Investment company
Frontek International Limited	2002/6/4	2/F Building, 3rd Floor, 142 Main Street, Road Town, Tortola, British Virgin Islands	USD 2,970 thousand dollars	Investment company
ATT&G Electronic Limited	2002/8/9	Unit 1501-3, Far East Concourseum Building, No.121, Des Voeux Road, Central District, Hong Kong	HKD 22,000 thousand dollars	Sales of electronic / electrical components
ANT Japan Inc.	2005/3/7	3/F, Shinjuku-ya-Esseyama Bldg. 3-6, Kita Shinjuku, Shinjuku-ku, Tokyo 140-0001, Japan	JPY 30,150 thousand dollars	Sales of electronic / electrical products
Sertek Incorporated	1984/3/23	2F, No.489, Sec. 2, Tiating Blvd., Neihu Dist., Taipei City	548,283	Sales of electronic / electrical components
Sertek Limited	1989/1/22	Room 301, Yip Fung Building, 2-12 D'Aguilar Street, Central, Hong Kong	HKD 19,500 thousand dollars	Sales of electronic / electrical components
Suntrop Investments Limited	1997/7/17	3rd Floor, Harbour Centre, P.O. Box 613, George Town, Grand Cayman Island, British West Indies	USD 70,700 thousand dollars	Investment company
Younan Industrial Hong Kong Co. Ltd.	1999/4/13	Units C & G, 15th Floor, CDFW Building, 288 Castle Peak Road, Tuen Mun, N.T., Hong Kong	HKD 255,270 thousand dollars	Sales of electronic / electrical components
Yousun Singapore Pte Ltd.	1999/7/14	16 Tai Seng Street, #05-00 Singapore 534318	USD 12,475 thousand dollars	Sales of electronic / electrical components
Younan Industrial (Malaysia) Sdn. Bhd.	1999/1/23	Suite 5/2-11/12,1st Floor, Menara Northam: 55 Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia	MYR 400 thousand dollars	Sales of electronic / electrical components
Younan India Private Ltd.	2008/12/15	No.25, 2 <sup>nd</sup> Floor, Okha Industrial Estate, Phase-III, NEW Delhi-11020, India.	INR 2,885 thousand dollars	Sales of electronic / electrical components

Company	Date of Incorporation	Address	Main Business Activities
Wingate Corp. Ltd.	2004/10/15	Units C & G, 15th Floor, CDW Building, 368 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	Paid-in Capital HKD 739,000 thousand dollars Sales of electronic / electrical components Warehouse
Ysun Shanghai Corp. Ltd.	2002/4/24	Unit 625, 6/F, Hengshan International Commercial Building, No.94, 38, Yingtan Road, Wangbotuo Free Trade Zone, Shanghai	USD 720 thousand business and sales of electronic components
Ysun South China Corp. Ltd.	1999/10/12	Unit 903, 9/F, Block 2, Kai Da Er Building, Tongze Road, Xili Town, Nanshan, Shenzhen	USD 4,300 thousand Sales of electronic / electrical components
Ysun (Shanghai) Limited	2002/5/25	Unit 602, No.38, Yingtan Road, Wangbotuo Free Trade Zone, Shanghai	USD 2,500 thousand Sales of electronic / electrical components
Apache Communication Inc.	2006/11/14	2nd Floor, Abbott Building, Ross Town, Tortola, British Virgin Islands	USD 2,793 thousand Investment company
Apache Korea Corp.	2003/8/18	(Paragon Interchange) 301,253, Paragon-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, 463-400, Korea (463-400)	KRW 1,054,510 thousand Sales of electronic / electrical components
WPG International (Hong Kong) Limited	2007/6/15	Units C & G, 15th Floor, CDW Building, 368 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 66,331 thousand Holding company
WPG Americas Inc.	2008/5/16	5245 Helmer Ave Suite 150, San Jose, CA 95138	USD 66,100 thousand Sales of electronic / electrical components
WPG Cloud Service Limited	2012/2/14	Units C & G, 15th Floor, CDW Building, 368 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 2,157 thousand General trading
WPG Electronics (Hong Kong) Limited	1997/5/16	Units C & G, 15th Floor, CDW Building, 368 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 1,540 thousand Sales of electronic / electrical components
WPG China Inc.	1995/3/16	Fat B, 5/F, Jiaoli Building, No.191, Ruijing Road, Waiqiaoqiao Free Trade Zone, Shanghai	USD 280 thousand Sales of electronic / electrical components
WPG Corp. China (Suzhou) Inc.	2008/7/7	1/F, 12-14/F, BLOCK 2, Kai Da Er Building, No. 168 TongShi	HKD 37,000 thousand Sales of computer software and

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
WNPWS South Asia Pte. Ltd.	2009/9/29	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 15,550 thousand dollars	Sales of electronic / electrical components
WNPWS Malaysia Sdn Bhd	1995/10/19	25-1 & 27-4, Block D1, Dataran Prima, Jalan PJU 1/41, 47301 Petaling Jaya, Selangor, Malaysia.	MYR 1,611 thousand dollars	Sales of electronic / electrical components
WNPWS (Thailand) Co., Ltd.	1995/11/28	9/F, 10/F, UH Tower, 30/F, Ramkhamhaeng Road, Sampheng Sub-District, Sampheng District, Bangkok, Thailand	BATH 10.372 thousand dollars	Sales of electronic / electrical components
WNPW India Electronics Pvt Ltd	2014/7/4	No.26, 2 <sup>nd</sup> Floor, Okta Industrial Estate, Phase-II, New Unit 102/102B, 102/102B, India.	INR 159.100 thousand dollars	Sales of electronic / electrical components
NECO Enterprise Holding (BVI) Co., Ltd.	1999/9/27	Unit 501 Block 10, Corporate Center, #1314 Commerce Ave., Etc., Madrigal Business Park, Ayala Alabang, Muntinlupa, 1780 Philippines	PHP 1,000 thousand dollars	Sales of electronic / electrical components
NECO Electronic Co., Ltd	2003/4/19	Commerce Chambers P.O. Box 2288 Road	USD 12,610 thousand dollars	Investment company
NECO Electronic (Ningbo) Co., Ltd.	2003/5/2	Units C & G, Lisheng Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 12,610 thousand dollars	Distribution of semiconductor products
WNPW Core Investment Co., Ltd.	2003/1/13	403-11 Honghai Commercial Building, Ningbo Free Trade Zone, Ningbo Municipality, Zhejiang Province	USD 3,920 thousand dollars	Trading of electronic / electrical products
GENEUNE Commercial Net Co., Ltd	2013/4/12	3F., No.35, Ln. 66, Neihu Dist., Telai City 114, Taiwan (R.O.C.)	45,000	Investment company
GENEUNE C&C HOLDING INC (Seychelles)	1999/9/10	12/F, No.35, Ln. 66, Neihu Dist., Telai City 114, Taiwan (R.O.C.)	80,000	Investment and food goods selling
GENEUNE Hainan Net Co., Ltd	2013/6/22	No.24 Leopardspace, Providence Industrial Estate, HaHE Seychelles	USD 5,150 thousand dollars	Holding company
GENEUNE TRADING (HONG KONG) COMPANY LIMITED	2013/1/12	4/F., No.35, Ln. 66, Neihu Dist., Telai City 114, Taiwan (R.O.C.)	40,000	Food goods selling
GENEUNE C&C HOLDING INC (Seychelles)	2013/8/1	12/F JIN Sheng Building, No.235-257 Des Voeux Road Central, Hong Kong	HKD 51,704 thousand dollars	Holding company

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Shenzhen Xitun Technology Investment Co., Ltd	2010/06/29	No.101/102, Computer World, Block B, Donghu Garden, Guanqian Road, Hongtian District, Wuhan	RMB 30,000 thousand dollars	Computer and computer equipment selling
Shanghai Digital 1 Technology	2014/05/20	Room A63, Floor 3, No.473, Fute West 1st Road, Free Trade Zone, Shanghai	RMB 15,500 thousand dollars	Electronic product selling

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### 11.13 Shareholders in Common of WPG Holdings Limited and Its Subsidiaries with Deemed Control and Subordination: None.

**1.1.4 Business Scope of WIG Holdings Limited and Its Subsidiaries**  
The Company and its subsidiaries are mainly engaged in the sales of electronic / electrical components, holding company, investment

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### 8.1.5 Rosters of Directors, Supervisors, and Presidents of Affiliates

Company		Title	Name or Representative	Shareholding	Investment Holding %
				Shares	
World Peace Industrial Co., Ltd.	Chairman	Chang Jung Kang(Representative of WPG Holdings Limited)	WPG Holdings Limited holds \$1,100,000 shares		100.00%
	Director	Haia Chu Hung(Representative of WPG Holdings Limited)			
	Director	Huang Wei-Hsiang(Representative of WPG Holdings Limited)			
	Director	Hsu Ying Che(Representative of WPG Holdings Limited)			
	Director	Yeh Fu-Hsi(Representative of WPG Holdings Limited)			
	Supervisor	Yuan Hsing-Nen(Representative of WPG Holdings Limited)			
Silicon Application Corporation	Chairman	Chen Kou Yuan(Representative of WPG Holdings Limited)	WPG Holdings Limited holds		100.00%
	Director	Huang Wei-Hsiang(Representative of WPG Holdings Limited)	416,570,000 shares		
	Director and Chief	Chen Ning Chih (Representative of WPG Holdings Limited)			
	Director	Yeh Fu-Hsi(Representative of WPG Holdings Limited)			
	Executive Officer	Wang Yung-Yi(Representative of WPG Holdings Limited)			
	Supervisor	Yuan Hsing-Wei(Representative of WPG Holdings Limited)			
Richpower Electronic Devices Co., Ltd.	Chairman and President	Tsung Kuo Tung (Representative of Yousin Industrial Corp.)	Yousin Industrial Corp. holds \$5,000,000 shares		100.00%
	Director	Huang Chao Kuo(Representative of Yousin Industrial Corp.)			
	Director	Liu Hung-An(Representative of Yousin Industrial Corp.)			
	Supervisor				

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Company	Title	Name or Representative	Shareholding	Investment Holding%
Fernics Electronics Co., Ltd.	Chairman Director Supervisor General Manager	Chen Kou Yuan(Representative of Silicon Application Corp.) Chen Ming Chi(Representative of Silicon Application Corp.) Wang Yung-Hsi(Representative of Silicon Application Corp.) Tseng, Tsu Ihsin (Representative of Silicon Application Corp.) Wu Yong Chang	Silicon Application Corp. holds 73,500,000 shares	100.00%
Asian Information Technology Inc.	Chairman Director and President Director Director Director Supervisor	Hsu Ning-Tien(Representative of WPG Holdings Limited) Yen Tai-Hai(Representative of WPG Holdings Limited) Wu Chung-Ching(Representative of WPG Holdings Limited) Huang Wei-Hsiang(Representative of WPG Holdings Limited) Yuan Hsing-Wen(Representative of WPG Holdings Limited) Chen Chung Pei(Representative of WPG Holdings Limited)	WPG Holdings Limited holds 245,612,367 shares	100%
Yousun Industrial Corp.	Chairman Director and President Director Director Director Supervisor	Tsai Nai Kuo (Representative of WPG Holdings Limited) Hoang Wei-Hsiang(Representative of WPG Holdings Limited) Huang Chao Kuo(Representative of WPG Holdings Limited) Lin Da Sen (Representative of WPG Holdings Limited) Teh Fu-Hsi(Representative of WPG Holdings Limited) Yuan Hsing-Wen(Representative of WPG Holdings Limited)	WPG Holdings Limited holds 649,650,000 shares	100.00%
WPG Electronic Ind.	Chairman Director Director Director	Huang Wei-Hsiang(Representative of WPG Holdings Limited) Hsieh Chia Chuan(Representative of WPG Holdings Limited) Yeh Fu-Hsi(Representative of WPG Holdings Limited) Yuan Hsing-Wen(Representative of WPG Holdings Limited)	WPG Holdings Limited holds 3,920,000 shares	100.00%

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Company	Title	Name or Representative	Shareholding		Investment Holding %
			Shares	WtG Holdings Limited holds 1,087,794 shares	
WFG Kons Co., Ltd.	Representative	Kwek, Chooong-Pro		WtG Holdings Limited holds 1,087,794 shares	100.00%
	Director	Huang Wei-Hsiang			
	Director	Chai Kim Yin			
	Supervisor	Hsueh Hsing-Wen			
WFG International (CI) Limited	Director	Huang Wei-Hsiang		WtG Holdings Limited holds 124,442,272 shares	100.00%
	Chairman	Kuen Hsing-Wen			
	Director	Lin Tsai-Yin (Representative of WtG Holdings Limited)			
	Director	Huang Wei-Hsiang (Representative of WtG Holdings Limited)			
WFG Investment Co., Ltd.	Director	Shaw Shung-Pi (Representative of WtG Holdings Limited)		WtG Holdings Limited holds 50,000,000 shares	100.00%
	Director	Yuan Hsing-Wen (Representative of WtG Holdings Limited)			
	Supervisor	Huangwei Xiang (Representative of World Peace Industrial Co., Ltd.)			
	Chairman	Zhang Rong Gang (Representative of World Peace Industrial Co., Ltd.)			
GENUINE C&C INC.	Director	Lin Tsai-Yin (Representative of WtG Holdings Limited)		35,175,221 shares	44.21%
	Director	Yuan Hsing-Wen			
	Director	Ye Qidong			
	Director	Xieo Chong Ho			
WFG Investment Co., Ltd.	Supervisor	Xuning Ren		2,749,139 shares	3.45%
	Supervisor	Wang Pengchien (Representative of Xu Wei Investment Co., Ltd.)			
	Supervisor	Chung Pei-Yuan			
Hong Yue Qing		Hong Yue Qing		200,860 shares	0.25%
GENUINE C&C INC.				900 shares	1.35%
WFG Investment Co., Ltd.				1,107,000 shares	0.11%
Hong Yue Qing				90,500 shares	0.07%
GENUINE C&C INC.				57,814 shares	0.07%

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Company	Title	Name of Representative	Shareholding		Investment Holding%
			Shares	Shareholding	
AECCO Technology Co., Ltd.	Chairman	Hsu Chu Hung(Representative of World Peace Industrial Co., Ltd.)	World Peace Industrial Co., Ltd. holds 94,600,000 shares		100.00%
	Director	Chang Jung Kang(Representative of World Peace Industrial Co., Ltd.)			
	Director	Hsu Ying Chieh(Representative of World Peace Industrial Co., Ltd.)			
	Supervisor	Wang Peng Cheng(Representative of World Peace Industrial Co., Ltd.)			
WPH Investment Holding (BVI) Company Ltd.	Director	World Peace Industrial Co., Ltd.	World Peace Industrial Co., Ltd. holds 83,179,435 shares		100.00%
World Peace International (BVI) Ltd.	Director	Chang Jung Kang			
	Chairman	Hsu Chu Hung(Representative of World Peace Industrial Co., Ltd.)			
	President	Hsu Ying Chieh(Representative of World Peace Industrial Co., Ltd.)			
	Director	Tu Cheng Chang(Representative of World Peace Industrial Co., Ltd.)			
	Director	Wang Peng Cheng(Representative of World Peace Industrial Co., Ltd.)			
	Supervisor				
LogiView Technology Inc.	Director	Chang Jung Kang	WPC International (C1) Ltd holds 46,000,000 shares		60.00%
	Director	Ye Tai Tai	CT TECH GROUP LIMITED holds 31,000,000 shares		40.00%
WPG Gain Tuna Ltd.	Director	Yuan Xiangren			
	Director	He Wei Ping			
	Director	Han Zhen Yan			

Company	Title	Name or Representative	Shareholding			Name or Representative	Title	Company	Name or Representative	Title	Company	Name or Representative	Title	Shareholding	
			Shares	Investment Holding%	Holding%										
WPI International Trading (Shanghai) Co., Ltd.	Director and authorized representative	Ito, Itsang-Chou Shen, Wei-Chung Chen, Ting-Chung Yang, Hung-Yeh	- (Note 1)			WPI International (Hong Kong) Limited	Director	World Peace International (Asia) Limited	Director	Chang Jung Kang Hsu Chu Hung Hsu Ying Che	Director	WPI Investment holds 100,000 shares	WPI Investment holds 100,000 shares	100.00%	Investment Holding%
WPI International (Shanghai) Co., Ltd.	Director	Wong Fung-Cheng Hsu Chu Hung Yu Cheng Chang	WPI International (Hong Kong) Limited holds 1,351,688 shares	100.00%		WPI International (Hong Kong) Limited	Director	WPI International (Hong Kong) Limited	United Director	Chang Jung Kang Hsu Chu Hung Hsu Ying Che	Director	WPI Investment holds 4,087,084,000 shares	WPI Investment holds 4,087,084,000 shares	100.00%	Investment Holding%
AIO Components Company Limited	Director		- (Note 1)			VITES WPI Limited	Director	Osamu KOMAKI Keizuhide NAWA	Director	WPI Investment holds 300,000 shares	WPI Investment holds 300,000 shares	50.00%	Investment Holding%		
AIO (Shanghai) Components Company Limited	Director and authorized representative	Shen, Wei-Chung	Components Company Limited holds 100,000	100.00%		Prime Future Technology Limited	Director	Chang Jung Kang Hsu Chu Hung Hsu Ying Che	Director	World Peace Int'l (SVD) holds 35,449,056 shares	World Peace Int'l (SVD) holds 35,449,056 shares	100.00%	Investment Holding%		
Long-Think International Co., Ltd	Chairman	Ito Chu Hung	Longview Technology Inc. holds 4,000,000 shares	100.00%		World Peace International Pte Ltd	Director	Chai Kim Yih Chang Jung Kang	Director	Prime Future Tech. holds 248,632,399 shares	Prime Future Tech. holds 248,632,399 shares	100.00%	Investment Holding%		
Longview Technology GC Limited	Director	Ito Chu Hung	Longview Technology Inc. holds 11,200,000 shares	100.00%		WPG SCM Limited	Director	Chai Kim Yih Chang Jung Kang	Director	World Peace Int'l holds 12,400,000 shares	World Peace Int'l holds 12,400,000 shares	100.00%	Investment Holding%		
Long-Think International (Hong Kong) Limited	Director	Ito Chu Hung	Longview Technology Inc. holds 780,000,000 shares	100.00%		Genuine CAC (South Asia) Pte. Ltd.	Director	Chai Kim Yih Tan Sze Chiam	Director	World Peace Int'l holds 9,054,400 shares	World Peace Int'l holds 9,054,400 shares	100.00%	Investment Holding%		
Long-Think International (Shanghai) Limited	Director and authorized representative	Tu Cheng Chang	- (Note 1)			Genuine CAC (Indochina) Pte. Ltd.	Director	Tan Yew Teck	Director	World Peace Int'l holds 5,355,370 shares	World Peace Int'l holds 5,355,370 shares	80.00%	Investment Holding%		

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Company	Title	Name or Representative	Shareholding			Name or Representative	Title	Company	Name or Representative	Title	Company	Name or Representative	Title	Shareholding		
			Shares	Investment Holding%	Holding%											
World Peace International (South Asia) Pte Ltd	Director	Tan New Teck Chai Kim Yih Chang Jung Kang				World Peace Int'l (SVD) holds 3,214,502 shares		World Peace International (South Asia) Pte Ltd	Director	Tan New Teck Chai Kim Yih Chang Jung Kang	Director	World Peace Int'l holds 3,214,502 shares	World Peace Int'l holds 3,214,502 shares	100.00%	Investment Holding%	
World Peace International (India) Pvt. Ltd.	Director	Chai Kim Yih Rick Tan Jason Sow Rajeshanth Kanthar				World Peace Int'l (SVD) holds 3,575,058 shares		World Peace International (India) Pvt. Ltd.	Director	Tan Sze Chiam Rajeev Balaji Chai Kim Yih	Director	World Peace Int'l (SVD) holds 3,575,058 shares	World Peace Int'l (SVD) holds 3,575,058 shares	100.00%	Investment Holding%	
WPG Lab Computers and Peripheral (India) Private Limited	Director	Tan Sze Chiam Rajeev Balaji Chai Kim Yih				WPG Lab Computers and Peripheral (India) Private Limited	Director	Chen Kou Yuan Wang Yung-I Kam Lal Ka Chai Kim Yih	Director	WPG Lab Computers and Peripheral (India) Private Limited	Director	WPG Lab Computers and Peripheral (India) Private Limited	Director	WPG Lab Computers and Peripheral (India) Private Limited	100.00%	Investment Holding%
SAC Components (South Asia) Pte. Ltd.	Director	Chen Kou Yuan Wang Yung-I Kam Lal Ka Chai Kim Yih				WPG CAC (Malaysia) Sdn Bhd	Director	WPG CAC (Malaysia) Sdn Bhd	Director	WPG CAC (Malaysia) Sdn Bhd	Director	WPG CAC (Malaysia) Sdn Bhd	Director	WPG CAC (Malaysia) Sdn Bhd	100.00%	Investment Holding%
Silicon Application Company Limited	Director	Chen Kou Yuan Wang Yung-I Kam Lal Ka Chai Kim Yih				WPG CAC (Thailand) Co., Ltd.	Director	Chai Kim Yih Tan Sze Chiam Sopannrat Srinivasan	Director	WPG CAC (Thailand) Co., Ltd.	Director	WPG CAC (Thailand) Co., Ltd.	Director	WPG CAC (Thailand) Co., Ltd.	100.00%	Investment Holding%
Dehr Electronic Company Limited	Chairman	Wu Chang-Ching	Wu Chang-Ching (Representative of Richpower Electronic Devices Co., Ltd.)	100.00%		WPG CAC Limited	Director	Cheng Jung Kang Hsu Chu Hung Hsu Ying Che	Director	WPG CAC Limited	Director	WPG CAC Limited	Director	WPG CAC Limited	100.00%	Investment Holding%
Win-Win Systems Ltd.	Chairman	Chen Kou Yuan	Wu Chang-Ching (Representative of Richpower Electronic Devices Co., Ltd.)	100.00%												
Win-Win Systems Ltd.	Director	Chen Kou Yuan	Wu Chang-Ching (Representative of Richpower Electronic Devices Co., Ltd.)	100.00%												
Mac Technology Co., Ltd.	Director	Chen Wei-Kuang	Chen Wei-Kuang (Representative of Richpower Electronic Devices Co., Ltd.)	100.00%												

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Company	Title	Name or Representative	Shareholding			Name or Representative	Title	Company	Name or Representative	Title	Company	Name or Representative	Title	Shareholding		
			Shares	Investment Holding%	Holding%											
WPI International Trading (Shanghai) Co., Ltd.	Director and authorized representative	Ito, Itsang-Chou Shen, Wei-Chung Chen, Ting-Chung Yang, Hung-Yeh	- (Note 1)			WPI International (Hong Kong) Limited	Director	Chen Kou Yuan (Representative of Silicon Application Corp.) Chen Wang Chih (Representative of Silicon Application Corp.) Su Ten Yen (Representative of Silicon Application Corp.)	Director	Chen Kou Yuan Wang Yung-I Kam Lal Ka Chai Kim Yih	Director	Silicon Application Corp. holds 22,000,000 shares	Silicon Application Corp. holds 3,500,000 shares	100.00%	Investment Holding%	
WPI International (Shanghai) Co., Ltd.	Director	Wong Fung-Cheng Hsu Chu Hung Yu Cheng Chang	WPI International (Hong Kong) Limited holds 1,351,688 shares	100.00%		Silicon Application Corp. holds 3,500,000 shares	Shares	Chen Kou Yuan Wang Yung-I Kam Lal Ka Chai Kim Yih	Director	Chen Kou Yuan Wang Yung-I Kam Lal Ka Chai Kim Yih	Director	Silicon Application Corp. holds 100,000,000 shares	Silicon Application Corp. holds 100,000,000 shares	100.00%	Investment Holding%	
AIO Components Company Limited	Director and authorized representative	Shen, Wei-Chung	- (Note 1)			Silicon Application Corp. holds 6,000,000 shares	Shares	WPG CAC (Malaysia) Sdn Bhd	Director	WPG CAC (Malaysia) Sdn Bhd	Director	WPG CAC (Malaysia) Sdn Bhd	Director	WPG CAC (Malaysia) Sdn Bhd	100.00%	Investment Holding%
AIO (Shanghai) Components Company Limited	Director and authorized representative	Shen, Wei-Chung	Components Company Limited holds 100,000	100.00%		Silicon Application Corp. holds 705,000 shares	Shares	WPG CAC (Thailand) Co., Ltd.	Director	Chai Kim Yih Tan Sze Chiam Sopannrat Srinivasan	Director	WPG CAC (Thailand) Co., Ltd.	Director	WPG CAC (Thailand) Co., Ltd.	100.00%	Investment Holding%
Long-Think International Co., Ltd	Chairman	Ito Chu Hung	- (Note 1)			Silicon Application Corp. holds 2,490,000 shares	Shares	WPG CAC Limited	Director	Cheng Jung Kang Hsu Chu Hung Hsu Ying Che	Director	WPG CAC Limited	Director	WPG CAC Limited	100.00%	Investment Holding%
Long-Think International (Shanghai) Limited	Director and authorized representative	Tu Cheng Chang	Longview Technology Inc. holds 4,000,000 shares	100.00%		Richpower Electronic Devices Co., Ltd. holds 2,490,000 shares	Shares									

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Company	Title	Name or Representative	Shareholding		Name or Representative	Shares	Investment Holding%	Shareholding	Name or Representative	Shares	Investment Holding%
			Shares	Investment Holding%							
AITG Electronic Limited	Director	Yeh Fu-Hai Hsu Ming-Jen Wu Chang-Cheng	1 shares	Frontek International holds 22,799,999 shares							
AIT Japan Inc.	Director			Frontek International holds 6,001 shares							
Sertek Incorporated	Chairman Director Supervisor President	Huang Guo Chen Masafumi Nakano Yeh Fu-Hai Hsu Ming-Jen Huang Shu-Ping		Yosun Industrial Corp. holds 94,628,100 shares							
Suntop Investments Limited	Director Director Director	Tsung Kuo Tung (Representative of Yosun Industrial Corp.) Jeng Junhui (Representative of Yosun Industrial Corp.) Huang Chiao Kou (Representative of Yosun Industrial Corp.) Liu Hung-An (Representative of Yosun Industrial Corp.)		Yosun Industrial Corp. holds 19,500,000 shares							
Yosun Hong Kong Corp. Ltd.	Director	Tsung Kuo Tung Huang Chiao Kou		Suntop Incorporated holds 50,700,000 shares							
Yosun Singapore Pte. Ltd.	Director	Tsung Kuo Tung Huang Chiao Kou		Suntop Investments holds 295,270,000 shares							
				Suntop Investments holds 20,600,000 shares							

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Company	Title	Name or Representative	Shareholding		Name or Representative	Shares	Investment Holding%	Shareholding	Name or Representative	Shares	Investment Holding%
			Shares	Investment Holding%							
Richpower Electronic Devices Co., Ltd.	Supervisor Chairman Director	Cheng Cheng-Chuan(Representative of Richpower Electronic Devices Co., Ltd.) Huang Jiao Gou Ho Peng-Hsiung		Richpower Electronic Devices Co., Ltd. holds 63,000,000 shares							
Richpower Electronic Devices Pte., Ltd.	Director	Huang Jiao Gou Ho Peng-Hsiung									
Everwinter Enterprise Co., Ltd.	Director Supervisor General manager	Chen Kuo-Yung(Representative of Permas Electronics Co., Ltd.) Chen Ning-Chih(Representative of Permas Electronics Co., Ltd.) Huang Yung-Ting (Representative of Permas Electronics Co., Ltd.) Wu Yang-Chang		Permas Electronics Co., Ltd. holds 28,000,000 shares							
Permas Enterprise (Siemao) Limited	Director	Chen Kai-Lin									
World Components Agent (Shanghai) Executive Inc.	Director	Lee, Ching-Shen									
Apache Communication Inc.	Chairman Director Director Supervisor	Yeh Fu-Hai(Representative of Asian Information Technology Inc.) Hsu Ming-Jen(Representative of Asian Information Technology Inc.) Wu Chang-Ching(Representative of Asian Information Technology Inc.)		Asian Information Technology Inc. holds 135,445,400 shares							

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Company	Title	Name or Representative	Shareholding		Name or Representative	Shares	Investment Holding%	Shareholding	Name or Representative	Shares	Investment Holding%
			Shares	Investment Holding%							
Yosun India Private Ltd.	President Director Director	Chai Kim-Yin Ang Eng-Heng Tan Yen-Tek		Yosun Singapore holds 400,000 shares							
WPG Care Investment Co., Ltd.	President Director Supervisor General manager	Tsung Kuo-Tung(Representative of WPG Holdings Limited) Huang Wei-Hsiang(Representative of WPG Holdings Limited) Chen Kuo-Yuan(Representative of WPG Holdings Limited) Yeo Fu-King		WPG Holdings Limited holds 4,500,000 shares							
Gatek Corp. Ltd.	President Director	Sabetai Rofra Chai Kim-Yin Ang Eng-Heng		Yosun Singapore holds 224,812 shares Yosun Industrial (Malaysia) holds 1 shares							
Yosun Shanghai Corp. Ltd.	Chairman and authorized representative Director Director	Tsung Kuo-Tung Liu Ying-Hsing Cheng Kun-Hao		Yosun HK holds 39,000,000 shares (Note 1)							

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Company	Title	Name or Representative	Shareholding		Investment Holding %
			Shares	- (Note 1)	
Yosen South China Corp. Ltd.	Chairman and authorized representative	Qi Dong Guan		- (Note 1)	Yosen HK holds 100.00%
	Director				
	Director	Liang Kuo-Chen			
	Director	Lee Tso-Jui			
Serkok (Shanghai) United	Chairman and authorized representative	Lin Chia-Chang		- (Note 1)	Serkok Limited holds 100.00%
	Director	Yu Yao-Tsuo			
	Director	Chiang Chun-Hui			
	Director				
Apache Communication Inc.	Director	WPS Korea Co., Ltd.		WPS Korea holds 2,795,000 shares	100.00%
	Representative	Cr Krak			
	Director	peter Chang			
	Director	James Park			
Apache Korea Corp.	Director	Olivia Ko			
	Supervisor				
WPS International (Hong Kong) Limited	Director	Huang Wei-Hsiang		WPS International (C) holds 514,796,483 shares	100.00%
	Director	Yuen Hsiao-Wen			
	Director	Yeo Su-Neh			
	Director	Chang Hung-Kang			
WPS Americas Inc.	Director	Huang Wei-Jihsing		World Peace Int'l holds 6,100,000 shares	2.60%
	Director	Ihsu Yang-Che		WPS International (Hong Kong) Limited holds 4,000,000 shares	1.70%
	Director	Richard J. Davis			95.7%
	Director				

Company	Title	Name or Representative	Shares	Shareholding Interest Holding%
WPG Cloud Service Limited	Director	Huang Wei-Hsiang	WPG International (C1) holds 4,157,130 shares	100.00%
	Director	Chang Jung Kang		
	Director	Yeh Fu-Hai		
WPG Electronics (Hong Kong) Limited	Director	Huang Wei-Hsiang	WPG International (HK) holds 31,514,000 shares	100.100%
	Director	Jaw Shih-Wei		
	Director	Yeh Fu-Hai		
WPG China Inc.	Director and authorized representative	Jaw Shih-Wei	-(Note 1)	WPG International (HK) holds 100%
	Representative	Huang Wei-Hsiang		
	Director	Yeh Fu-Hai		
	Director	Yuan Hsing-Wen		
	Supervisor			
WPG China (Suz) Inc.	Director and authorized representative	Jaw Shih-Wei	-(Note 1)	WPG International (HK) holds 100%
	Representative	Huang Wei-Hsiang		
	Director	Yeh Fu-Hai		
	Director	Yuan Hsing-Wen		
	Supervisor			
WPG South Asia Pte. Ltd.	Director	Tan Say Chong	WPG International (C1) holds 7,633,600 shares	100.00%
	Director	Chai Kim Yen		
	Director	Huang Wei-Hsiang		
	Chairman	Chai Kim Yen		
	Chairwoman			

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
WPG (Thailand) Co., Ltd.	Director	Hia Sun Chong		
	Director	Tan Say Chong		
	Director	Wong Boon Hoe		
WPG (Thailand) Co., Ltd.	Director	Chai Kim Yn	WPG South Asia holds 40,451 shares	39.00%
	Director	Sopanarat Sintavaran		
WPG India Electronics Pte Ltd	Director	Chai Kim Yn	WPG South Asia holds 15,809,900 shares	99.90%
	Director	Tan Say Chong	WPG Malaysia Sdn. Bhd. holds 10 shares	0.01%
	Director	Kareeb Karishna Arned		
WPG Electronics (Philippines) Inc.	Director	Tan Say Chong	100 shares	1.00%
	Director	Nelissa Scindio	2,000 shares	20.00%
	Director	Eulbio R. Villanueva	2,000 shares	20.00%
	Director	Aquino, Eduardo Jr.	2,000 shares	20.00%
	Director	Chai Kim Yn	100 shares	1.00%
Eco Enterprise Holding (BVI) Co., Ltd.	Director	Hsu Chu Hung	WPG South Asia holds 3,900 shares	38.00%
	Director		AECO Technology Co., Ltd. holds	100.00%
	Director		12,610,000 shares	
ECCO Electronic Co., Ltd.	Director	Hsu Chu Hung	Two Enterprise Holding(BVI) holds	100.00%
	Director	Chung Pei-Men		
	authorized and representative	Tsai Hung Chih	38,279,959 shares	AECO
	Director	Luo Fui-Chih	(Note 1)	Electronic Co.,
	Director	Zou You-Chih		Ltd. holds
ECCO Electronic (Ningbo) Co., Ltd.	Director	Ye Qil Dong (Representative of GENUINE C&C INC.)		100.00%
Commercial Net Co., Ltd.	Director			100%

Company	Title	Name or Representative	Shareholding		Investment Holding%
			Shares	Shareholding	
GENUINE CAC HOLDING INC. (See notes)	Director	Gao Shih tsun (Representative of GENUINE CAC INC.)			
	Director	Xie Ming Shan (Representative of GENUINE CAC INC.)			
	Supervisor	Wang Hui Min	5,500,000	100%	
	Director	Huang Wei Xiang (Representative of GENUINE CAC INC.)			
	Director	Ye Qi Dong (Representative of GENUINE CAC INC.)	2,000,000	50%	
	Chairman	Wu Zi Qiang (Representative of GENUINE CAC INC.)			
	Director	Ye Qi Dong (Representative of GENUINE CAC INC.)	1,000,000	25%	
	Director	Wu Jun Kuan			
	Supervisor	Gao Shih tsun			
	Director	Ye Qi Dong (Representative of GENUINE CAC INC.)	38,930,033	75.29%	
GENUINE TRADING (HONG KONG) COMPANY LIMITED	Director	Wu Zi Qiang (Representative of GENUINE CAC INC.)	12,774,400	24.71%	
	Director	Wu Zi Qiang (Representative of HONG KONG COMPANY LIMITED)	25,000,000	83.33%	
	Chairman	Ho Xiang Zhou (Representative of GENUINE TRADING (HONG KONG) COMPANY LIMITED)			
	Director	Ho Xiang Zhou (Representative of GENUINE TRADING (HONG KONG) COMPANY LIMITED)			
	Director	Chen Jian Li	5,000,000		
	Director	Chen Jian Li (Representative of GENUINE TRADING (HONG KONG) COMPANY LIMITED)			
	Supervisor	Zhang Ying			
	Supervisor	Fan Zhe Jun			
	Supervisor	Yang Hong Ye			
	Investment Holder	Xinan Technology (HONG KONG) COMPANY LIMITED			
Total 15 (Note 2)					

Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After Tax (Loss)	Earnings (Loss) Per Share	Shareholding	
										Shares	Name or Representative
WPG SCM Limited	NTD	53,663	2,399,674	2,010,744	368,929	6,219,217	54,027	45,735	3.57		UNITED
Genuine CAC (South Asia) Pte. Ltd.	NTD	194,132	59,597	254	59,333	0	(453)	293	0.03		Chairman
Genuine CAC (Indochina) Pte. Ltd.	NTD	164,125	451,627	269,785	181,842	1,348,600	5,911	4,184	0.61		Wu Zi Qiang(Representative of GENUINE CAC HOLDING INC.(Seychelles))
World Peace International (Asia) Limited	NTD	4,2	0	82	(82)	0	(9)	(9)	(0.09)		Director
World Peace International (Asia) Pte. Ltd.	NTD	1,769	45,366	52,824	(10,158)	101,216	(36,424)	(10,774)	(3.01)		Peng Yu (Shanghai) Digital Technology Co., Ltd.
WPG CAC Components and Peripherals (Indo) Private Limited	NTD	239,546	641,588	411,451	230,126	2,390,815	7,805	(10,100)	(0.21)		Representative of Meridian Line Co., Ltd. (Seychelles)
WPG CAC (Malaysia) Sdn. Bhd.	NTD	85,262	289,249	265,095	26,151	834,924	28,177	25,000	2.50		Chen Jian Li (Representative of GENUINE CAC HOLDING INC. (Seychelles))
WPG CAC (Thailand) Co., Ltd.	NTD	23,429	55,066	45,000	10,605	237,842	10,056	12,235	12.24		Director
WPG CAC Limited	NTD	213,363	1,185,361	990,101	192,159	8,629,850	(10,585)	(62,738)	(9.55)		Supervisor
WPG International Trading (Shanghai) Ltd.	NTD	231,693	1,570,176	1,231,549	338,627	7,025,572	48,224	26,036	0.00		Chen Jian Li (Representative of GENUINE CAC HOLDING INC. (Seychelles))
ALO Components Company Limited	NTD	5,742	284,077	83,977	200,100	453,999	(1,383)	803	0.59		Director
ALO (Shanghai) Components Company Limited	NTD	8,369	60,204	274	59,330	(239)	(249)	(249)	0.00		Supervisor
Long-Think International (Hong Kong) Limited	NTD	328,256	764,157	367,824	395,322	1,802,422	23,715	16,225	0.02		Chairman
Longview Technology Co., Limited	NTD	370,922	397,168	0	397,168	0	(105)	(105)	1.45		Director
Long-Think International Co., Ltd.	NTD	40,000	215,761	156,206	59,165	567,923	24,114	17,140	4.28		Supervisor
Long-Think International (Shanghai) Limited	NTD	15,339	154,153	49,973	105,070	314,950	(14,876)	213	0.00		Chairman
Win-Win Electronic Co. Ltd.	NTD	10,000	9,450	0	9,450	0	(394)	(370)	(0.37)		Director
Silicon Application (DM) Corp.	NTD	722,150	3,273,449	0	3,273,449	0	0	22,900	1.04		Supervisor
Silicon Application Company Limited	NTD	370,441	1,900,741	713,757	1,929,366	185,943	(767)	23,106	0.23		Chairman

Note 1 : Not applicable. Limited company do not issue shares

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Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After Tax (Loss)	Earnings (Loss) Per Share	Shareholding	
										Shares	Name or Representative
Date Electronic Company Limited	NTD	25,348	68,919	26,477	42,443	127,444	8,225	7,278	1.21		UNITED
Win-Win Systems Ltd.	NTD	25,111	26,663	0	26,663	0	0	99	0.13		Chairman
SAC Components (South Asia) Pte. Ltd.	NTD	114,888	135,469	19,210	116,258	403,026	5,675	5,320	1.52		Director
Richpower Electronic Devices Co., Ltd.	NTD	850,000	4,555,463	2,203,444	2,362,019	7,346,633	124,262	401,824	4.73		Supervisor
Richpower Electronic Devices Co., Ltd.	NTD	1,173,699	775,754	2,646,137	2,646,137	76,047	68,404	2,81		Chairman	World Peace Industrial Co., Ltd.
Hec Technology Co., Ltd.	NTD	243,000	1,601,576	1,601,576	13,981,376	220,805	32,224	32,224	3.22		Director
Richpower Electronic Devices Co., Limited	NTD	266,702	3,822,240	2,220,904	1,601,576	57,7958	143,378	155,378	1.01		Supervisor
Hec Technology Co., Limited	NTD	1,055	11,143	270	10,873	3,218	967	910	37.60		Chairman
Richpower Electronic Devices Co., Limited	NTD	2,009	224,246	1,134	223,112	194,680	8,931	10,046	1.004		Director
Peras Electronics Co., Ltd.	NTD	725,000	2,540,886	1,428,920	1,111,540	3,638,325	119,618	237,015	3.22		Supervisor
Everyone Enterprise Co., Ltd.	NTD	280,000	1,155,617	1,280,619	4,435,347	57,7958	143,295	143,378	5.12		Chairman
Peras Enterprise (Suzhou) Limited	NTD	32,825	4,169	0	4,169	0	0	58	0.06		Director
World Components Agent (Shanghai) Inc.	NTD	8,080	4,265	118	4,147	0	(63)	58	0.00		Supervisor
Apache Communication Inc.	NTD	1,364,454	6,411,833	4,564,628	1,847,204	27,671,401	305,136	225,028	1.68		Chairman
Neichen Electric Trading Co., Ltd.	NTD	100,000	212,104	96,720	121,384	919,956	20,676	14,717	1.47		Director
Frontek Technology Corporation	NTD	2,145,530	8,174,101	5,307,205	2,866,856	22,131,863	494,679	408,016	1.90		Supervisor
Fame Net International Co., Ltd.	NTD	97,493	126,757	0	126,757	0	(54)	53,313	1.77		Chairman
Frolik International United	NTD	95,959	113,113	(2,750)	113,863	1,129,896	3,617	3,710	0.16		Director
ATG Electronic Limited	NTD	91,824	1,051,376	911,584	239,794	7,749,521	122,147	83,165	13,858.52		Supervisor
ATI Japan Inc.	NTD	94,281	4,605,075	3,137,785	1,495,288	15,256,606	256,980	216,980	2.29		Chairman
Sierteel Incorporated	NTD										

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Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After Tax (Loss)	Earnings (Loss) Per Share	Shareholding	
										Shares	Name or Representative
WPG International (China) Digital Technology Co., Ltd.	NTD	5,000	5,000	0	5,000	2,608,026	36,754,004	2,402,000	1.825,345	1,331,026	WPG International (China) Digital Technology Co., Ltd.
Longview Technology Inc.	NTD	49,000	49,000	0	49,000	32,425	7,447,854	3,205,250	65,152	1,193,718	Longview Technology Inc.
WPG Gain Tune Ltd.	NTD	49,000	49,000	0	49,000	7,447,854	3,205,250	3,205,250	1.04,592	8,780,540	WPG Gain Tune Ltd.
WPG E Electronic Ltd.	NTD	49,000	49,000	0	49,000	7,447,854	3,205,250	3,205,250	1.04,592	8,780,540	WPG E Electronic Ltd.
WPG Korea Co., Ltd.	NTD	152,862	122,347	30,515	152,862	3,799,609	3,659,225	3,659,225	0	1,141	WPG Korea Co., Ltd.
WPG International (China) Limited	NTD	500,000	500,000	0	500,000	502,579	49,207	49,207	0	1,122,610	WPG International (China) Limited
WPG Investment Co., Ltd.	NTD	49,000	49,000	0	49,000	13,090	4,371	4,371	0	1,174,848	WPG Investment Co., Ltd.
WPG Gain Tune Ltd.	NTD	49,000	49,000	0	49,000	1,04,592	7,447,854	7,447,854	1,04,592	8,780,540	WPG Gain Tune Ltd.
GENUINE CAC INC.	NTD	765,095	2,113,343	1,348,250	1,348,250	7,447,854	7,447,854	7,447,854	1,04,592	8,780,540	GENUINE CAC INC.
WPG Investment Holdings (BVI) Company Ltd.	NTD	2,730,245	13,381,718	10,606,181	10,606,181	0	0	0	0	0	WPG Investment Holdings (BVI) Company Ltd.
World Peace International (BVI) Ltd.	NTD	1,122,697	1,122,697	0	1,122,697	0	0	0	0	0	World Peace International (BVI) Ltd.
Longview Technology Inc.	NTD	339,000	1,193,718	827,919	827,919	0	0	0	0	0	Longview Technology Inc.
WPG Gain Tune Ltd.	NTD	32,425	62,956	30,515	62,956	0	0	0	0	0	WPG Gain Tune Ltd.
World Peace International (South Asia) Pte. Ltd.	NTD	714,729	7,447,854	5,322,827	5,322,827	0	0	0	0	0	World Peace International (South Asia) Pte. Ltd.
WPG International (Hong Kong)	NTD	2,608,026	36,754,004	2,321,506	2,321,506	0	0	0	0	0	WPG International (Hong Kong)
United	NTD	210,416	275,254	64,800	951,179	0	0	0	0	0	United
WTEC Wins Limited	NTD	19,495	0	1,204,184	0	0	0	0	0	0	WTEC Wins Limited
Prime Future Technology Limited	NTD	1,196,499	1,204,184	0	0	0	0	0	0	0	Prime Future Technology Limited
World Peace International Pte Ltd	NTD	997,542	8,242,134	5,227,540	30,599,552	0	0	0	0	0	World Peace International Pte Ltd

Note 1 : Not applicable. Limited company do not issue shares

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Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit/After tax (Loss)	Earnings (Loss) per Share
Sertek Limited	NTD	82,053	473,436	18,101	455,325	415	272	9,706	0.50
SunCity Investments United	NTD	1,064,228	4,070,579	0	4,676,579	0	(165)	37,968	0.75
Yoson Hong Kong Corp. Ltd.	NTD	1,275,052	1,1904,211	7,496,338	4,413,873	42,143,385	270,218	91,748	0.31
Yoson (Malaysia) Sdn. Bhd.	NTD	409,505	4,747,301	1,571,992	5,175,318	5,258,145	(46,343)	(63,165)	(3.07)
Yoson India Private Ltd.	NTD	3,057	5,030	195	4,835	0	(214)	125	0.31
Yoson Shanghai Corp. (Shanghai) Ltd.	NTD	1,132	5,395	58	5,336	0	(725)	(683)	(3.04)
Galaxy Corp. Ltd.	NTD	313,705	368,970	(16,250)	385,720	56	1,540	9,476	0.50
Yoson South China Corp. Ltd.	NTD	165,165	2,181,670	108	1,910,581	0	752	11,840	0.30
Sertek (Shanghai) Limited	NTD	160,183	217,591	1,251	216,740	0	(2,767)	3,811	0.00
Aspacie Communication Inc.	NTD	103,272	97,431	0	87,431	0	(6)	4,469	0.00
Aspacie Korea Corp.	NTD	91,746	88,238	0	88,238	0	(55)	1,122	0.40
WPG International (Hong Kong) Limited	NTD	29,648	75,650	69	75,581	0	(923)	1,173	0.35
WPG Americas Inc.	NTD	2,177,370	13,612,053	10,662,273	2,999,181	24,275,239	(2,550,299)	(17,922)	(0.03)
WPG Cloud Service Limited	NTD	2,169,733	1,518,054	1,521,500	(3,446)	3,107,759	(229,653)	(162,189)	(0.69)
WPG Electronics (Hong Kong) Limited	NTD	70,858	55,016	1,035	53,981	0	(10,926)	(16,279)	(3.73)
WPG China Inc.	NTD	1,913,041	5,712,314	3,494,475	2,217,838	7,876,704	(11,118,449)	(19,625)	(0.00)
WPG China (SZ) Inc.	NTD	167,753	4,743,375	4,555,717	485,258	5,637,786	(1,443,763)	39,333	0.00
WPG South Asia Pte. Ltd.	NTD	513,719	3,339,070	2,870,662	668,402	6,921,715	57,401	119,588	15.67
WPG Electronics (Philippines) Inc.	NTD	698	2,059	996	1,613	0	(4,928)	12	1.19
WPG (Thailand) Co., Ltd.	NTD	9,437	20,412	4,458	15,951	32,908	1,565	1,347	12.99

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Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit/After tax (Loss)	Earnings (Loss) per Share
WPG Malaysia Sdn Bhd	NTD	7,724	23,053	11,508	11,505	49,631	(4,081)	600	0.59
WPG India Electronics Pvt Ltd	NTD	78,211	72,346	5,391	66,976	37,297	(435)	(178)	(0.12)
Taco Enterprises Holding (WV) Co., Ltd.	NTD	413,923	801,392	0	801,392	0	0	10,594	0.84
AECO Technology Co., Ltd.	NTD	946,000	1,236,325	89,981	1,146,344	785,789	44,123	15,946	0.49
AECO Electronic Co., Ltd.	NTD	413,595	837,454	25,349	812,105	202,154	41,138	9,977	0.10
GENUINE Electronic (Ningbo) Co., Ltd.	NTD	150,775	66,837	(1,032)	61,874	0	(397)	617	0.00
GENUINE Commercial Net Co., Ltd	NTD	80,000	43,281	4,555	38,246	27,370	(14,067)	(13,979)	(1.75)
GENUINE C&C HOLDING INC (Subsidiaries)	NTD	132,549	110,925	0	110,925	0	(145,282)	(11,178)	0.00
ZellBaukett Co., Ltd.	NTD	40,000	15,254	22	15,232	692	(7,178)	(7,018)	(1.75)
GENUINE TRADING (HONG KONG) COMPANY LIMITED	NTD	130,559	67,651	1,992	65,559	1,535	(5,859)	(18,632)	0.00
Huabei Xinrun Technology Investment Co., Ltd	NTD	149,550	284,340	230,298	64,152	4,310,814	(3,356)	(15,373)	0.00
Peng Yu (Shanghai) Digital Technology Co., Ltd.	NTD	77,423	349,561	205,533	63,428	344,741	11,204	6,010	0.00

Note 1: Not applicable. Limited company do not issue share  
 Note 2: Amounts are based on the latest audited or reviewed financial statements.  
 Note 3: Foreign exchange rates as of Dec. 31th, 2015, for balance sheet amounts are as follows:  
 Foreign exchange rates as of Dec. 31th, 2015, for balance sheet amounts are as follows:  
 \$1 USD = \$232.5 NT, \$1 HKD = \$4,235 NT, \$1 KRW = \$0.028105 NT, \$1 USD = \$6,571.572 RMB

Foreign exchange rates in 2015 for income statement amounts are as follows:  
 \$1 USD = \$31.75565, NT, \$1 HKD = 44,09551 NT, \$1 KRW = \$0.03244234 NT, \$1 USD = 46,3092233 RMB

### 8.1.7 Consolidated Financial Statements of Affiliates: please refer to page 115-243.

8.1.8 Affiliation Report: Not applicable. WPG Holdings Limited do not conform to the definition of a subordinate company.

8.2 Private Placement Securities in 2014 and as of the Date of this Annual Report (shall report approval dates of shareholders' meeting or the board of directors, the quantity approved, the basis and reasonableness of the private placement price, the method for selecting the specific persons, the reasons for the necessity of conducting the private placement and the status of utilization of the funds and plan implementation progress): None.

8.3 The holding or the trading of the shares by the subsidiary company in 2015 and as of the Date of this Annual Report: No treasury shares were held after our subsidiary company, GENUINE Commercial Net Co., Ltd sold 39,481 shares of us on 14<sup>th</sup>April, 2016.

Dec. 31th 2015 Unit: thousand dollars										
subsidiary company name	Paid-in capital	Source of funds	Our shareholding ratio	Holder's or trading date	Holder's shares and price	Investment gains and losses	Holding shares and price until the Annual Report publication	Capital of capital	Endorsement price	Loan price
GENUINE Commercial Net Co., Ltd	80,00	60.5%	105.04%	1,342	39,481 shares	1,015	0	N	N	N

### 8.3 Status of WPG Holdings Limited Common Shares Acquired, Disposed of, and Held by Subsidiaries: None.

8.4 Other Necessary Supplement: None.

8.5 Any Events in 2015 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Date or Security Prices as Stated in Item 2 Paragraph 3 of Article 36 of Securities and Exchange Law of Taiwan:

(-) Please refer to on page 60 of this Annual Report.

## WPG Holdings Limited

Chairman : Huang Wei-Hsiang