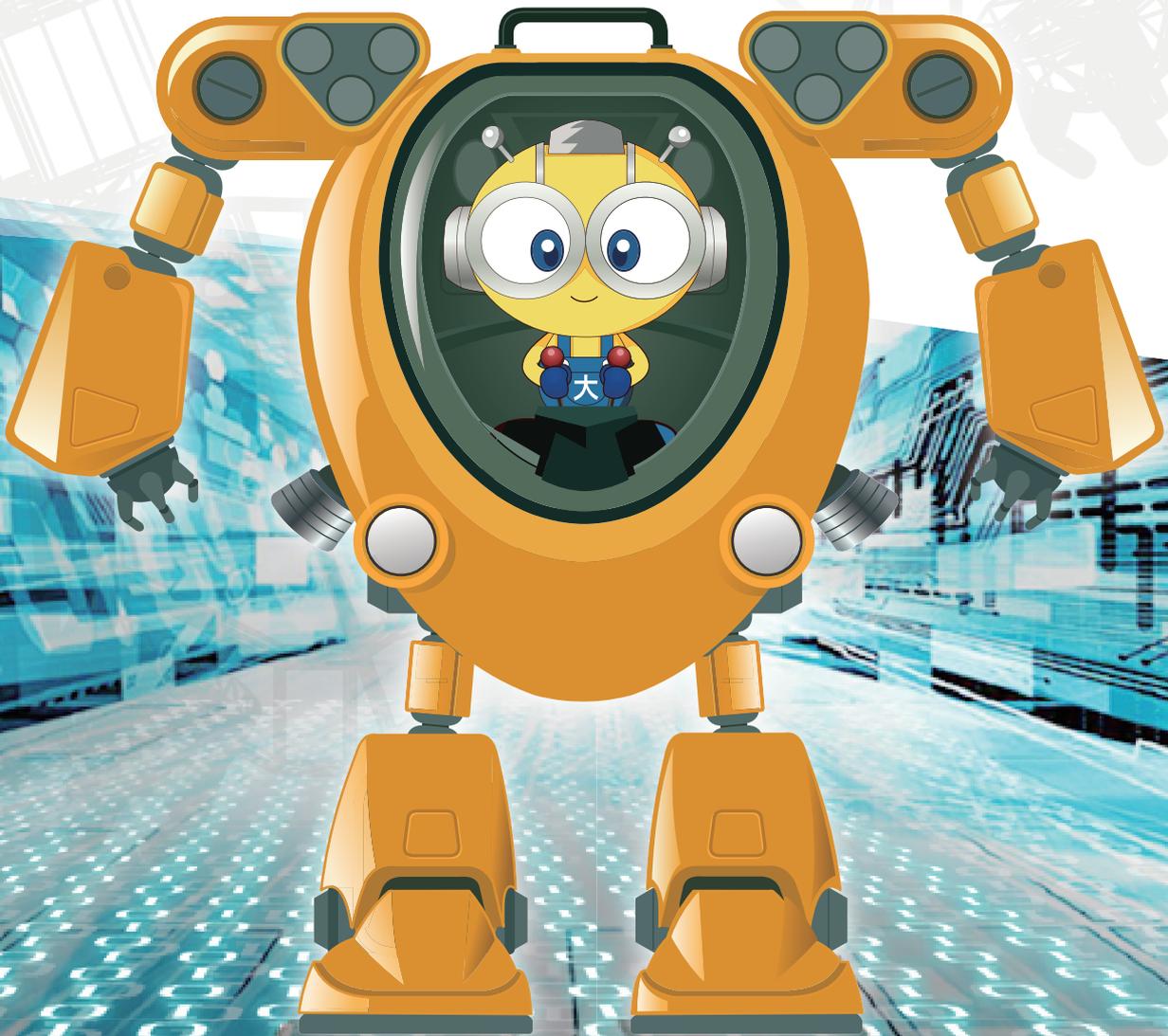




Stock Code:3702

WPG Holdings Limited

2017 Annual Report



Annual Report website
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1. Letter to Shareholders

We have remained number one in semiconductor component channel revenue in the world in 2017 because of our correct product layout, growing productivity, and continuous operation expansion. Our group currently is the agent for over 250 semiconductor brands, including big name brands such as TI, Intel, MICRON, SAMSUNG, NXP, TOSHIBA and others. Currently, our sales offices are mainly in Taiwan, China, Hong Kong and South Asia, and we are expanding to over 120 locations in Northeast Asia, ASEAN countries, India, and North America. In 2018 we expect mobile communication, automotive electronics, and industrial electronics to remain the market mainstay for semiconductor revenue growth. After many years of hard work and active layout, we understand where opportunities for market growth lay. In market application and growth WPG Holding will continue to provide value-added supply chain management service, competitive parts, and turnkey solutions. Our objective is to help our clients develop and invest in future markets and obtain benefits for our suppliers and clients.

1. Review of 2017

Our consolidated revenue was ranked number one in the industry in 2017, reaching NT\$532.51 billion (US\$17.5 billion). A record high in operating income, net income, and cash inflow from operating activities were also reached at NT\$ 9.95 billion, NT\$ 7.31 billion, and NT\$ 8.05 billion. Basic EPS was NT\$ 4.10, Return on Working Capital (ROWC), the key performance indicator, was 9.98%, and ROE was 14.43%.

Over the past year, mid to high-end mobile phones, computer products, wireless broadband, and cloud servers have become main 3C products that were shipped. Non-3C products such as automotive electronics, industrial electronics and power saving products showed stable performance and accounted for over 20% of the total revenue. We have about 5,400 employees, of which, Field Application Engineer (FAE) team members account for 15%, and offer 253 “online programs.” WPG has six warehouses and 105 operating locations globally, including 77 in the Asia Pacific and 28 in North America. The North American region’s 2017 revenue exceeded NT\$ 19.2 billion and contributed NT\$ 200 million in profit. The global supply chain supports approximately 512 VMI logistic projects across different regions and realistically implemented one-stop services, as well as provides customers with more value-added services.

WPG’s corporate governance was ranked among the top 20% of public companies for four consecutive years and was chosen as part of the TWSE Corporate Governance 100 Index. In 2017 we were selected as one of Forbes Global 2000 by Forbes magazine and were ranked number two in the Top 600 Service Enterprises on the Common Wealth Magazine’s Top 2000 Survey. WPG also won the 2017 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Authorized Distributor issued by the Electronics Supply and Manufacturing China (ESM China). These achievements proved

that our provision of value-added services in the semiconductor supply chain has been deeply appreciated by our clients, suppliers, and investor.

2. Outlook for 2018

We are not only listing the WPGDADAWANT digital transformation project into the 2018 focus, but is also continuing with previous themes in operation management. The objective is to increase per capita output value, effectively utilize working capital, and increase operating profit margin and net income. WPG will continuously adjust our organization, production line, and management system to realize the maximum production value and efficiency of each operation unit. The important points of various strategies this year are listed below:

- WPGDADAWANT project plan: WPGDADAWANT is a cloud service platform project that began in 2016. After research and planning in the first half of 2017, WPGDADAWANT series architecture was introduced in the second half of 2017. We are actively developing internal and external projects so that 2018 will be WPG's digital transformation year. WPGDADAWANT currently has five sub-platforms. WPGDADAJIA connects to the ERP system of large customers to rapidly and accurately implement complex work procedures. WPGDADABANG is focused on customers with low to medium-size transaction quantity and provides precise customization services that satisfy diverse requirements. WPGDADATONG is a knowledge sharing platform that provides engineers with a channel to freely share technology, knowledge, and resources. WPGDADAGO provides online electronic component purchase service for small quantities to satisfy low quantity, high diversity consumer needs. WPGDADAPIN provides customers with customized and personalized product information and market trend news.
- Financial indicator: Increase net income and effectively control operating costs. The ROWC is used as the financial indicator for the group to continuously optimize product line combination, improve account receivable and collateral management, ensure asset quality and liquidity, strengthen asset structure and profitability, and increase the issuing of shareholders' return on equity and dividend.
- Actively deploy and expand the market: In response to integration of upstream factories and to expand market impact, we will actively inspect related production lines and customer makeup. We will improve information gathering, analysis, and coordination of target markets, as well as integrate the Group's advantages. Various resource applications and production line/business cooperation will be developed. Systemization and setting of risk control points in the business front-end can optimize the entire business procedure. WPG will improve our customer service quality, expand our influence, and increase our global market penetration. We will optimize our management capability for our target customer groups and increase our production value. Business development strategy and schedule and resource

allocation for overseas business groups will be strictly controlled to serve global customers.

- **Enhance portfolio management:** This Company will discuss the advantages/disadvantages of various product lines and propose corresponding resource allocation and supplier communication strategy. WPG will actively improve production line management efficiency and identify profitable operating models under different gross margin. WPG's service brand image will be developed and the Dada Want service platform will be promoted. Internal and external promotions will be conducted online and off line (O2O) to increase brand identification and value-added synergy. Forum management techniques and knowledge sharing groups will be supplemented to cultivate fan loyalty and habitual use. Brands will continuously be promoted to increase perceived quality service, develop market brand and image, increase exchange, and create long-term value for customers.
- **Operation risk management:** In addition to establishing human resource risk management indicators and mechanism, optimizing legal procedures and improving awareness of legal risks, improving and integrating credit management function, and focusing on important trade compliance management, the Risk Management Department shall further improve risk management effectiveness. In 2018 the following risk management mechanisms will be implemented: automatic abnormal trading alert mechanism, introduction and management of key risk indicators (KRI), emergency response mechanism for main operating locations and self-managed warehouses, promotion of WPG risk management policy/procedure/concept to various groups and related units, and operation risk management mechanism. These are efforts to further improve risk management effectiveness. Important items include the building of human resource risk management indicators and mechanism, optimizing legal procedures and improving awareness of legal risks, integration and improvement of credit management function, and trade compliance management.
- **Integrating information processing and information platform:** To respond to digitized transformation service, the Information Service Department shall analyze and apply Dada Want, smart storage, and big data. The three year strategic target proposed in 2017 shall be continued for cross-region transportation and logistics management (improve overall efficiency, achieve quality objectives, and increasing customer satisfaction). Workflow reform and building of smart storage and service platform is expected to improve quality and efficiency, as well as satisfy We's operating needs.
- **Corporate governance and corporate social responsibility (CSR):** Continue to improve information transparency. In 2017 this company's corporate governance ranking was among the top 20% of public companies. In 2018 WPG's objective is to be in the top 5% of public companies in the rankings. Board of director meetings,

Audit Committee meetings, Remuneration Committee meetings, and New Business Strategy Committee meetings shall be implemented and annual work plan shall be carried out. The 2018 the focus of WPG's Corporate Social Responsibility and Sustainability Report (abbreviated as CSR) includes the writing of the 2017 WPG Corporate Social Responsibility Report, conducting the survey of stakeholders that is done once every two years, and analysis of internal operation impact. The results will be used to set the strategic goal for 2018 – 2019, to improve various CSR function teams, draft the annual CSR objective, for continuous development and promotion of supply chain management, industry-academic cooperation, caring for youths, and implementation of professional spirit.

WPG is in the semiconductor industry, and the industry's internal environment is becoming more difficult. Changes are occurring rapidly. As the Internet, big data, and various calculation techniques and applications mature, the nearly century old business procedure will face significant impact and turnaround in the near future.

The mass production and sales, cost reduction, market share, and red ocean strategy of the past are no longer engines for growth. The conversion of economy of scale and low cost in Industry 3.0 to low quantity/high diversity and customized/personalized production is a direct, specific, and unavoidable challenged that must be faced by the entire semiconductor industry.

In the future this company will continue to maintain its global leadership position through WPG's digital transformation projects. Under the Dada Want framework, virtual integration and analysis of data and customer needs will enable WPG to link upstream and downstream industries, drive supply chain management, supplement supply chain financing, produce innovative business models, and provide customers with more added-value services.

We's management team and colleagues express our deep gratitude for the support and encouragement of our shareholders. We look forward to your guidance and advice in the coming year. WPG will always be consistent in our business philosophy and services. The vision of WPG is "industry first, channel benchmark." By comprehensively promoting the core value of "team, integrity, professionalism and effectiveness," we aim to create win-win outcomes for our suppliers, customers and shareholders, and share with you our exceptional business results.

We sincerely welcome all our peers and shareholders to share their concerns and advices with us.

Chairman

Huang Wei-Hsiang

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 with security code of 3702.
May, 2006	Ranked top 10 among top 500 service companies in Taiwan by Common Wealth Magazine.
Jun., 2006	Ranked 4 th for worldwide and 1 st for APAC electronics component distributor by ESM.
Jun., 2006	BOD resolves to pay out NT\$ 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; Awarded cross-strait industry top 100 by Business Weekly.03+
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 NT\$ 1.2 for cash dividend per share and NT\$ 0.5 for stock dividend per share.
2007	Newly appointed by LITEON 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 rd worldwide semiconductor distributor by My-ESM!

Jun., 2008	Re-elected best overseas distributor by ESMC, a single to sweep best supply capability, best technical support, best logistics service, and best E-commerce capability.
Jun., 2008	BOD resolves to pay out NT\$ 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 announced to acquire AIT (Code: 6159) 100% share by share swap, and the effective date for closure was set for February 6th, 2009
Feb., 2009	WPG Holdings forms remuneration committee.
May, 2009	Included by MSCI as the first-ever Taiwan IC distributor constituent.
Jun., 2009	Elected best overseas authorized distributor by ESMC, and awarded best supply capability, best logistics service, and best volume flexibility.
Jun., 2009	Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3 rd worldwide distributor.
Jun., 2009	BOD resolves to pay out NT\$ 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	Elected best overseas authorized distributor by ESMC, and awarded best supply capability, best logistics service, and best volume flexibility.

Jun., 2010	Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3 rd worldwide distributor.
Jun., 2010	BOD resolves to pay out NT\$ 2.0 for cash per share, and 1.8 for stock dividend per share.
Nov., 2010	WPG acquires YOSUN Industrial Corp. (security code: 2403) through share swap, Nov. 15 set for reference day.
Nov., 2010	Celebrate 5 th anniversary; set forth “the First Choice of Industry: the Benchmark of Distribution” for the new group vision
2010	Newly or additively appointed or by Raontech, GigaDevice, INSIDE, Advanced Silicon, Redmere, NXP Semiconductors, OSRAM Opto Semiconductors, Synerchip, Sitronix, Epson, Infineon Technologies, Sanyo Semiconductors, Summit Microelectronics Inc., ST Ericsson, AMIC Technology Corporation, Silergy, AMS, Nutune, Trident, AcSip, HuaJie, Evolution, TT Electronics, Leadcore, Rockchip, Synic, Black Sand, ATLAB, 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 rd worldwide distributor.
Jun., 2011	BOD resolves to pay out NT\$ 2.1 for cash, and 0.9 for stock dividend
2011	Newly or additively appointed by Quality, Energyled Corp., Phoenix, TTM, Marvell, SMSC, Mindspeed, TranSwitch, Vitesse, ICP, mCube, ARM, AzureWave, Citruscom, Domintech, ESMT, FuDaTong, InfoTM, JustPower, Kingston, Neotec, Novatek, Powervation, Quintic, and Winbond as APAC or greater China distributor.
Mar., 2012	WPG acquires AECO Technology Co., Ltd. (security code: 6119) through share swap, Mar. 1 set for reference day.
Apr., 2012	Longview Technology Inc., subsidiary of WPG Holdings’ subgroup WPI Group, acquires Long-Think group’s electronics components business in greater China area in cash.
May, 2012	Re-elected APAC no. 1 electronics distributor by EETimes, ranked the 3 rd worldwide distributor.
Jun., 2012	BOD resolves to pay out NT\$ 2.6 for cash dividend per share.
2012	Newly or additively appointed by Bridgelux, ADDA, Prolific, GigaDevice, Action, Hanergy, Sigma Designs, RFM, Eri, Metrodyne, ERP, TUL, PTC, Philips Lumiled, Siano, CHAMPION, CPT, IR, mCube, and Sinopower as APAC or greater China distributor.
May., 2013	Elected 2013 top 25 global electronics component distributors by EDN, ranked the 3 rd worldwide distributor.

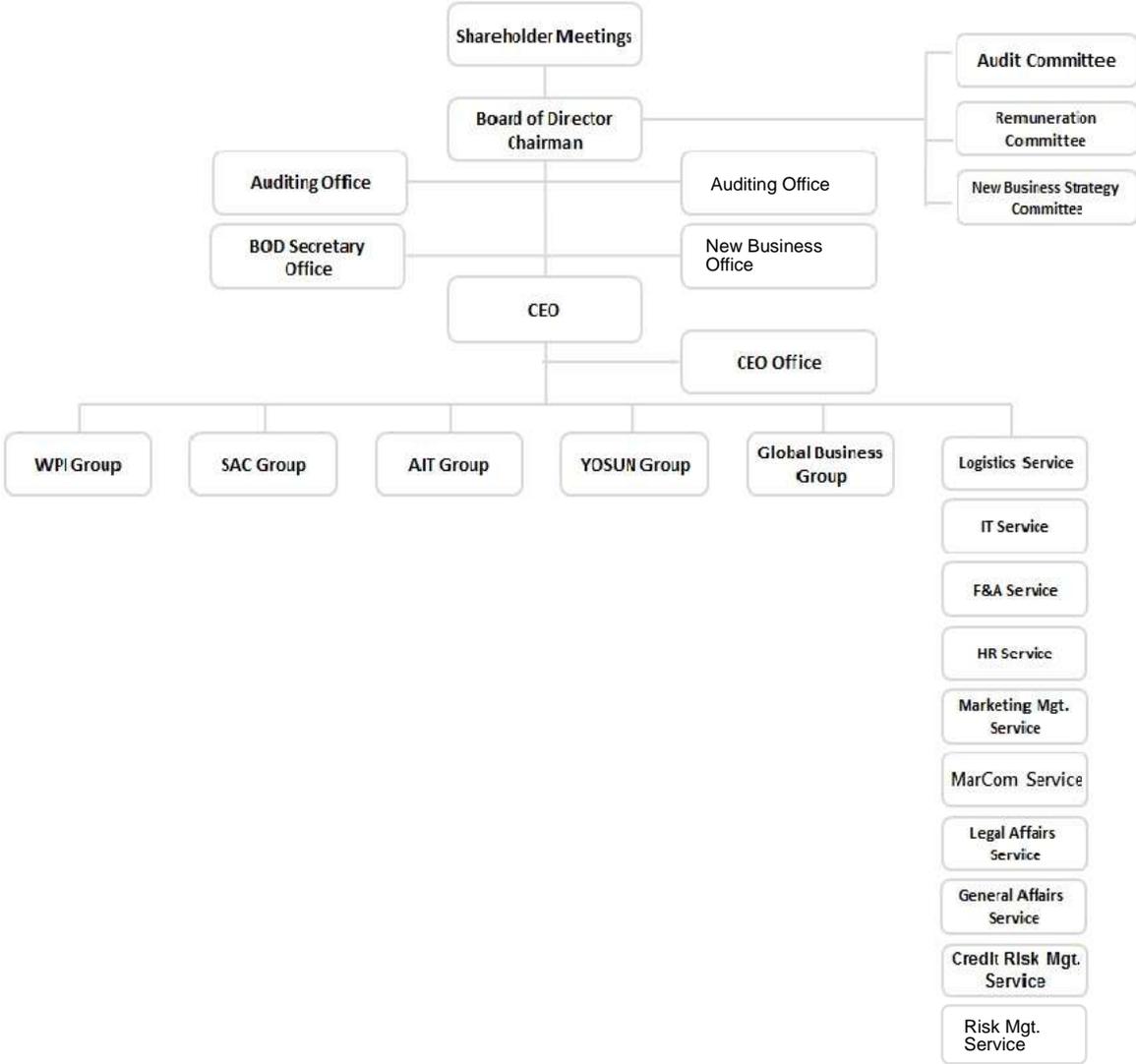
Jun., 2013	BOD resolves to pay out NT\$ 2.4 for cash dividend per share.
Aug., 2013	Made debut and ranked 27 th for Excellence in CSR from Common Wealth Magazine.
2013	Newly or additively appointed by Goodix, Touchstone, LITEON-SILI, T&T, ELAN, Silicon Line, Aptos, CellWise, Next Biometrics, Cytotec, 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 2014 EEPW editors' choice
2014	Newly appointed by O2 Micro, ISSC, Huntersun, Solteam, Fibocom, SEQUANS, VANCHIP, and OTUS as distributor.
Mar., 2015	Distributor of Semiconductor Components - WPG Holdings Limited (TWSE:3702) Commences a Cash Tender Offer for Genuine C&C INC. (OTC:5384).
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 1st ranking of Corporate Governance Evaluation result.
May .,2015	Ranked 1814 places on the Forbes Global 2000.
May .,2015	Received the 2015 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor' from Electronics Supply and Manufacturing China (ESM China).
2015	Added agent and distribution rights increasingly from SANA · ISSC · Thine · TBPC · Akustica Inc. · BRIGHTTEK, Panda, VANCHIP · High-Flying · Ambiq Beken etc.
Feb., 2016	WPG Holdings Limited has moved to a new office at "8F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)".
Apr., 2016	The board of WPG Holdings resolved to sign MOU of buying the real estate for offices on the Jingmao road in Nangang District.
Apr., 2016	Ranked among the top 20% of TWSE listed and TPEX listed companies in the 2 st ranking of Corporate Governance Evaluation result.
Apr., 2016	Ranked 1735 places on the Forbes Global 2000.
Jul., 2016	Selected as stock of "TWSE Corporate Governance 100 Index".

Oct., 2016	Received the 2016 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor' from Electronics Supply and Manufacturing China (ESM China).
2016	Added agent and distribution rights increasingly from VATICS 、 CT Micro 、 Skywalker 、 Seoul Semiconductor 、 BroadLink 、 UNEO 、 TELINK 、 AQUANTIA 、 Sharp etc.
Apr., 2017	Awarded top 20% amongst all listed companies in the 3 rd Corporate Governance Review
May, 2017	Ranked as one of the Forbes Global 2000, and No. 2 in the 2000 survey service industry by CommonWealth Magazine
Oct., 2017	Received Award of Excellence for Electronic Component Distributors: Top 10 Overseas Distributor' from Electronics Supply and Manufacturing China (ESM China).
2017	Added agent and distribution rights increasingly from Western, Acsip, JMicron, Microvision, PI, SILICONGEAR, UBIQ, Lumileds, TDK, Lattice, Nexperia, etc.
May, 2018	The Group's corporate governance evaluation scores ranked between 6% to 20% of the listed companies in the 4 th

3. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

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

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

- i. Auditing Office
Responsible for conducting the design of internal regulations and institutional and evaluating the efficiency for WPG holdings. Also make recommendations for improvement base on evaluation result.
- ii. New Business Office
Responsible for controlling the evaluation, planning, and post-investment management of new business development; for the purpose of establishing new business long-term competitive advantage or pursuing stable growth.
- iii. Logistics Service
Responsible for matters related to logistics for WPG Holdings, as well as the development of business operations of logistics services to third parties.
- iv. IT Service
Responsible for the design of WPG Holdings' IT management strategies, and the planning of IT management frameworks, the sustainable improvement and integration of WPG information platforms. IT Service is responsible for the control, strategical instruction and implementation of IT management in the different affiliates.
- v. Finance & Accounting Service
Responsible for holding company's matters regarding financial, accounting, and investor relations, as well as the control, policy direction and supervision for the function in each group; CFO also serves as the corporate spokesperson.
- vi. HR Service
Responsible for matters related to human resources for WPG Holdings. Also bear the responsibility of management control, policy guidance and supervision of each group's corresponding functions.
- vii. Marketing Management Service
Responsible for the coordination of front-end operation, systems, and standard consistency. Also make recommendations, develop principles for common practice, and track results, in order to improve productivity, through collaboration with each group's contact window.
- viii. MarCom Service
Responsible for brand image, as well as planning, implementing and supervising the WPG Holdings e-marketing platform. Also bear the responsibility of management control, policy guidance, and supervision of each group's corresponding functions.
- ix. Legal Affairs Service
Responsible for the WPG Holdings legal affairs. Also bear the responsibility of

management control, policy guidance, and supervision of each group's corresponding functions.

x. General Affairs Service

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

xi. Credit Management Service

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

xii. Risk management Service

Responsible for setting risk and crisis management system for all WPG Holdings organization. Promote the system and the awareness of risk and crisis management. In the meantime, ensure that all the transactions, customers, and products are well managed in accordance to the global and local trade compliance regulations.

**3.2 Directors, Supervisors, General Manager, Deputy General Managers, Assistant Managers, and Division/Department/Affiliates Heads
(Remuneration paid to directors, supervisors, general manager, and deputy general manager(s))**

3.2.1 Director/Supervisors Profile

3.2.1.1 Director/Supervisors Datasheet

Apr. 23, 2018

Title	Nationality/ domicile	Name	Gender	Date Elected	Term	Date First Elected	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	Simon Huang	Male	Jun. 19, 2017	3 years	Jun. 14, 2005	46,512,508	2.66	46,512,508	2.55	11,438,226	0.63	-	-	Bachelor, Engineering Science, National Cheng-Kung University; Director, Representative of Taiwan Aries Co. Ltd.	Chairman & Director, WPG Holdings affiliated venture; Chairman, Trigold Holdings Limited; General Supervisor, Sinocon Industrial Standards Foundation; Executive Governor, Taipei Electronic Components Suppliers' Association (TECSA)	-	-	-

Title	Nationality/ domicile	Name	Gender	Date Elected	Term	Date First Elected	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice Chairman	R.O.C.	K.D. Tseng	Male	Jun. 19, 2017	3 years	Jun. 22, 2011	10,494,000	0.60	10,494,000	0.57	20,710,000	1.13	-	-	Electronics Engineering, National Taiwan Ocean University; Founder and Chairman of Yosun Co., Ltd.	Chairman & Director, WPG Holdings affiliated venture; Director, Trigold Holdings Limited; Director, Qleap Accelerators Limited Ability Venture Management Co., Ltd. (corporate representative); Ability I Venture Capital Corporation (corporate representative); Chair, Taipei Electronic Components Suppliers' Association (TECSA)	-	-	-
Director	R.O.C.	Mike Chang	Male	Jun. 19, 2017	3 years	Jun. 14, 2005	27,358,674	1.57	27,322,674	1.50	632,770	0.03	-	-	Electronics Engineering, National Taipei University of Technology; CEO(Far east area)Meishang Crystal Co.,Ltd. General Manager, WPG Holdings affiliated venture	Chairman & Director, WPG Holdings affiliated venture; Governor, Taipei Electronic Components Suppliers' Association (TECSA)	-	-	-

Title	Nationality/ domicile	Name	Gender	Date Elected	Term	Date First Elected	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C.	T.L. Lin	Male	Jun. 19, 2017	3 years	Jun. 14, 2005	24,951,707	1.43	22,951,707	1.26	18,596,401	1.02	-	-	Electronics Engineering, National Taipei University of Technology; Co-founder, World Peace Industrial Co. Ltd.	Chairman, WPG Holdings affiliated venture; Director, Trigold Holdings Limited; Lohas Leisure Co. Ltd., Director (corporate representative), Eesource Corp. FANTASY STORY INC. Director, Info Workstation Co., Ltd.; Executive Governor, Taipei Electronic Components Suppliers' Association (TECSA)	-	-	-
Director	R.O.C.	K.Y. Chen	Male	Jun. 19, 2017	3 years	Jun. 14, 2005	5,015,933	0.29	5,015,933	0.27	1,603	0.00	-	-	Bachelor, Electronics, National Chiao-Tung University; Founder and Chairman, Silicon Application Corp.	Chairman & Director, WPG Holdings affiliated venture; Director, Trigold Holdings Limited, Chiayang Biotech Inc.; Director, LeadSun New Star Corp.; Governor, Taipei Electronic Components Suppliers' Association (TECSA)	-	-	-

Title	Nationality/ domicile	Name	Gender	Date Elected	Term	Date First Elected	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C.	Frank Yeh	Male	Jun. 19, 2017	3 years	Jun. 18, 2014	1,300,584	0.07	1,300,584	0.07	7,397	0.00	-	-	Electronics Engineering, Feng Chia University; Chairman, eChannelOpen, Inc. General Manager, Arrow Electronics, Inc.	CEO, WPG Holdings Ltd.; Director, WPG Holdings affiliated venture; Independent Director, BenQ Materials Corp.	-	-	-
Director	R.O.C.	Fullerton Technology Co. (Representative: Richard Wu)	Male	Jun. 19, 2017	3 years	Jun. 14, 2005 Jul. 20, 2006	45,135,951	2.59	43,935,951	2.41	-	-	-	-	-Department of Electronics, Feng Chia University General Manager, RP	Chairman, Fullerton Technology Co.; Chairman/Director (corporate representative), Niceday IT Co. Ltd., Spire Technology Limited; Director (legal corporate representative), Fullerton Digital Co. Ltd., Udar Digital Inc., D. Cinema Technology Co., Ltd.; Director, NTUST Innovations Co. Ltd.;	-	-	-

Title	Nationality/ domicile	Name	Gender	Date Elected	Term	Date First Elected	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C.	Henry Shaw	Male	Jun. 19, 2017	3 years	Nov. 9, 2005	406,618	0.02	406,618	0.02	-	-	-	-	Master, Business Administration, National Cheng-Chi University; Vice President, Mosel Vitelic Inc., Vice President, Transpac Capital Pte Ltd.	Director, SYSTEX Corp., Scientech Corp.; Chairman, LIANG XIN Finance Co. Ltd.; Director, Hsinhung Corp.	-	-	-
Independent Director	R.O.C.	Jack J. T. Huang	Male	Jun. 19, 2017	3 years	Jun. 25, 2008	-	-	-	-	-	-	-	-	S.J.D., Harvard University; LL.M., Northwestern University; LL.B., National Taiwan University	Partner-in-Charge, Jones Day Taipei. Independent Director, Taiwan Mobile Co., Ltd., SYSTEX Corp., and CTCI Corp.; Director, Taiwan Buffalo Investment Company, Taiwan Investment Management Ltd., Taiwan Biotech Ltd.	-	-	-
Independent Director	R.O.C.	Rong-Ruey Duh	Male	Jun. 19, 2017	3 years	Jun. 25, 2008	-	-	-	-	-	-	-	-	PH.D. (accounting major), University of Minnesota; Chairman, Accounting Research and Development Foundation; Chair, Taiwan Accounting Association	Professor, Accounting, National Taiwan University College of Management	-	-	-

Title	Nationality/ domicile	Name	Gender	Date Elected	Term	Date First Elected	Initial Shareholding		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at WPG and Other Companies	Other Managerial Personnel/Director/ Supervisor Whose Relation is Spouse or Relative within the Second Degree of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C.	Yung-Hong Yu	Male	Jun. 19, 2017	3 years	Jun. 25, 2008	-	-	-	-	-	-	-	-	PH.D., Sun Yat-sen University; MBA, Colorado State University; Managing director, Ernst & Young business advisory service; Governor, Chinese Strategic Management Accounting Institute	President, Shenzhen AID Management Consulting Co. Ltd.; Business mentor, Shenzhen Production and Research Center at Wuhan University; Advisor, Accounting Research Monthly; Remuneration Committee Member, Fullerton Technology Co. Independent director, Fullerton Technology Co., Ltd.	-	-	-

Corporate Director/Supervisor of WPG

Apr. 16, 2018

Corporate Director/Supervisor	Major Shareholders	Shareholding %
Fullerton Technology Co.	Lai, Ru-Kai (3.29%), Liao, Mei-Qi (3.28%), Wu, Chang-Qing (3.1%), Shi Ren Investment Co. Ltd. (1.77%), CTBC Bank Trustee Account For Trust Property (1.73%), Liu, Yan-Hong (1.67%), Liu, Yan-Pei (1.67%), Dimensional Emerging Markets Value Fund Inc. Account in Citibank Custody (1.26%), Tai, Chung-Ho (0.95%), Ou, Shu-Qing (0.90%)	19.62

Above-mentioned Major Shareholders of the Corporate Shareholder of the Corporate Director/Supervisor

Apr. 16, 2018

Corporate Name	Major Shareholders	Shareholding %
Shi Ren Investment Co. Ltd.	Powerchip Technology Corporation (99.99%)	99.99

3.2.1.2 Director/Supervisors Datasheet

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

Note 1: Tick if during the two years before being elected or during the term of office, the director or supervisory did not and does not 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 accordance with local regulations.
- 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, or a spouse thereof, provided that this restriction does not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and

Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the GTSM;

- viii. A spouse or relative within the second degree of kinship of any other directors;
- ix. Any of the circumstances in the subparagraphs of Article 30 of the Company Act;
- x. Elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.

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

Apr. 23, 2018

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding held under Others' names		Selected Education & Post Positions	Concurrent Positions at Other Companies	Other Managerial Personnel Whose Relation is Spouse or Relative within the Second Degree of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manger	R.O.C.	Frank Yeh	Male	Jul. 1, 2013	1,300,584	0.07	7,397	0.00	—	—	Electronics Engineering, Feng Chia University; Chairman, eChannelOpen, Inc. General Manager, Arrow Electronics, Inc.	CEO, WPG Holdings Ltd.; Director, WPG Holdings affiliated venture; Independent Director, BenQ Materials Corp.	—	—	—
Senior Vice President	R.O.C.	Cooper Hsieh	Male	Nov. 9, 2005 ~ Sep. 5, 2017	—	—	—	—	—	—	E.M.B.A., National Chengchi University; Vice President, WPG Holdings affiliated venture	None	—	—	—
Vice President	R.O.C.	Scott Lin	Male	Jan. 1, 2007	642,943	0.04	—	—	—	—	B.S., Electronic Engineering, National Taiwan University of Science and Technology; General Manger, Infineon Technologies Taiwan	None	—	—	—
Vice President (Accounting, Financial Head)	R.O.C.	Cliff Yuan	Male	Nov. 9, 2005	745,200	0.04	14,220	0.00	—	—	Dual Degree, Law & Accounting, Soochow University; Financial Assistant Vice President, WPG Holdings affiliated venture	Director & Supervisor, WPG Holdings affiliated venture;	—	—	—
Vice President	R.O.C.	Jazz Chuang	Male	Jan. 1, 2012	180,670	0.01	749	0.00	—	—	E.M.B.A., Information Management, National Taiwan University College of Management; Vice President, WPG Holdings affiliated venture	None	—	—	—
Vice President	R.O.C.	David Li	Male	Jul. 1, 2013	73,226	0.00	—	—	—	—	E.M.B.A., Southern California University; Vice President, WPG Holdings affiliated venture	None	—	—	—

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

3.2.3.1 Remuneration Paid to Directors

Dec. 31, 2017/Unit: NT\$ thousand

Title	Name	Remuneration (Note 1)								The Proportion of A+B+C+D to Net Income (%)		The Proportion of A+B+C+D+E+F+G to Net Income (%)								Compensation Paid by Non-Consolidated Affiliate		
		Salary(A)		Severance Pay and Pension(B)		Pay of Profit Distribution (C)		Pay of Professional Practice (D)		Salary, rewards, special disbursement etc. (E)		Severance Pay and Pensions (F)		Profit Distribution Allotted to Employee(G)								
		From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting	From WPG		From Entities of Consolidated Financial Reporting		From WPG	From Entities of Consolidated Financial Reporting			
Chairman	Simon Huang	Aggregate	708	-	-	42000	42650	-	-	0.66	0.69	71,165	108,737	959	2686	13,384	-	13,384	-	183	240	None
Vice Chairman	K.D. Tseng																					
Chairman	Simon Huang																					
Director	Mike Chang																					
Director	Frank Yeh																					
Director	T.L. Lin																					
Director	K.Y. Chen																					
Director	Fullerton Technology Co. (Representative: Wu, Chang-Qing)																					
Director	Henry Shaw																					
Independent Director	Jack J. T. Huang																					
Independent Director	Rong-Ruey Duh																					
Independent Director	Yung-Hong Yu																					
Note 1: BOD resolved on Apr. 24, 2018; will take effect upon the resolution of General Meeting on Jun. 21, 2018. Note 2: BOD resolved on Apr. 24, 2018; and will take effect upon the resolution of General Meeting on Jun. 21, 2018.																						

Remuneration Scales	Name			
	A+B+C+D		A+B+C+D+E+F+G	
	From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting
Under NT\$ 2,000,000	-	-	-	-
NT\$ 2,000,000 – 4,999,999	Frank Yeh, Mike Chang, T.L. Lin, K.Y. Chen, K.D. Tseng, Jack J. T. Huang, Henry Shaw, Fullerton Technology Co. (Representative : Wu, Chang-Qing)	Frank Yeh, Mike Chang, T.L. Lin, K.Y. Chen, K.D. Tseng, Jack J. T. Huang, Henry Shaw, Fullerton Technology Co. (Representative : Wu, Chang-Qing)	Mike Chang, Jack J. T. Huang, Henry Shaw, Fullerton Technology Co. (Representative : Wu, Chang-Qing), T.L. Lin	Jack J. T. Huang, Henry Shaw, Fullerton Technology Co. (Representative : Wu, Chang-Qing), T.L. Lin
NT\$ 5,000,000 – 9,999,999	Simon Huang, Rong-Ruey Duh, Yung– Hong Yu	Simon Huang, Rong-Ruey Duh, Yung– Hong Yu	Rong-Ruey Duh, Yung– Hong Yu	Rong-Ruey Duh, Yung– Hong Yu
NT\$ 10,000,000 – 14,999,999	-	-	-	-
NT\$ 15,000,000 – 29,999,999	-	-	Simon Huang, K.D. Tseng, K.Y. Chen	Simon Huang, K.D. Tseng, K.Y. Chen
NT\$ 30,000,000 – 49,999,999	-	-	-	Mike Chang
NT\$ 50,000,000 – 99,999,999	-	-	Frank Yeh	Frank Yeh
Above NT\$ 100,000,000	-	-	-	-
Total	11	11	11	11

3.2.3.2 Remuneration Paid to General Manager and Vice Presidents

Dec. 31, 2017/Unit: NT\$ thousand

Title	Name	Salary(A)		Severance Pay and Pensions(B)		Rewards, Special Disbursement etc.(C)		Employee's compensation (D)*				The Proportion of A+B+C+D to Net Income (%)		Compensation Paid by Non-Consolidated Affiliate
		From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting	From WPG	From Entities of Consolidated Financial Reporting	From WPG		From Entities of Consolidated Financial Reporting		From WPG	From Entities of Consolidated Financial Reporting	
								Cash	Share	Cash	Share			
General Manager	Frank Yeh	Aggregate of General Manager and Vice Presidents												None
Senior Vice President	Cooper Hsieh	16,399	16,399	382	416	34,176	55,176	23,334	-	23,334	-	1.02	1.30	
Vice President	Scott Lin													
Vice President (acct. fin. head)	Cliff Yuan													
Vice President	Jazz Chuang													
Vice President	David Li													

Note 1: BOD resolved the proposed amount of cash bonuses allotted to employees on Apr. 24, 2018; and will take effect upon the resolution of General Meeting on Jun. 21, 2018.

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

3.2.3.3 Bonus-Rewarded Managerial Personnel and Allotments

Dec. 31, 2017/Unit: NT\$ thousands

	Title	Name	Share Bonus	Cash Bonus (Note 1)	Gross Bonus	The Proportion of Gross Bonus to Net Income (%)
Managerial Personnel	General Manager	Frank Yeh	Aggregate	o f G e n e r a l	Manager and	V i c e P r e s i d e n t s
	Senior Vice President	Cooper Hsieh				
	Vice President	Scott Lin				
	Vice President (acct, fin. head)	Cliff Yuan				
	Vice President	Jazz Chuang				
	Vice President	David Li				
			-	23,334	23,334	0.32

Note 1: BOD resolved the proposed amount of cash bonuses allotted to employees on Apr. 24, 2018; the above figures are preliminary, and will take effect after the resolution of General Meeting on Jun. 21, 2018.

3.2.4 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

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

Unit: NT\$ thousands

Remuneration Type	From WPG		From Entities of Consolidated Financial Reporting	
	2016	2017	2016	2017
Pay of Director	35,960	47,880	35,960	50,258
Proportion of Pay Aggregate to Net Income (%)	0.68	0.66	0.68	0.69
Pay of Supervisor	—	—	—	—
Proportion of Pay Aggregate to Net Income (%)	—	—	—	—
Pay of General Manager and Vice President	57,198	74,291	70,698	95,325
Proportion of Pay Aggregate to Net Income (%)	1.08	1.02	1.33	1.30
Net Income (loss)	5,312,875	7,307,987	5,312,875	7,307,987

As shown in above table, the 2017 directors' remuneration, as well as remuneration paid to general manager and vice presidents increased alongside the growth of profit after tax. However, the proportion of 2017 directors' remuneration, as well as remuneration paid to general manager and vice presidents in gross profit after tax is decreased as compared to that of the previous fiscal year.

3.2.4.2. 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

- (1) The rules governing director and supervisor's remuneration are as follow:
In accordance with the regulations stipulated in the Articles of Incorporation of the company, where the financial results for the fiscal year show a profit, the Company may, by a resolution adopted by the meeting of Board of Directors, have not less than 0.1% and not more than 5% of the profit distributable as employees' compensation and have not more than 3% of the foresaid profit distributable as remuneration to directors and supervisors. Reports of such

distribution as employees' compensation and remuneration to directors and supervisors shall be submitted to the shareholders' meeting. However, in case of the accumulated losses, certain profits shall first be reserved to cover them.

- (2) The rules governing general manager and vice president's remuneration are as follow:

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

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

3.3 Overview of Corporate Governance

3.3.1 Operational Status of Board

After the reelection on Jun 19, 2017, the 5th term of board is composed of 11 directors who are professional and experienced at semiconductor, financial, business, and management fields. Attorney Jack J.T. Huang of Jones Day, Professor Rong-Ruey Duh of National Taiwan University College of Management, and Yung-Hong Yu, the president of Shenzhen Aid Management Consulting Ltd., among others, are independent

directors.

The board has the responsibility to supervise the overall operations and affairs of the company and make decisions for major investment and M&A matters.

In 2018, the board had 11 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	11	—	100	Successive term after re-election on Jun. 19, 2017
Vice Chair	K.D. Tseng	10	1	90.91	Successive term after re-election on Jun. 19, 2017
Director	Mike Chang	11	—	100	Successive term after re-election on Jun. 19, 2017
Director	T.L. Lin	10	1	90.91	Successive term after re-election on Jun. 19, 2017
Director	K.Y. Chen	9	2	81.82	Successive term after re-election on Jun. 19, 2017
Director	Frank Yeh	11	—	100	Successive term after re-election on Jun. 19, 2017
Director	Fullerton Technology Co. (Representative : Richard Wu)	10	1	90.91	Successive term after re-election on Jun. 19, 2017
Director	Henry Shaw	9	2	81.82	Successive term after re-election on Jun. 19, 2017
Independent Director	Jack J. T. Huang	10	1	90.91	Successive term after re-election on Jun. 19, 2017
Independent Director	Rong-Ruey Duh	11	—	100	Successive term after re-election on Jun. 19, 2017
Independent Director	Yung– Hong Yu	11	—	100	Successive term after re-election on Jun. 19,

Statement:

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

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

Board meeting	Agenda items and Actions taken by the company	The matters provided in Article 14-3 of Securities and Exchange Act	Other resolutions included in records or stated in writing regarding independent directors' dissenting or qualified opinion
Jan. 24, 2017 (1 st in 2017)	Revision of the Company's Article 12 of the Board Operations Management "Internal Control System".	V	
Mar. 28, 2017 (3 rd in 2017)	The appointment of accountant in 2017	V	
Mar. 28, 2017 (3 rd in 2017)	Revision of the Company's "The Operational procedures for Acquisition and Disposal of Assets" plan	V	
Jul. 25, 2017 (7 th in 2017)	The Company's plan to acquire shares of Guinuine C&C Co. Ltd.	V	
Aug. 8, 2017 (8 th in 2017)	Revision of the Company's Article 15 of Management of audit committee "Internal Control System".	V	
Dec. 26, 2017 (11 th in 2017)	Revision of the Company's Article 5 of the first cycle of the financial cycle in "Internal Control System".	V	
Independent directors' opinion: None			
Actions taken by the company: None			
Resolution: The resolution was approved by all Directors without raising any objection when the chairperson puts forward the relevant resolutions for approval.			

2. For the status of directors' recusal with respect to relationship of interest, the names, agenda items, reasons to enter recusal, and status of voting shall be stated: On Jul. 25, 2017, the BOD passed the acquisition of Genuine C&C Co. Ltd. shares by the Company. The Company's Directors, Simon Huang, Mike Chang, Frank Yeh are also directors of WPi Group. The three directors took the initiative to explain their interests and declared their withdrawal, and did not participate in the discussion and voting.
3. Targets of enhanced functions of board of directors (i.e. establishment of audit committee, enhancement of information transparency) of the year and in the most recent year and progress assessment: in order for

sounder supervising functions of board of directors and robust managerial mechanism, starting from 2008, WPG advances the establishment and operation of audit and remuneration committees, and establishes the new business strategy committee on Oct. 29, 2013. Refer to 3.3.4 "Operational Status of Audit Committee", 3.3.3 "Composition, Duties, and Operational Status of Remuneration Committee", and 3.3.4 "Operational Status of New Business Strategy Committee" in page 14.

Attendance of Independent Directors in BOD of 2017

⊙In person ☆Delegate to attend ✕Absent

2017	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th
Jack J. T. Huang	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	☆	⊙	⊙
Rong-Ruey Duh	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙
Yung-Hong Yu	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙

3.3.2 Operational Status of Audit Committee

The 5th term of office of board of directors is composed of three independent directors. The audit committee is composed of all of the three independent directors in place in order for better corporate governance, sounder audit supervision, and robust managerial function. The purpose of the committee is to assist the board of directors in implementing supervising functions; the matters under review include corporate financial statements, corporate policy and procedures for auditing and accounting, corporate internal control mechanism, major acquisition or disposal of assets, appointment/dismissal/compensation of certifying accountant, and other material corporate affairs or items required by competent authorities.

In 2017, the audit committee had 10 meetings; the status of attendance is as follows:

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

Statement:

1. The the date, period, agenda items, the resolution result of audit committee, and the actions taken by the company shall be stated under the following situations:
 - i. The matters provided in Article 14-5 of Securities and Exchange Act.

- ii. Other resolutions that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors:

Audit committee	Agenda items and Actions taken by the company	The matters provided in Article 14-5 of Securities and Exchange Act	Other resolutions that has not been passed by the audit committee but has been adopted with the approval of two-thirds or more of all board directors:
Jan. 24, 2017 (1 st in 2017)	Revision of the Company's Article 12 of the Board Operations Management "Internal Control System".	V	
Mar. 28, 2017 (3 rd in 2017)	The Company and its subsidiaries' annual accountants' appointments and public fees of 2017.	V	
Mar. 28, 2017 (3 rd in 2017)	The Company's annual financial report (including individuals and consolidated financial report) and operations report statements of 2016.	V	
Mar. 28, 2017 (3 rd in 2017)	Revision of the Company's "The Operational procedures for Acquisition and Disposal of Assets" plan.	V	
Aug. 8, 2017 (7 th in 2017)	Consolidated financial report of the upper half of 2017 of the Company.	V	
Aug. 8, 2017 (7 th in 2017)	Revision of Article 15 of the Company's "Internal Audit System" for management of the operation of the audit committee.	V	
Dec. 26, 2017 (10 th in 2017)	Revision of Article 5 of the Company's "Internal Audit System" for the first quarter of the financing cycle budget.	V	
Resolution of audit committee: The resolution was approved by the auditors without raising any objection when the chairperson puts forward the relevant resolutions for approval.			
Actions taken by the company: The resolution was approved by all Directors without raising any objection.			

2. For the status of independent directors' recusal with respect to relationship of interest, the names, agenda items, reasons to enter recusal, and status of voting shall be stated: none.
3. Status of independent directors' communication with internal auditors and independent auditors: the audit committee is composed of all of the three independent directors, meeting at least one time per quarter, joined in auditor, accounting and financial head's routine presentation; the certifying accountants also regularly communicate with the audit committee.

3.3.3 Composition, Duties, and Operational Status of Remuneration Committee

3.3.3.1 Committee Member Profile

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

Note 1: Mark V if during the two years before being elected or during the term of office, the member didn't and doesn't meet any of the following:

- (1) An employee of the company or any of its affiliates;
- (2) A director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in accordance with local regulations;
- (3) 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;
- (4) 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;
- (5) 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;
- (6) 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

- (7) 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;
- (8) Any of the circumstances in the subparagraphs of Article 30 of the Company Act.

3.3.3.2 The Operational Status of the Remuneration Committee

The purpose of the committee is to assist the board of directors in the deliberation and formulation of director and managerial personnel remuneration, assessment of companywide remuneration policies, and the transaction of remuneration evaluation affairs. The committee is composed of three members. Yung-Hong Yu, the independent director, convenes the committee no less than two times a year.

The committee chairman Yung-Hong Yu convenes five meetings in 2017; the status of attendance is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Proportion of Attendance in Person (%)	Remarks
Independent Director (convener)	Yung-Hong Yu	5	—	100	Successive term
Independent Director (member)	Jack J. T. Huang	5	—	100	Successive term
Independent Director (member)	Rong-Ruey Duh	5	—	100	Successive term

Statement:

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

3.3.4 The Operational Status of the New Business Strategy Committee

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

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

The chairman Simon Huang convenes six meetings in 2017; the status of attendance is as follow:

Title	Name	Attendance in Person	Attendance by Proxy	Proportion of Attendance in Person (%)	Remarks
Director (convener)	Simon Huang	6	—	100	Successive term
Director (member)	K.D. Tseng	6	—	100	Successive term
Director (member)	T.L. Lin	5	1	83.33	Successive term
Director (member)	K.Y. Chen	5	1	83.33	Successive term
Independent Director (member)	Yung-Hong Yu	6	—	100	Successive term
Statement: none.					

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

Item	State of Implementation (Note 1)			Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
1. The company formulates and discloses own corporate governance principles with reference to "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".	V		WPG has formulated the corporate governance principles on Jul. 27, 2010; refer to "Overview of Corporate Governance" of the annual report page 28-35.	None.
2. Ownership Structure and the Rights and Interests of Shareholders				
i. The company formulates and implements internal procedures for handling of matters referred to shareholder proposals, inquiries, and disputes.	V		i. WPG designates spokesperson, deputy spokesperson, and shareholder services agent to handle such matters.	None.
ii. The company retains a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders.	V		ii. WPG's shareholder services division retains the register of major shareholders; such records are disclosed, by law, on the designated internet information posting system of Securities and Futures Institute.	None.
iii. The company establishes and carries out the risk management and firewall control between itself and its affiliated enterprises.	V		iii. WPG'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.	None.
iv. The company formulates internal rules prohibiting company insiders from trading securities using information not disclosed to the market.	V		iv. WPG has "Procedure for the Management and Prevention of Insider Trading" in place, prohibiting company insiders from trading securities using information not disclosed to the market.	None.

Item	State of Implementation (Note 1)			Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies																																																																																																
	Yes	No	Summary																																																																																																	
<p>3. The composition and duties of the board of directors</p> <p>i. The board of directors formulates and implements a policy on diversity of board composition.</p>	V		<p>i. The WPG's board composition is on diversity -; backgrounds of board members include lawyering, accounting, finance, human resources and management etc., in addition to the electronics component business.</p> <table border="1"> <thead> <tr> <th>Directors</th> <th>Gender</th> <th>Management</th> <th>Decision Making</th> <th>Industry Knowledge</th> <th>Finance</th> <th>Law</th> <th>Resource</th> </tr> </thead> <tbody> <tr> <td>Simon Huang</td> <td>M</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td>V</td> </tr> <tr> <td>K.D. Tseng</td> <td>M</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mike Chen</td> <td>M</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>T.L. Lin</td> <td>M</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>K.Y.Chang</td> <td>M</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Frank Yeh</td> <td>M</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Henry Shaw</td> <td>M</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Fullerton Technology Co. (Representative : Richard Wu)</td> <td>M</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rong-Ruey Duh</td> <td>M</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Jack J. T. Huang</td> <td>M</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td></td> </tr> <tr> <td>Yung-Hong Yu</td> <td>M</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td></td> <td>V</td> </tr> </tbody> </table>	Directors	Gender	Management	Decision Making	Industry Knowledge	Finance	Law	Resource	Simon Huang	M	V	V	V			V	K.D. Tseng	M	V	V	V				Mike Chen	M	V	V	V				T.L. Lin	M	V	V	V				K.Y.Chang	M	V	V	V				Frank Yeh	M	V	V	V				Henry Shaw	M	V	V	V	V			Fullerton Technology Co. (Representative : Richard Wu)	M	V	V	V				Rong-Ruey Duh	M	V	V		V			Jack J. T. Huang	M	V	V		V	V		Yung-Hong Yu	M	V	V		V		V	None.
Directors	Gender	Management	Decision Making	Industry Knowledge	Finance	Law	Resource																																																																																													
Simon Huang	M	V	V	V			V																																																																																													
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Yung-Hong Yu	M	V	V		V		V																																																																																													
<p>The company sets up other optional functional committees, in addition to the compulsory remuneration and auditing committee.</p>	V		<p>ii. WPG has auditing, remuneration, and new business strategy committee in place.</p>	None.																																																																																																

Item	State of Implementation (Note 1)			Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
The company formulates rules and procedures for board performance assessments, and each year conducts regularly scheduled performance assessments.	V		iii. WPG 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 in FY2015.	None.
The company evaluates periodically the independence of the attesting CPA.	V		iv. Each year, according to the adopted Procedures for Election and Evaluation of Attesting CPA approved by the auditing committee, CPA (certified public accountant) should regularly submit statement, and the accounting department conducts evaluation for the independence, competence and rotation of attesting CPA, then in March, 27, 2018 submitting to the board for approval after the committee's review. After the company's assessment, we recognize Chou, Jian-Hung and Lin Jun-Yao, who meet the independent standard of our company, from PwC as our certified public accountant. The Secondary Review of CPA Attestation Procedures includes 12 items of independence requirements, 4 items of independent operation and 6 items of appropriation.	None.

Item	State of Implementation (Note 1)			Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
4. Listed company should set the position for corporate governance. (Including but not limited to providing operational data of directors and supervisors, holding board of directors and shareholder meetings accordance with the law, handling company registry and amendment of register, making handbook for Annual Meeting of Shareholders, etc.)	V		The affairs of corporate governance are deal by Board of Director and functional committees such as Audit and Remuneration committee. Secretariat, Board of Directors is responsible for arranging Board of Director and functional committees' meeting and providing data. Financial Services Office is responsible for Company registry and amendment of register, relation of investors, and service.	
5. The company establishes a channel to communicate with the stakeholders, designates a stakeholder's section on its website, and appropriately responds to corporate social responsibility issues of stakeholders' concern.	V		Aiming for enhanced corporate governance, WPG 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 Advice Receiving and Complaint Case Handling by Audit Committee provides, directing issues including but not limited to CSR to the committee for their response; so as to build a direct and unobstructed channel between stakeholders and auditing committee to respect and safeguard their legal rights .to The connecting address is as follows: http://www.wpgholdings.com/stakeholder/index/zhtw	None.
6. The company engages a professional shareholder services agent to handle shareholders meeting matters.	V		WPG engages Capital Securities Corporation to handle shareholders meeting matters.	None.

Item	State of Implementation (Note 1)			Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
7. Information Disclosure				
<ul style="list-style-type: none"> i. The company sets up a website disclosing the information regarding the company's finances, operations and corporate governance. 	V		<ul style="list-style-type: none"> i. WPG has a public website (www.wpgholdings.com) in place, regularly disclosing and updating the information regarding the company's finances, operations and corporate governance for investors' reference. 	None.
<ul style="list-style-type: none"> ii. The company adopts additional means of information disclosure (i.e. set-up of English website, appointment of personnel responsible for gathering and disclosing the information, establishment of spokesperson system, publication of audio or video record of investor conference on corporate website etc.) 	V		<ul style="list-style-type: none"> ii. The WPG website in place is English-furnished and the information thereof is gathered and disclosed by responsible persons; briefings of investor conference are also available for investors' reference. 	None.

Item	State of Implementation (Note 1)			Departure and Reason for Such Departure from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
8. The company avails additional major information in favor of understanding its operation of corporate governance. (including but not limited to: interests of the employees, care for employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, policy of risk management, executive state of risk metrics, executive state of customers policy, provision of D&O liability insurance etc.)	V		<ul style="list-style-type: none"> i. Interests of the employees, care for employees: refer to page 107-116 for detail of “Labor Relation” section of the annual report; ii. WPG is a holding company, engaging neither manufacturing nor selling, hence not polluting the environment; transactions with suppliers are primarily everyday general business operations. iii. In order for sound corporate governance systems, WPG already formulates its corporate governance principles on Jul. 27, 2010 with reference to TWSE and GTSM’s “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. iv. WPG’s directors have faithfully conducted corporate affairs and perform the duty of care of a good administrator in exercising their powers. v. WPG provides D&O liability insurance for its directors and managerial persons. vi. WPG already formulates the pan-WPG “Policy and Procedure for Risk Management” on Apr. 24, 2012; and has amended the executive state of risk management policy and risk metrics on Jan. 26, 2016; refer to page 378-380 for detail of “Risk Management” section of the annual report. vii. The continuing education of directors is governed by Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies; refer to page42-45 for detail. 	<p>None.</p> <p>None.</p> <p>None.</p> <p>None.</p> <p>None.</p> <p>None.</p> <p>None.</p>

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

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

Title	Name	Date Elected	Curriculum		Organizer	Subject	Hours
			Start Date	End Date			
Chairman	Simon Huang	Jun. 25, 2008	May 5, 2017	May 5, 2017	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			Jul. 13, 2017	Jul. 13, 2017	Taiwan Institute of Directors	How to strengthen the function of board of directors and the ability of directors	2
			Aug. 8, 2017	Aug. 8, 2017	Taiwan Institute of Directors	How to Apply New Economy and New Technology to Implement Corporate Governance and Matching - Financial Technology and Blockchain	3
			Oct. 16, 2017	Oct. 16, 2017	Taiwan Institute of Directors	Anti-globalization vs. Financial Trends in Globalization	3
			Dec. 28, 2017	Dec. 28, 2017	Taiwan Institute of Directors	Entrepreneur's Economic Task and Social Responsibility	1.5

Title	Name	Date Elected	Curriculum		Organizer	Subject	Hours
			Start Date	End Date			
Vice Chair	K.D. Tseng	100/06/22	106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			106/08/08	106/08/08	Taiwan Institute of Directors	How to Apply New Economy and New Technology to Implement Corporate Governance and Matching - Financial Technology and Blockchain	3
Director	T.L. Lin	97/06/25	106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			106/08/08	106/08/08	Taiwan Institute of Directors	How to Apply New Economy and New Technology to Implement Corporate Governance and Matching - Financial Technology and Blockchain	3
Director	Mike Chang	97/06/25	106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			106/08/08	106/08/08	Taiwan Institute of Directors	How to Apply New Economy and New Technology to Implement Corporate Governance and Matching - Financial Technology and Blockchain	3
Director	K.Y. Chen	97/06/25	106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			106/11/21	106/11/21	Taiwan Corporate Governance Association	Global Trend Analysis - Risks and Opportunities	3

Title	Name	Date Elected	Curriculum		Organizer	Subject	Hours
			Start Date	End Date			
Director	Frank Yeh	103/06/18	106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			106/08/08	106/08/08	Taiwan Institute of Directors	How to Apply New Economy and New Technology to Implement Corporate Governance and Matching - Financial Technology and Blockchain	3
Corporate Representative Director	Richard Wu	105/07/20	106/04/07	106/04/07	Taiwan Securities and Futures Institute	Insider Trading and Corporate Social Responsibility Forum of 2017	3
			106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			106/08/08	106/08/08	Taiwan Institute of Directors	How to Apply New Economy and New Technology to Implement Corporate Governance and Matching - Financial Technology and Blockchain	3
Director	Henry Shaw	97/06/25	106/05/04	106/05/04	Taiwan Corporate Governance Association	Fintech Opportunities and Challenges	3
			106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			106/11/09	106/11/09	Taiwan Institute of Directors	The AI Revolution	3
Independent Director	Rong-Ruey Duh	97/06/25	106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3

Title	Name	Date Elected	Curriculum		Organizer	Subject	Hours
			Start Date	End Date			
			106/09/28	106/09/28	Taiwan Stock Exchange Corporation	2017 Mr. Yuan-dong Hsu Memorial Financial Forum	6
Independent Director	Jack J. T. Huang	97/06/25	106/05/04	106/05/04	Taiwan Corporate Governance Association	Fintech Opportunities and Challenges	3
			106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			106/05/11	106/05/11	Taiwan Corporate Governance Association	Legal risks of company directors	3
			106/05/16	106/05/16	Taiwan Academy of Banking and Finance	Legal Risks of Corporate Directors and Management	3
			106/09/05	106/09/05	Taiwan Corporate Governance Association	The AI Revolution & Opportunities for Banking Industry	3
Independent Director	Yung-Hong Yu	97/06/25	106/05/05	106/05/05	Taiwan Institute of Directors	AI Opportunities and Challenges	3
			106/08/08	106/08/08	Taiwan Institute of Directors	How to Apply New Economy and New Technology to Implement Corporate Governance and Matching - Financial Technology and Blockchain	3

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	Status of Implementation ¹			Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary ²	
1. Exercise corporate governance				
1.1. The company formulates policies or systems for CSR, and reviews the results thereof.	√		1.1. WPG adopts corporate governance evaluation and lay down CSR policies, in principle and commitment to CSR, persisting the workplace promotion and regular review of result.	None
1.2. The company regularly organizes education and training on social responsibility.	√		1.2. WPG publicizes CSR subject matters such as commitment, care for employee, environmental protection etc. from time to time, e.g. induction program, regular occupational safety and health sessions, lectures on corporate core values etc.	None
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.	√		1.3. The higher CEOs of WPG and its subgroups have jointly set up CSR Working Group for planning and managing issues related to CSR , coming into play hierarchically in the light of corporate organization and management duties, and regularly reporting to the chair of board of directors.	None
1.4. The company formulates reasonable remuneration policies, combines employee performance evaluation system with CSR policies, and establishes clear and effective incentive and discipline system.	√		1.4. WPG benchmarks remuneration policy to labor market; its performance appraisal system is not incorporated with CSR policy, yet relevant ethic code of practice is added to and discipline is provided in corporate rewards system.	Continue the prudent follow-up
2. Foster a sustainable environment				
2.1. The company endeavors to utilize all resources more efficiently and use renewable materials which have a low impact on the environment.	√		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	None

Item	Status of Implementation ¹			Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary ²	
			environment.	
2.2. The company establishes proper environment management systems based on the characteristics of their industries.	V		2.2. With regard to environmental health and safety initiatives, WPG and its affiliates plan to popularize relevant acts, decrees, and spirits companywide in order to elevate relevant staff skills and lessen the risk events.	None
2.3. The company monitors the impact of climate change on their operations, enforces corporate greenhouse gas inventory, and establishes strategies for energy conservation and carbon and greenhouse gas reduction.	V		2.3. Climate change to date has grown into investors and businesses' major concern. WPG and its affiliates appreciate the consequential price hike of commodities and supplies even affecting the supply and operations, along with uncontrollable natural disasters and the direct damage to business activities; as a result, the companies review energy-saving and carbon reduction at issue, actively improving internal process of transportation and packing, saving energy and reducing carbon for real result.	None
3. Preserve public welfare				
3.1. The company adopts relevant management policies and processes in compliance with International Bill of Human Rights.	V		3.1. WPG and its affiliates comply with local labor laws and regulations, respecting internal recognized basic labor rights, laying down rules of governance, ensuring the basic interests and right of the workforce	None
3.2. The company establishes grievance mechanism and channel and responds to any employee's grievance in an appropriate manner.	V		3.2. WPG provides channels of communication for employees, setting up "staff's box" and "e-mail account" for them to submit opinions, and sending the feedbacks to responsible units.	None
3.3. The company provides safe and healthful work	V		3.3. WPG and its subgroups have dedicated units for education and	None

Item	Status of Implementation ¹			Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary ²	
environments for their employees, and organizes training on safety and health for employees on a regular basis.			training of workplace safety, organizing events, courses of lecture, and regular health exams, in order for coherence and physical/mental health of workforce.	
3.4. The company establishes a mechanism to facilitate regular communication with employees, and informs employees of operation changes that might have material impacts by reasonable means.	V		3.4. WPG and its subgroups convene monthly and quarterly gatherings to announce major corporate operations and changes in governance procedures.	None
3.5. The company establishes effective training programs to foster career skills.	V		3.5. WPG and its subgroups organize education training package (i.e. seniority/EMBA) in the light of position/level, aligning human resource, career development, and business objectives for a win-win-win outcome.	None
3.6. The company establishes relevant policies on protection of rights and interests of consumers and procedure for accepting consumer complaints with respect to R&D, procurement, production, operations, and services.	V		3.6. WPG's business model is B2B for businesses and supply chain management, no outreach for end consumers; the form is integral governance by means of industrial holding company, engaging capital markets, along with the provision of corporate governance on corporate website for investors' reference, contact person and email address also available for complaints and inquiry reply.	None
3.7. The company follows relevant laws, regulations and international guidelines when marketing or labeling their products and services.	V		3.7. WPG's services of B2B business sale and supply chain are in compliance with internal and external regulations, setting up trade compliance unit in charge of export control, ensuring circulation of goods obeying U.S. laws and decrees, and the counterparties are legal and legitimate.	None

Item	Status of Implementation ¹			Departure and Reason for Such Departure from the Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary ²	
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.	Continue the prudent follow-up
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 got under way yet.	Continue the prudent follow-up
4. Enhance disclosure of information				
4.1. The company discloses relevant and reliable information relating to their CSR initiatives on its website and Market Observation Post System.	V		WPG provides Corporate Governance as well as Stakeholder Engagement on its website and discloses relevant information from time to time through the two sections.	None
5. The company establishing own CSR policies according to Corporate Social Responsibilities Best-Practice Principles shall state any discrepancy of practice from such policies: WPG has CSR policies in place. So far, WPG has actively aligned itself and its affiliates with such policies.				
6. Additional major information availing the understanding of the operation of the company's CSR: Following the provisions enacted by financial administrations, WPG is a corporate to make CSR report regularly. Regarding such information download the report at website: http://www.wpgholdings.com/csr_area/year_report/zhtw				
7. The company whose CSR report has been adopted by relevant certification bodies shall state: The British Standards Association (BSI) has been commissioned to confirm that this report is in line with the significance, inclusiveness, and responsiveness of AA1000's Type 1 accountability principles.				

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

Note 2: The descriptive summary may be replaced with the annotations referring to the CSR reports (if any) or the indexed paging thereof.

3.3.7 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 2017 are:

- 11 meetings of Board of Director; 93% attendance rate by directors.
- 10 meetings of Audit Committee; 100% attendance rate by members.
- 5 meetings of Remuneration Committee; 100% attendance rate by members.
- 6 meetings of New Business Strategy Committee; 93% 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 2016, WPG Holdings re-examined the relevant management unit and established WPG Holdings CSR Committee and groups. They brought each top management team into the member of Committee, set short and medium-term objectives and management agreement of holding regular meetings.

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

II. Multi-talented development blueprint

WPG Holdings and its subgroups provide professional supply chains as their business goal. They

convince that only with good human capital can they offer the outstanding professional services. For the cultivation of human capital, we have been long devoting into that without hesitation. To nurture talent is like the rice cultivation, only by non-stop irrigation will it have a fruitful harvest future.

a. The implementation of professional skills cultivation

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

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

The classification of training	Main Participants	Main contents of courses	Courses of goals
Training program	middle management	and middle management	of supervisors and middle management in accordance with the requirements of organizational developments, operational competitions and human layouts.

b. Exchanges of Framework's Core Competencies

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

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

The training courses conducted in 2017 are:

Types of classes	Time	Locations	Main contents of courses	Number of participants
EMBA class	Jun. 2017 Jul. 2017 Aug. 2017	Taipei Shenzhen Shanghai	Data decision	About 120 persons
EMBA class	Sep. 2016 Nov. 2016 Dec. 2016	Taipei Shenzhen Shanghai	Data decision	About 120 persons
Platform seminar	Aug. 2017	Taipei Shenzhen Shanghai	Discussion of platform transformation strategy	About 420 persons

III. Industrial expertise sharing

WPG Holdings and its subsidiaries hope to achieve "best of the industry, marking of the path". In terms of organizational core capabilities, we continue to provide professional supply chain services, continue to improve internal processes to meet customer needs, optimize operational processes and improve service effectiveness. We also spread the core knowledge of the organization to the industrial chain, public associations, and even academic institutions. We hope to provide knowledge sharing of practical cases of supply chain management through systematic framework and supply knowledge through continuous

knowledge exchange and quenching. Establish a benchmarking paradigm in the knowledge area of chain management and achieve the perpetual goal of enterprise professional management and industrial value enhancement.

a. Industrial expertise sharing

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

■ Inbound marketing

In response to customers' changing usage habits owing to the generation of mobile network approaches, WPG Holdings are continuously optimizing our online content marketing program and full-coverage mechanism of interactive community marketing by creating and continuous promoting inbound marketing, which leads an interactive cooperation and mobile marketing. At the same time, we are transforming with specific numerical values to realize marketing promotion effectiveness by establishing complex inbound marketing effectiveness index (short form: Inbound AD Value). Our integrated overall promotion value during fiscal year 2017 exceeds the amount of RMB 15,660M, which has increased 77 percent that of 2016. 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 below-mentioned marketing activities to further cultivate talents who are more competitive and outstanding.

- WPG's e-papers: bi-monthly, attract 737,000 tags from collaborative tagging, and the deliverability striking 94%, with 57 categories and 20 catalogs of collaborative tagging. The sponsorship amount is up to USD \$131,000. Associates from subgroups actively engage in industrial news sharing, sparing little knowledge and while elevating transnational competitiveness.

- 7,611 news exposures; 3,077 news exposures for programs; in China, the indexing per news article is 10 times that of the second place.

- WPG's Weibo has 524,000 fans, growing 67,000 during the year. The fans and posts both outnumber industrial peers. With 3-5updates per day, WPG's Weibo features diversified content including industry trends, new technology, workplace skills and WPG news. WPG also holds 4 Weibo activites throughout the year, interacting continuously with fans regarding news and industrial contents.

- WPG's Weixin, the first micro portal in IC industry, leads the peers. There are four deliveries of mass message every month, and there are over 220 thousand reads, 19,600 shares, and 70,000 precision fans. Sharing of core expertise allows the general public to get better picture of industrial update and trends.

b. Research collaborations between academia and industry

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

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

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

- “Industry-Academia Collaboration Program over supply chains management” with National Chengchi University

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

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

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

In 2016, Supply Chain Management program assisted four senior students of NCCU department of management information systems to win the distinguished award in” 2016 Chinese

Enterprise Resource Planning Society's Creative Application of System Digitized Competition” and the second place in “2016 The Operations Research Society of Taiwan University Research Project Competition.” This is the most honored achievement of industry- academia collaboration.

■ National Tsing Hua University – industry-university project

At the later half of 2017, WPG's information service department came in contact with National Tsing Hua University's Decision Analysis Lab. WPG came to realized that some of Tsing Hua University's past research experience in the manufacturing industry, such as using machine learning techniques to predict production and yield improvements, can be applied to the unique range of industry of WPG. Such a collaboration is looked forward to by both parties, and is hoped to bring WPG more precise decision making suggestions, and bring depth and breadth to the academic community.

(1) Social Participation and Green behavior

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

a. Human Nature Logo

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

Type	Target	Content
Education of Art and Humanities	Music Foundation for the Blind in Taipei	The 25 th Visually Impaired Music Festival [EYE 25] Charity Concert
	ChanChi Choir	Sing Blindly, Sending Love to All – 2017 ChanChi Choir Charity Tour
	Cloud Gate Culture and Arts Foundation	Support and sponsor the artistic creation and performance activities of Taiwan's first professional dance company
Green	Society of Wilderness	Earth Hour

Environmental Protection		
Education for the Vulnerable Ones	House of Dreams	House of Dreams' Standard School of Dreams – Academic Improvement Plan
	Boyo Social Welfare Foudation	Penghu Husi Vulnerable Family Schoolchildren – Tutoring Program
	Renewal Foundation	Embrace the Future - Remedial teaching programs
Education for the Vulnerable Ones	Puren Youth Care Foundation	Promote social care for young people, and encourage young people to care for the society. Promote various service programs, and comprehensive care for young people, developing young people's whole person education.
Social Welfare Return	YiKuang Nursery	Mid-autumn festival donation
	Taiwan Fund for Children and Families	Donation of Love

b. Green behavior

Through the program of integration of multifunction printer from 2015, we simplified the quality and quantity of equipment and eliminated old or unnecessary printers and fax machine to reduce unnecessary energy consumption in the work spaces of Taiwan WPG Holdings. Meanwhile, users will reduce go-errors and waste of resources resulted from dispensable outputs by card login system of multifunction printer and intelligent interface. Administrator can carry out statistical analysis of the usage of each department, moreover, tracking usage amount and making improvement.

Unit: Number of paper

Usage Amount	2015	2016	2017
Taiwan WPG Holdings	4,392,158	4,457,226	4,359,883

In addition to the simplification of equipment, when choosing the consumables such as autotype paper, we should choose the brand which is comply with environmental regulations and choose the appropriate weight of paper to avoid the waste of resources. In the meantime, we will promote to recycle single sided paper, reduce the amount of paper usage, confirm the content before print to reduce the waste of misprints and repeat prints, and post environmental slogans to enhance voluntary environmental consciousness and achieve the goal of energy conservation.

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

Item	Status of Implementation (Note 1)			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
1 Adopt ethical corporate management best practice principles				
1.1 The company clearly specifies in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies.	V		1.1 WPG adopted and publicized Code of Ethical Management and Code of Ethical Conduct on its website with reference the templates prepared by competent authority, proclaiming the policy to general public on Jan.,29 2013.	None
1.2 The company adopts programs to prevent unethical conduct and sets out in each program the standard operating procedures, conduct guidelines, disciplinary and appeal system, and carry out such programs.	V		1.2 WGP 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.	None
1.3 The company adopts preventive measures against the subparagraphs in Paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles and other business activities within its business scope which are at a higher	V		1.3 WPG proclaims in code of conduct, in the event of violation against work discipline and ethical acts, disciplinary treatment shall apply; constitution of material breach of labor contract in the event of demanding or accepting firm or interested party's rebates by opportunistic use of	None

Item	Status of Implementation (Note 1)			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
risk of being involved in an unethical conduct.			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 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	None

Item	Status of Implementation (Note 1)			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
			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 polices.	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 decrees and standards, and philosophy of ethical management; auditing unit and relevant divisions join forces to conduct scheduled internal control self-assessment, along with routine internal auditing.	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 education is taken via monthly gathering, so as to popularize the recognition of ethical management.	None
3 Implement whistle-blowing system				
3.1 The company adopts concrete whistle-blowing systems and incentive measures, establishes convenient reporting means, and appoints appropriate dedicated personnel to handle the	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

Item	Status of Implementation (Note 1)			Departure and Reason for Such Departure from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptive Summary	
reported parties.				
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				None
4.1 The company discloses the content and effectiveness of promotion of its ethical corporate management best practice principles on corporate website and Market Observation Post System.	V		4.1 WPG's website provides Investor Relations section, disclosing organization of corporate governance and relevant corporate policies and rules, for stakeholders' reference. Responsible persons are appointed to maintain the website, gather information, and receive inquiries.	
5. The company adopting own ethical corporate management policies according to Ethical Corporate Management Best Practice Principles shall state any discrepancy of practice from such policies: WPG adopts own ethical corporate management policy, and deliberates to derive relevant operational procedure and conduct guideline accordingly.				
6. Additional major information availing the understanding of the operation of the company's ethical management (e.g. review/amendment of the company's ethical corporate management policy): none.				

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

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

WPG has adopted corporate governance policy, go to “Major Internal Policies” section of WPG’s website (URL:

http://www.wpgholdings.com/investors/corporate_governance/zhtw/major-internal-policies) for detail; also refer to “Overview of Corporate Governance” of the annual report (page 28) for the status of implementation of such policy.

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

1. 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.
2. 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.
3. Market Observation Post System: <http://mops.twse.com.tw/>
4. WPG Holdings’ Website: <http://www.wpgholdings.com>

3.3.10 Executive Summary of Internal Control Systems

3.3.10.1 Statement of Internal Controls

WPG Holdings Limited
Management's Reports on Internal Control

Date: March 27, 2018

Based on the findings of a self-assessment, WPG Holdings Limited states the following with regard to its internal control system during the year 2017:

1. WPG are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and WPG takes immediate remedial actions in response to any identified deficiencies.
3. WPG evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. WPG has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, WPG believes that, on December 31, 2017, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement will be an integral part of WPG's Annual Report for the year 2017 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

7. This Statement has been passed by the Board of Directors in their meeting held on March 27, 2018, with none of the eleven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

WPG Holdings Limited

Chairman Huang, Wei-Hsiang

General Manager Yeh, Fu-Hai

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

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

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

1. WPG Holdings Inc. holds its 2016 Annual General Meeting on Jun. 19, 2017 in Taipei City, wherein following agenda items are passed:

- i. To accept 2016 Business Report and Financial Statements
Status: resolved, and accepted
- ii. To accept the proposal for distribution of 2016 profits
Status: Profit distribution date: Aug., 19, 2017; Issue date: Sep., 8, 2017 (cash dividend per share NT\$2.28940817).
To approve amendments to the company's "The Operational procedures for Acquisition and Disposal of Assets" plan
Status: resolved, and accepted; announced on the Company's website on Jun. 19, 2017, and processed according to the revised procedures.
- iii. To approve the election of the 5th BOD of the Company
Status: resolved, and accepted; approved by the Ministry of Economic Affairs and published on the Company's website on Jul. 10, 2017.
- iv. To approve the release of the Company's directors' non-competition restriction.
Status: resolved, and accepted; implemented according to the resolution of the shareholders meeting.

2. During the 2017 fiscal year up to the date of printing of the annual report, WPG's board of directors has convened 15 regular meetings; important resolutions are summarized as follows:

- (1) To convene 2017 Annual General Meeting;
- (2) To approve 2016 business report and financial statements;
- (3) To approve the distribution of 2016 profits;
- (4) To approve 2016 employees' compensation and directors' compensation;
- (5) To convene the list of the 5th Director and Independent Director candidates for the Company;
- (6) To approve the list of remuneration committee members of the Company;
- (7) To approve revision of the "The Operational procedures for Acquisition and Disposal of Assets";

- (8) To approve the revision of the Company's "Board meeting regulations" and "audit committee organization procedures";
- (9) To approve the revision of the Company's internal control of "financing cycle", "Board of Directors operations management" and "audit committee organization procedures";
- (10) To approve the Company's acquisition of Genuine C&C, Inc.. shares;
- (11) To donate the WPG Holdings Education Foundation;
- (12) To convene 2018 Annual General Meeting;
- (13) To accept 2017 business report and financial statements;
- (14) To approve distribution of 2017 profits;
- (15) To approve 2017 employees' compensation and directors' compensation;
- (16) To approve the appointment of the Company's subsidiary, AIT group's commissioner.

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

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

3.4 Information on CPA Professional Fees

3.4.1 Fees:

Unit: NT\$ thousand

Name of accounting firm	Name of CPA		Audit fees	Non-audit fees					Full fiscal year audited			Remarks
				Accounting system design	Business registrations	Human resource	Other	Sub-total	Yes	No	Period audited	
PricewaterhouseCoopers Taiwan	Audrey Tse	Lin, Jun-Yao	3,489	—	40	—	730	770	V		Jan. 1 to Dec. 31 of 2017	Primarily fees of transfer pricing

Unit: NT\$ thousand

Fee Scales		Fee items	Audit fees	Non-audit fees	Total
1	Under 2,000		—	770	770
2	2,000 – 3,999		3,489	—	3,489
3	4,000 – 5,999		—	—	—
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

Unit: Shares

Title	Name	FY 2017		YTD, as at Apr. 23	
		Shareholding +/-	Pledge +/-	Shareholding +/-	Pledge +/-
Chair	Simon Huang	—	—	—	—
Vice chair	K.D. Tseng	—	—	—	—
Director	Mike Chang	(36,000)	—	—	—
Director	T.L. Lin	(1,000,000)	—	(1,000,000)	—
Director	K.Y. Chen	—	—	—	—
Director	Fullerton Technology Co.(Representative : Wu, Chang-Qing)	(4,200,000)	—	—	—
Director	Frank Yeh	—	(100,000)	—	—
Director	Henry Shaw	—	—	—	—
Independent Director	Jack J. T. Huang	—	—	—	—
Independent Director	Rong-Ruey Duh	—	—	—	—
Independent Director	Yung– Hong Yu	—	—	—	—
General Manager	Frank Yeh	—	(100,000)	—	—
Senior Vice President	Cooper Hsieh	—	—	—	—
Vice President	Scott Lin	(27,000)	—	—	—
Vice President (acct., fin. head)	Cliff Yuan	—	(100,000)	—	—
Vice President	Jazz Chuang	—	—	—	—
Vice President	David Li	—	—	—	—

Note: Cooper Hsieh retired on Sep. 6, 2017.

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:**

Apr. 23, 2018/Unit: shares; %

Name	Own Shareholdings		Spouse & minor shareholdings		Shareholdings held through nominees		Names & relations of reciprocal related parties pronounced by Statements of Financial Accounting Standards No.6 among top 10 shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Fubon Insurance Co.	137,350,000	7.53	—	—	—	—	—	—	—

Name	Own Shareholdings		Spouse & minor shareholdings		Shareholdings held through nominees		Names & relations of reciprocal related parties pronounced by Statements of Financial Accounting Standards No.6 among top 10 shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Ltd.									
Shin Kong Life Insurance Co., Ltd.	72,317,000	3.96	—	—	—	—	—	—	—
Cathay Life Insurance Co. Ltd.	64,902,937	3.56	—	—	—	—	—	—	—
Simon Huang	46,512,508	2.55	11,438,226	0.63	—	—	—	—	—
Fullerton Technology Co.	43,935,951	2.41	—	—	—	—	—	—	—
King's Town Commercial Bank Co. Ltd.	32,430,000	1.78	—	—	—	—	—	—	—
New Labor Pension Fund	27,647,000	1.51	—	—	—	—	—	—	—
Mike Chang	27,322,674	1.50	632,770	0.03	—	—	—	—	—
Kaystar International Limited	26,692,454	1.46	—	—	—	—	—	—	—
Taiwan Life Insurance Co. Ltd.	26,250,000	1.44	—	—	—	—	—	—	—

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

Dec. 31, 2017/Unit: thousand of shares; %

Affiliate (Note)	Affiliated to the company		Affiliated to directors and supervisors, managerial persons, and directly or indirectly controlled business		Total	
	Shares	%	Shares	%	Shares	%
World Peace Industrial Co., Ltd.	1,097,252	100	—	—	1,097,252	100
Silicon Application Corp.	406,570	100	—	—	406,570	100
Asian Information Technology Inc.	346,812	100	—	—	346,812	100
WPG Electronics Limited	3,920	100	—	—	3,920	100
WPG Korea Co., Ltd.	1,088	100	—	—	1,088	100
Trigold Holdings Ltd.	48,139	60.50	—	—	48,139	60.50
WPG International (CI) Limited	124,443	100	—	—	124,443	100
Yosun Industrial Corp.	512,074	100	—	—	512,074	100
WPG Investment Co., Ltd.	50,000	100	—	—	50,000	100

Note: 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

Apr. 23, 2018/Unit: NT\$ thousand/share

Month/Year	Issue Price	Authorized Capital Stock		Paid-in Capital		Remark	Property other than Cash serving as payment of shares	Other
		Number of Shares	Amount	Number of Shares	Amount			
Nov/2005	10	2,000,000,000	20,000,000,000	693,202,022	6,932,020,220	The setting up of Capital Fund Approval under Document Jing Shou Shang Zi Nov.9,2005 No.09401220210 Issued by MOEA Dept. of Commercial Affairs	-	-
Dec/2006	10	2,000,000,000	20,000,000,000	668,202,022	6,682,020,220	Writing off Treasury Stock Approval under Document Jing Shou Shang Zi Dec.26/2006 No.09501288500 Issued by MOEA Dept. of Commercial Affairs	-	-
Feb./2007	10	2,000,000,000	20,000,000,000	670,301,494	6,703,014,940	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Feb.14,2007 No.09601035000 Issued by MOEA Dept. of Commercial Affairs	-	-
April/2007	10	2,000,000,000	20,000,000,000	670,950,744	6,709,507,440	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi April 14,2007 No.09601075500 Issued by MOEA Dept. of Commercial Affairs	-	-
Sept./2007	10	2,000,000,000	20,000,000,000	712,953,666	7,129,536,660	The earnings extension increases the capital Employee stock bonus Employee Stock Option Certificates Exercising stock option Approval under Document Jing Shou Shang Zi Spet.3, 2007 No.09601214570 Issued by MOEA Dept. of Commercial Affairs	-	-
Oct./2007	10	2,000,000,000	20,000,000,000	716,357,569	7,163,575,690	Employee Stock Option Certificates Exercising Stock options Approval under Document Jing Shou Shang Zi Oct.26,2007 No.09601263220 Issued by MOEA Dept. of Commercial Affairs	-	-
Jan./2008	10	2,000,000,000	20,000,000,000	718,640,319	7,186,403,190	Employee Stock Option Certificates Exercising Stock options Approval under Document Jing Shou Shang Zi Jan.21,2008 No.0970105780 Issued by MOEA Dept. of Commercial Affairs	-	-
April/2008	10	2,000,000,000	20,000,000,000	719,922,944	7,199,229,440	Employee Stock Option Certificates Exercising Stock options Approval under Document Jing Shou Shang Zi April 16,2008 No.09701089610 Issued by MOEA Dept. of Commercial Affairs	-	-
Sept./2008	10	2,000,000,000	20,000,000,000	743,086,784	7,430,867,840	Conversion of Shares Approval under Document Jing Shou Shang Zi Sept.16,2008 No.09701236790 Issued by MOEA Dept. of Commercial Affairs	-	-
Sept/2008	10	2,000,000,000	20,000,000,000	774,306,982	7,743,069,820	The earnings extension increases the capital Employee stock bonus Employee Stock Option Certificates Exercising Stock options Approval under Document Jing Shou Shang Zi Sept,18,2008 No.09701240610 Issued by MOEA Dept. of Commercial Affairs	-	-
Oct./2008	10	2,000,000,000	20,000,000,000	774,736,482	7,747,364,820	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Oct.17,2008 No.09701263220 Issued by MOEA Dept. of Commercial Affairs	-	-
Jan./2009	10	2,000,000,000	20,000,000,000	774,993,607	7,749,936,070	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Jan.15,2009 No.09801008180 Issued by MOEA Dept. of Commercial Affairs	-	-
May/2009	10	2,000,000,000	20,000,000,000	891,751,941	8,917,519,410	Conversion of Shares Approval under Document Jing Shou Shang Zi May14,2009 No.09801095190 Issued by MOEA Dept. of Commercial Affairs	-	-

Month/Year	Issue Price	Authorized Capital Stock		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Equity Capital	Property other than Cash serving as payment of shares	Other
June/2009	10	2,000,000,000	20,000,000,000	892,629,941	8,926,299,410	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi June 17,2009 No.09801122940 Issued by MOEA Dept.of Commercial Affairs	-	-
Sept./2009	10	2,000,000,000	20,000,000,000	893,398,816	8,933,988,160	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Sept.3,2009 No.09801200400 Issued by MOEA Dept.of Commercial Affairs	-	-
Oct. 2009	10	2,000,000,000	20,000,000,000	893,772,566	8,937,725,660	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Oct.15,2009 No.09801238420 Issued by MOEA Dept.of Commercial Affairs	-	-
Jan./2010	10	2,000,000,000	20,000,000,000	894,412,316	8,944,123,160	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Jan.14,2010 No.09901007210 Issued by MOEA Dept.of Commercial Affairs	-	-
April/2010	10	2,000,000,000	20,000,000,000	894,625,566	8,946,255,660	Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi April 21,2010 No.09901076640 Issued by MOEA Dept.of Commercial Affairs	-	-
Sept./2010	10	2,000,000,000	20,000,000,000	1,056,048,043	10,560,480,430	The earnings extension increases the Capital Employee Stock Option Certificates Exercising stock options Approval under Document Jing Shou Shang Zi Sept.3,2010 No.09901198560 Issued by MOEA Dept.of Commercial Affairs	-	-
March/2011	10	2,000,000,000	20,000,000,000	1,453,073,506	14,530,735,060	Conversion of shares Approval under Document Jing Shou Shang Zi March 7,2011 No.10001042020 Issued by MOEA Dept. of Commercial Affairs	-	-
Sept./2011	10	2,000,000,000	20,000,000,000	1,583,850,122	15,838,501,220	Capital Surplus Transferred to Capital Approval under Document Jing Shou Shang Zi Sept.15,2011 No.10001207100 Issued by MOEA Dept.of Commercial Affairs	-	-
April/2012	10	2,000,000,000	20,000,000,000	1,655,709,212	16,557,092,120	Conversion of shares Approval under Document Jing Shou Shang Zi April 24,2012 No.10101072410 Issued by MOEA Dept.of Commercial Affairs	-	-
Jul./2017	10	2,000,000,000	20,000,000,000	1,745,420,665	17,454,206,650	Conversion of shares Approval under Document Jing Shou Shang Zi July 10,2017 No.10601094540 Issued by MOEA Dept.of Commercial Affairs	-	-
Aug./2017	10	2,000,000,000	20,000,000,000	1,825,061,775	18,250,617,750	Conversion of shares Approval under Document Jing Shou Shang Zi August 25,2017 No.10601122870 Issued by MOEA Dept.of Commercial Affairs	-	-

4.1.1.2 Types of Shares

Apr. 23, 2018/Unit: share

Types of Shares	Authorized Capital Stock					Subscription Warrants Warrants are Attached to Preferred stock or bonds
	Outstanding Capital Stock (Note)			Capital Stock Unissued	Total	
	Listed (OTC))	Unlisted (OTC)	Total			
Common Shares	1,825,061,775	-	1,825,061,775	174,938,225	2,000,000,000	500,000,000

Note: 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

Apr. 23, 2018

Shareholders Quantity	Government Organizations	Financial institutions	Other Legal Persons	Individuals	Foreign Institutions & Aliens	Total
The Number of Shareholders	8	29	362	72,876	616	73,891
Number of shares held	57,507,785	407,159,937	151,524,883	643,227,709	565,641,461	1,825,061,775
Shareholding Ratio	3.15%	22.31%	8.30%	35.25%	30.99%	100.00%

4.1.3 The latest status of Publicly Held Common Shares

Apr. 23, 2018

Owner Class	Number of the Shareholders	The number of Shareholdings	Shareholding Ratio
1 to 999	28,386	5,784,548	0.32
1,000 to 5,000	31,661	69,072,480	3.78
5,001 to 10,000	6,843	50,681,132	2.78
10,001 to 15,000	2,323	28,662,966	1.57
15,001 to 20,000	1,223	22,208,265	1.22
20,001 to 30,000	1,096	27,435,533	1.5
30,001 to 40,000	520	18,348,538	1.01
40,001 to 50,000	321	14,795,237	0.81
50,001 to 100,000	625	44,768,902	2.45
100,001 to 200,000	338	47,551,520	2.61
200,001 to 400,000	217	62,106,464	3.4
400,001 to 600,000	80	40,128,771	2.2
600,001 to 800,000	45	30,904,969	1.69
800,001 to 1,000,000	33	29,357,226	1.61
More than 1,000,001	180	1,333,255,224	73.05
Total	73,891	1,825,061,775	100

4.1.4 The Name List of Major Shareholders

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

Apr. 23, 2018/Unit: share

Share	Number of Shareholding	Shareholding Ratio (%)
Name of major shareholders		
Fubon Life Insurance Co., Ltd.	137,350,000	7.53
Shin Kong Life Insurance Co., Ltd.	72,317,000	3.96
Cathay Life Insurance Co., Ltd.	64,902,937	3.56
Mr. Simon Huang	46,512,508	2.55
Fullerton Technology Co., Ltd.	43,935,951	2.41
King's Town Commercial Bank Co. Ltd.	32,430,000	1.78
New Labor Pension Fund	27,647,000	1.51
Mr. Mike Chang	27,322,674	1.50
Kaystar International Limited (Supplier, Hong Kong)	26,692,454	1.46
Taiwan Life Insurance Co. Ltd.	26,250,000	1.44

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 2016	FY 2017	FY 2018
					As of March 31
Market Price Per Share	Highest		41.10	46.55	40.50
	Lowest		29.90	36.80	34.65
	Average		36.07	39.96	38.40
Book Value Per Share	Before the allocation		28.88	28.23	28.38
	After the allocation		26.46	Note 1	Note 1
Earning Per Share	The weighted average number of shares (thousand of shares)		1,672,401	1,782,991	1,825,062
	Earning Per Share	Before retrospective	3.18	4.10	1.04
		After retrospective	3.18	Note 1	—
Dividend per share	Cash Dividend		2.40	Note 1	—
	Stock rants	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)		11.34	9.75	—
	Radio of dividend (Note 3)		15.03	Note 1	—
	Cash Dividend Yield (%) (Note 4)		6.65	Note 1	—

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

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

1. Dividend policy according to the Articles of Incorporation

By the Articles of Incorporation, if there is a surplus in the annual final accounts at the time of reported year-end surplus profits, after statutory surplus reserves have been filed according to law and special surplus reserves have been provided in accordance with Article

41 of the Securities Exchange Act, the Board of Directors shall plan the allocation of the discussed surplus. If cash dividends are issued, the total amount of cash dividends shall not be less than 20% of the total dividends of the shareholders intending to issue that year.

Employees of subordinate subsidiaries that meet certain conditions may be subject to the distribution of the above-mentioned employee stock dividends, and the conditions and methods of this are set by the board of directors. The situation of the proposed dividend distribution is to be discussed in the shareholders meeting.

2. Proposed dividend distribution of this shareholders meeting

The 2017 surplus distribution of the Company has been approved by the BOD on Apr. 24, 2018. Amongst which, NT\$ 4,380,148,260 of the accumulated distributable surplus of 2017 was distributed in cash, with NT\$ 2.4 per share.

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

1. Related information regarding remuneration of employees, directors and supervisors according to the Articles of Incorporation

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, allocate an amount between 0.01% and 0.5% of the surplus as employee remuneration, and no higher than 0.3% as directors and supervisors' remuneration.

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 2017 employee benefits, directors' and supervisors' remuneration in accordance with past experience will be dealt under the relevant resolution of shareholder's meeting on June 21, 2018. Any difference of the amount existing between the two items will be adjusted in an account based on changes in accounting estimate.

3. Approval of the proposed employee remuneration allocation by the BOD and related information

In 2017, the Company's plans regarding distribution of employees' and directors' remuneration has been passed on Apr. 24, 2018 by the BOD, with a directors' remuneration of NT\$ 42,000,000; The BOD resolved the proposed amount NT\$ 23,334,000 of distributed bonuses to employees for 2017. All of the above amount will be issued by cash and considered to be expenditure, no impact on EPS.

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 2017 shareholder's meeting, 2016 employees', directors' and supervisors' remuneration were accrued at \$11,080,000, and at \$30,000,000 respectively. Compared to the recognized employees' remuneration of NT\$ 20,892,000 and directors' and supervisors' remuneration of NT\$ 30,000,000, that of employees' remuneration decreased by NT\$ 9,812,000, and have been adjusted with the profit or loss of the first season of 2017. °

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 NT\$ 100 thousands per share on July 25, 2014. The bonds mature 3 years from the issue date.

4.2.3 As of July 25, 2017, NT\$ 5,995,100 thousand of the conversion of the Company's debt denomination has been converted to ordinary shares of 169,353 thousands of shares; also, none of the NT\$ 4,900 thousand of the denomination has been converted up to the date by the bond holders. The Company repays the bond holders in cash according to the bond denomination.

4.3 Preferred stock: none.

4.4 Overseas depositary receipt: none.

4.5 Employee stock option certificates: none.

4.6 Limited employee rights shares: none.

4.7 The new shares issued by merged corporations:

4.7.1 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 2018: none.
- ii. The implementation such as execution or beneficial result under the schedule in the 1st quarter of 2018 shall specify the impact on shareholders' equity and improvement: none.

4.7.2 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

1. WPG Holdings: Investment industry.

2. WPG Group

(1) Main business activities

WPG Holdings is first in the world, and the largest semiconductor and electronic components headquartered of the Asia-Pacific region in Taipei (TSE: 3702). The Group owns WPI, SAC, AIT and YOSUN, with more than 5,400 employees, more than 250 products suppliers, and more than 105 operating locations worldwide, with about 77 in the Asia-Pacific region, and about 28 in the North American region.

(2) Sales percentage (2017)

Product name	Sales percentage
Core components	30.67%
Analog IC and mixed signal components	17.74%
Discrete. Logic IC	12.66%
Memory component	23.70%
Passive component - connector and magnetic component	6.38%
Optical components	2.90%
Other components	5.95%
Total	100.00%

(3) Products (service) of the Group:

a. Franchised semiconductor brand

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

b. Category/name of 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, etc.

Main product category	Application
Analog IC and mixed signal components	Bipolar, CMOS operational amplifiers, comparators, digital/analog converters, power supply controllers, audio and video amplifiers or controllers, etc.
Discrete. Logic IC	Diodes, rectifiers, transistors, thyristors, insulated gate bipolar transistors, optical transistors, logic ICs, etc.
Memory component	DRAM, SRAM, EPROM, EEPROM, Flash, etc.
Optical components	TFT LCD panels, solar wafers, sensors, LED, etc.
Passive component - connector and magnetic component	Resistors, MLCC, inductors, magnetic components, cables, connectors, mechanics, electromechanics, circuit protection, materials, batteries, filters, oscillators, etc.
Other components	Non-electronic components

C. 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 electronics	Wireless communication solutions for wearable devices, TD-LTE (4 th generation wireless communication, SOC), e-wallets,
Consumer electronics	Smart home security systems, smart lighting, smart health management systems and outdoor lighting
Industrial electronics	Security monitoring solutions, motor control solutions, power management solutions and wireless charging solutions
Automotive Electronics	Auto video solutions, car camcorders, tire pressure monitoring systems (TPMS), internet of vehicles, advanced driver assistance systems (ADAS)
Others Propose	IoT

5.1.2 Industry Overview

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.

2. WPG Group

(1) Current status and development of the industry

2017 is a record-making year for the semiconductor industry. Gartner has projected that the revenues of the global semiconductor industry would increase by 22.2% to USD 419.7 billion dollars in 2017 compared with 2016. The reason was that the demand of memory is larger than expected. In addition to the sharp increase in pricing, amongst which the increase of DRAM has grown 75 %, and NAND Flash 45%. It is estimated by Gartner that the 2018 worldwide semiconductor revenue will have an opportunity to increase up to USD 451 billion dollars, maintaining a growth rate of 7.5% as shown in Table 1.

Table 1. Estimated revenue of the global semiconductor industry from 2016 to 2021

Fiscal Year	2016	2017(F)	2018(F)	2019(F)	2020(F)	2021(F)
Revenue						
Unit: US\$ billion	343.5	419.7	451.0	444.0	448.9	477.7
Annual change rate	2.6%	22.2%	7.5%	-1.6%	1.1%	6.4%

Source of data: Gartner Dec/2017

Taking semiconductor equipment expenditure as the leading observation index, according to statistics, the amount of semiconductor equipment spending will continue to grow by 7%, reaching US\$ 60 billion in 2018, of which China continues to be the highest growth rate market, showing the semiconductor supplier's optimistic outlook for the market. Secondly, the most sensitive memory product can be used as a secondary indicator in observing the context of the semiconductor cycle. However, the growth momentum of this wave of semiconductor market is hidden behind the real reason. We believe that artificial intelligence (AI) is of the utmost importance. AI requires big data to learn or simulate human intelligence and experience, which is gradually growing mature and unstoppable under the following important foundations:

(1) Internet

Driven by the rise of Internet platforms such as Amazon, Google, Facebook, Youtube, Alibaba, etc., a large amount of information flow has been created, forming the most basic element of AI development. These network platform operators, in order to explore consumer demand, have been making every effort to develop all kinds of data exploration technologies, and have attempted to tap potential business opportunities from scratch. This has led to the development of various types of artificial intelligence software, which has become the software development project every country is diving in to develop.

(2) Internet of Things

Despite having the drawn of the Internet, the only thing that really makes AI development possible is the Internet of Things. The concept of connecting everything to the Internet of Things (AI) is the most important aspect of AI's connection (grounding). In recent years, due to the rise of the Internet of Things, many terminal devices can provide important big data for AI development. This new trend, combined with artificial intelligence and object networking, is referred to as AIoT for short, and AIoT is currently the most favored development, details of which are as follows:

a. Self-driving: Advanced ADAS and self-driving 3D visual sub-system

From traditional cars and semi-autonomous vehicles to unmanned vehicles in the future, the world's most important parking lots use a large number of sensors on vehicles to collect driving behavior and environmental data. According to the plan of the US Department of Transportation, all new cars will be equipped with an Internet-connected device to prevent accidents five years from now. It is estimated that in the near future, AI unmanned vehicles will be on the road.

b. Drone/Robot: Equipped with 3D vision for independent movement

Whether it is agricultural production or industrial production, drones and robots have been truly applied to production practices. It solves the problem of labor shortage and has unlimited business opportunities in the future.

c. VR/AR/MR equipments:

Starting from the entertainment media, devices with 3D environment scanning and positioning capabilities for 2D/3D object recognition are bringing changes to our lives. The development potential of the education industry and the medical industry in the future cannot be underestimated.

d. Intelligent monitoring equipment:

From the public domain, business to home image monitoring needs, monitoring equipment has long been a part of our lives. In the future, with the development of intelligence, a large amount of massive information from monitoring equipment, together with the development of AIoT, will be used just like the application and demand of the movie plot, which will promote the unlimited business opportunities for future intelligent monitoring equipment.

(3) High-speed wireless network (5G)

Although the Internet of Things is based on the concept of connecting the different things together, bringing AIoT to our daily lives, artificial intelligence remains to be impossible without the cooperation of high-speed networks. As every grounded IoT device must rely on high-speed wireless network equipment to upload information to the cloud, go through the cloud's supercomputer operations, and then send operational computing back to the IoT device, if there is no high-speed Internet connection, the transmission of information would cease. Therefore, the development of 5G is urgent and necessary. It is estimated that it will become an important generating force for semiconductor growth in the short term.

According to pwc's estimation, the contribution of AI to global GDP in 2030 will be as high as USD 15.7 trillion, which exceeds the current total of China's and India's GDP, of which USD 6.6 trillion will come from increase in productivity, while USD 9.1 trillion will come from consumers. The development of AI will be an important growth momentum for the semiconductor industry in the next 10 years. Semiconductors will become necessary for life, entertainment, and work.

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

The connection of the upstream, midstream and downstream companies in the semiconductor industry are analyzed as follows:

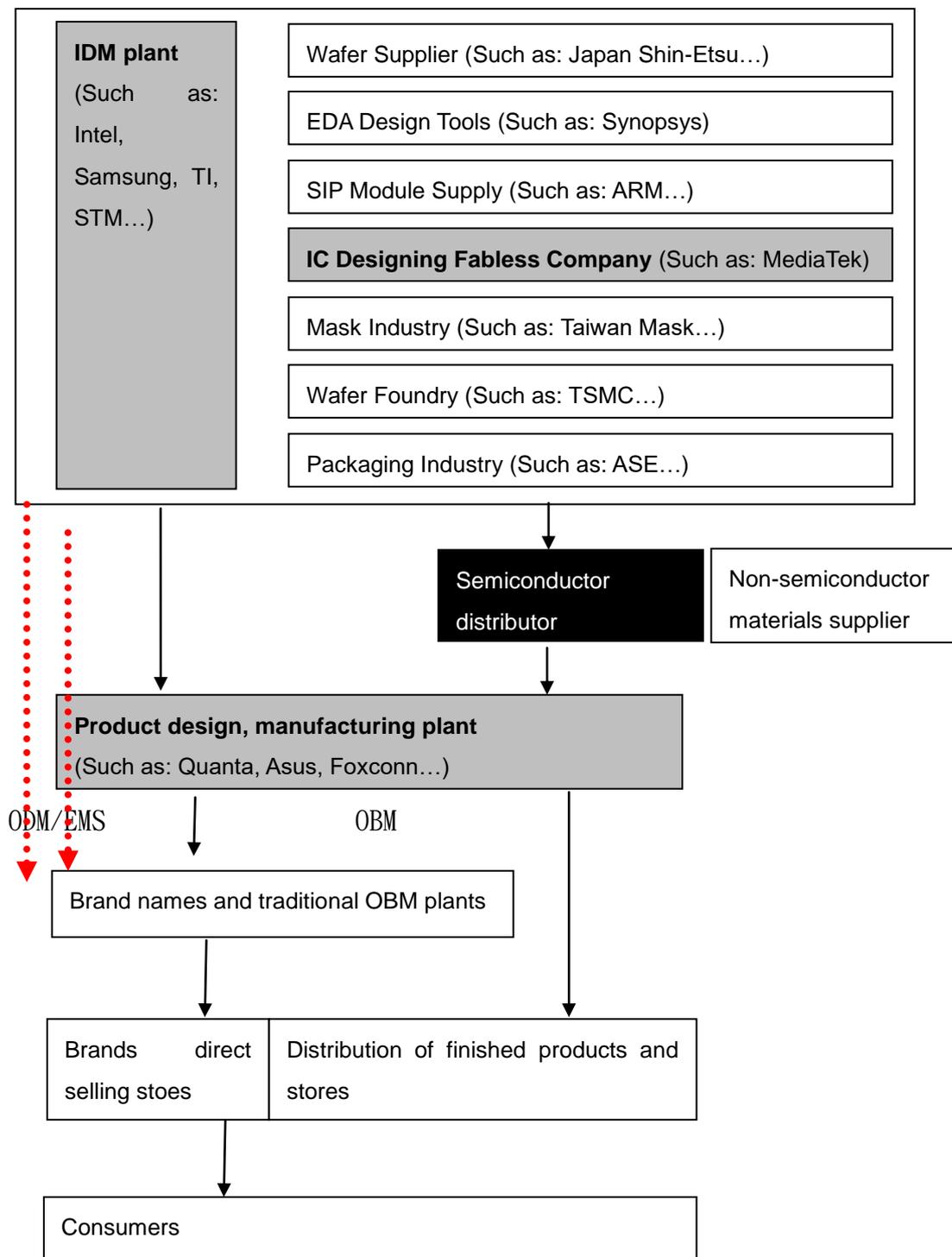


Table 2. Analysis of the semiconductor industry

(1) Analyze the basic structure and role of each functional block in the semiconductor industry chain

a. Upstream Semiconductor Component Suppliers

Upstream semiconductor component suppliers can be divided into two broad categories. The first type of semiconductor component supplier is the Integrated Design Manafature (IDM), which has a high level of vertical integration capability. Individual product portfolios of which are also relatively complete. The entry barriers of IDM plant are high. Companies such as Intel, Samsung Semiconductor, and Texas Instruments are examples of this.

The second category of semiconductor component suppliers belongs to a highly industrial division of labor model. For Fabless IC design companies directly related to semiconductor pathways, despite the fact that the product portfolio is not as complete as the first type of IDM plants, the entry barriers are low, and their products are much more focused on specific semiconductor component applications, examples of which include MediaTek.

The two major categories of semiconductor component suppliers are the major upstream suppliers of the semiconductor access industry, and each semiconductor distributor has obtained distribution authorization through its distribution or agency model.

b. Semiconductor Distributor

There are no manufacturing plants in the distributors themselves, and they mainly sell semiconductor components of upstream IDM or Fabless IC design companies. Through their own professional value-added services, they complete sales and distribution of semiconductor components to downstream manufacturers of electronic products such as EMS, ODM and OBM. According to the scale and scope of operations of the distributors, it can be divided into three categories.

The first category is international agents and distributors. Here we will use Arrow and Avnet from the United States as an example. Their agents and distributors of products and marketing outlets span across the five continents, and have actively acquired the agents and distributors in Asia to consolidate their markets share over the years.

The second category is regional agents and distributors. In terms of Asian markets, such as WPG Group, WT Microelectronics and Supreme Group are examples of which. In recent years, regional agents and distributors in the Asian market have actively invested in the Chinese market. The companies attack the market by self-employed, buy-and-buy and group-holding company-types, they also formed different tactical ethnic groups. The United National Congress of the United Nations has broken into the United States market and moved from regional markets to the international community.

The third category is geographical distribution traders. Such distributors are based on

the world's factory, China. They are familiar with local laws and customers, and has become the targets for cooperation for first-class and second-class distributors.

c. Downstream product manufacturers

Downstream product manufacturers can be categorized into three main categories.

The first category is the Original Equipment Manufacturer (OEM) or the Electronics Manufacturing Services Provider (EMS). Such manufacturers mainly focus on production and manufacturing, and values global logistics management capabilities, information system transparency, and multiple product supply capabilities. Examples of which includes Flextronics and more.

The second category is the Original Design Manufacturer (ODM). In addition to manufacturing capabilities, such manufacturers also accept commissioned designs. Compared with EMS factories, they pay more attention to the investment of R&D units. They have a relatively high degree of control over the electronic product specifications and components used. right. Examples of which includes Quanta, Compal, etc.

The third category is the Own Brand Manufacturer (OBM). In addition to the design and manufacturing capabilities, such manufacturers also have their own brand marketing capabilities. Compared with the first two types of manufacturers, such manufacturers pay more attention to the product marketing strategy and market segmentation. Examples of traditional OBM manufacturer include Sony, IBM, etc.; examples of emerging OBM plants include Asus, etc.

The above-mentioned three categories of electronic product manufacturing plants are the most important customer groups in the semiconductor access industry. In recent years, due to fierce competition in the industry and an increasing demand for services and demands from end customers such as Just In Time, Vender Managed Inventory, and Build to Order, upstream IDM plants and Fabless IC design companies are forced to focus more on their core expertise (such as the industrial specification of semiconductor devices, product design and manufacturing, etc.). Electronic components originally sold directly to the above-mentioned three categories of electronic product manufacturing plants are being released year by year and will be accepted by their semiconductor channel partners. Such a move move has brought tremendous business growth opportunities to the semiconductor distribution industry, and has brought tremendous pressure on working capital and management knowledge. It has also indirectly contributed to the consolidation of the semiconductor distribution industry of recent years.

d. Brands outlets

Typical representatives of which include global leading brand names of electronic products such as Dell, HPQ, Apple, IBM, Acer, etc. The common point of such manufacturers lies in their product manufacturing and design operations. Most of them have been outsourced to Asia's low-cost, high-efficiency EMS or ODM factories. They are focused on front-end brand management, product specification design, marketing strategy planning, and global operational management and brand direct operation of the entity and

virtual store and other high value-added work. These brands are amongst the highest points in the food chain of the semiconductor industry as a whole, and are predators in the industrial ecology.

e. Final product distributors

In terms of the Asian market, the typical examples of which include Synnex Technology International, Trygold Holdings, etc. In addition to acting as agents and distributors of internationally renowned brand products such as IBM, HPQ, Sony, and Toshiba, such companies also distribute emerging OBM plant products such as Asus, Acer, MSI, etc. In recent years, they also cooperate with ODM factories to launch its own information products for road brands, and provide products to various information product display stores, corporate users, or directly operated stores. In the overall industry food chain, it belongs to the closest distributors to consumers of the market.

(2) The role and connection of semiconductor distributors in the functioning of the semiconductor industry:

The main functions and role of semiconductor distributors are for upstream semiconductor suppliers to assist suppliers in the sales and expansion of semiconductor components. For downstream electronic product manufacturers, the main function of which is to assist customers in semiconductor components that are indispensable in the procurement of manufacturing processes. The tangible commodities handled by channel companies are semiconductor components with complex specifications and numerous items that cannot be freely replaced. However, the derived supporting service items and value provision cover more extensively the financial, material management, distribution, and technical support. For a wide range of professional services, the below are the seven major orientations:

a. Product Promotion

Upstream suppliers' semiconductor components require the assistance of professional regional distributors to deliver the product to a large number of downstream customers in the shortest possible time. Since the subject matter of the transaction involves the semiconductor industry, and the parties to the transaction are all professional buyers, dealers often need to establish business personnel and technicians who are familiar with the supplier's products in order to provide appropriate goods and technical services and instant response to customer needs.

b. Inventory Management

Since the standard lead time for upstream semiconductor suppliers or manufacturers takes about 12 weeks, and for most of the customer base, it is difficult to predict the exact demand after the 12 weeks beforehand. Therefore, both suppliers and clients need to distribute products, and prepare appropriate safety stocks in commercial premises to reduce the huge differences that may occur in the middle and maintain the normal operation of the entire industry chain.

In recent years, due to fierce competition in the electronic information industry, downstream customers have not only become shorter and more varied in their ability to predict future demand. The reason is that the terminal's brand makers have made greater changes in demand forecast for finished products manufacturers (EMS, ODMs). Usually, the demand is determined within only 1 to 2 weeks, and this trend is increasingly dependent on distributor for its role of inventory manager.

c. Order Management

Due to the limited resources of suppliers, it is usually only possible to provide direct services to a few large customers. The order demands of many other small and medium-sized customer groups require the efficient supply of instant services through the distributor's resources.

After the usual collection of actual demand and estimate demand orders from numerous small and medium-sized customer groups by distributors, they collectively place orders for suppliers to perform batch operations. This not only greatly increases the supplier's burden on order management, but also helps suppliers maintain the stability and efficiency of their semiconductors manufacturing plant operations, ensuring that the customer can obtain the agreed semiconductor components on the specified delivery date, in a predetermined quantity.

d. Sale Management

Except for a few large-scale finished product manufacturers, most of the small and medium-sized customers do not have enough orders to negotiate with semiconductor suppliers. The distributors play an important role in this process. Through distributors' centralized ordering advantages, they can obtain more favorable costs for the downstream small and medium-sized customers. Conversely, for suppliers, they can also help the dealers to maintain the order of prices through the middle operation of the distributors and achieve purpose of sales management.

e. Logistic Management

The supplier only needs to follow the distributor's order, centralized batch operation to deliver the goods to the distributor's designated delivery warehouse, which saves the complexity of many batch operations of the supplier; and the distributor is responsible for responding to the individual needs of the many small and medium-sized customer groups, according to individual customer specified packaging methods (including labeling operations), required delivery documents and prescribed place of delivery, in order to complete the distribution of semiconductor components. Distributors not only significantly reduce the timeliness and costs of supplier logistics management, but also significantly reduce the human resources and space requirements required by downstream customer warehousing operations.

f. Financial Management

In general, to purchase semiconductor components directly from semiconductor suppliers, apart from the fact that they must have a considerable amount of procurement,

they must still have a certain level of credit rating and collateral, and they must also bear relatively short payment terms (usually for the longest trading conditions, the goods should be paid within 30 days). However, not all customers have the ability or willingness to pay such a price to complete the procurement of semiconductor components within the stated terms. As a result, the distributor plays an important role as a financier. The distributor will usually calculate according to many objective conditions, such as customer bank transaction history, credit history, operational status, person in charge, and usual transaction records, and then provide the downstream customers with a certain amount of credit (Credit). The payment terms (Payment Term) of the suppliers are compared to facilitate the downstream customers to obtain the products and services of the suppliers with less financial operating costs. The suppliers are also familiar with the role of financing under local market operations through distributors. On the one hand, they avoid the financial risks of local operations. On the other hand, they retain their market share and business opportunities. The role of distributors in financial and risk management in this area is especially important in the Asian market.

g. Information Management

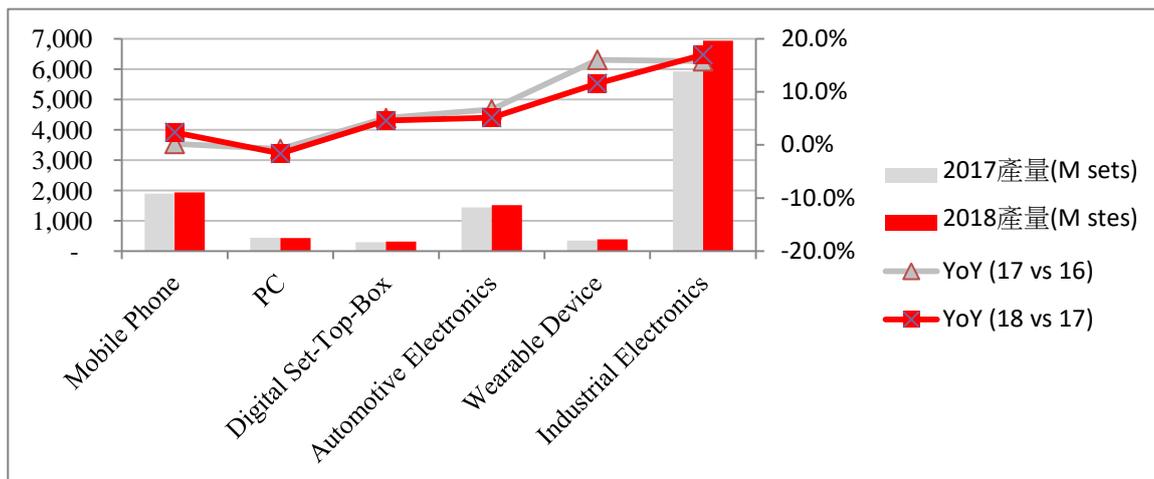
The core expertise of semiconductor suppliers lies in the development of semiconductor components, manufacturing, and the establishment of industrial standards. It requires many professional business personnel and technical personnel to help collect market information and integrate customer needs. The consolidation of core expertise, abundant dealerships and professional local manpower support plays an indispensable role. At the same time, for the client, through the distributor's intermediary role, it can also gather the voice of many customers, so that suppliers can attach importance to and provide more suitable products to help customers complete the design and manufacturing operations of electronic products in the future.

The function of the semiconductor distributor is fundamentally similar to that of a bridge. It presents a two-way role-playing role in communication and hosting. In addition to playing an important frontline fighter for the supplier to attack the city, it is also necessary to play the role of a downstream customer cooperative supplier to jointly face the challenges of changing markets. In addition to these two roles, channel companies need to be cautious in maintaining their own operations and profits in order to maintain their everlasting growth in the ever-changing electronics industry.

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

With the force of AIoT, the three major markets including mobile communication, auto electronics and industrial electronic, and the immense business opportunities brought by IoT, artificial intelligence, etc. will continue to drive growth of the semiconductor industry, acting as the mainstream of 2018. The reasons are analyzed below and shown in Fig. 2.

Fig. 2. Estimated production of the global major semiconductor applications in 2017-2018



Source of data: Gartner Sep/2017

■ Mobile Phone

According to Gartner research, the outputs of traditional mobile phones have decreased to 310 million in 2017, down by 19.89%. It is estimated that the output will continue to decrease 15.3% to 262 million in 2018. Although the sales growth rate of smartphones was facing slowdown in 2017 after years of rapid growth in smartphone, the output still increased 5.3% to 1.58 billion. It is estimated that the output will continue to increase 5.9% to 1.67 billion in 2018.

As for all parties' bullish 5G markets, according to the “White Paper on China's 5G Industry and Application Development in 2018” released by CCID Consulting in May, China has already invested heavily in 5G and has even attempted to enter the former group in 5G in the world. In 2017, the 4G coverage of mainland China was basically over. The number of 4G base stations reached 3.28 million. The total number of 5G base stations is expected to be 1.1 to 1.5 times that of 4G base stations. Although the current 5G standard is not yet fully defined, the market demand is irresistible. It is expected that by 2026 the market size of China's 5G industry will reach RMB 1.15 trillion, which is 50% higher than the overall market size of the 4G industry.

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

According to Gartner research shows the overall performance of global PC market shipments in 2017 was 442 million, representing a 0.8% decline compared with those in 2016. The desktop PC shipments remained weak, only reaching 102 million units, with a decrease of 3.8%. Traditional NB shipments also declined in 2017 by only 104 million units, representing a 5.8% decrease. Shipments of ultra-thin notebooks and tablets continue to be steady with shipment of 224 million units, showing a 3.1% increase compared with that of 2016.

Regarding the 2018 global PC market, although the industry leader Intel didn't put forward any concrete development plan to inspire the industry, the Company actively allocate new application areas concerning with PC, such as VR, AR, MR, Autonomous Vehicles, Robot, Internet of Things (IOT), AI, etc. The desktop PC shipments are still expected to see an opportunity to 435 million units, showing a decline of 1.6% compared to that in 2017. Shipments of ultra-thin notebooks and tablet PCs are expected to drop to 92 million units, with a decrease of 4.2% compared with that of 2017 despite Bitcoin's mining boom. Gaming PC shipments are estimated to be increasing gradually throughout the year, with shipment of 500 million units. Shipment of ultra-thin notebooks and tablets are expected to increase up to 233 million units, with a 3.9% increase compared to that of 2017. Shipment of server is expected to maintain at 12 million units, with an increase of 4.0%. The growth of the overall PC market is still facing slowdown. However, the product mix is gradually shifting to a more profitable specific market, which is conducive to the long-term stable development of the PC industry.

■ Digital Set-Top-Box

With the trend of digital homes, manufacturers have tried their best to launch various types of products and they are eager to compete for digital home ownership. However, due to the lifestyle of the family, the dominance of the living room and the TV remains the same, which makes the importance of the digital set-top box in a digital home irreplaceable. In recent years, due to changes in the type of program watching, the digital top box has been dominated by two mainstream digital top boxes in addition to the traditional Cable, Satellite, and Terrestrial. The first type of set top box is IPTV (Internet Protocol TV). The telecommunications industry is leading and binding, and it is estimated that IPTV users in the world have already reached 140 million. The second type of set-top box is the OTT (Over The Top), emphasizing that it can be used as long as there is a network, whether indoor or outdoor, mobile phones or computers or television, mainly dominated by non-telecom operators, such as Apple TV, millet boxes, etc. Under the market competition and mutual influence between the two, it provides consumers with more choices and also expands the opportunities for the development of the digital box-box industry. According to Gartner's analysis report in 2017, the global digital box market grew by 5.1% to 302 million units. Looking into 2018, the overall shipment forecast is expected to reach 316 million units, representing a 4.6% increase compared to that of 2017.

■ Automotive Electronics

In a traditional car, the average semiconductor cost per car is about USD 320; but when it comes to HEV/EV, the semiconductor cost per car comes to USD 690~700. In China, the cost of semiconductors is estimated to be more than USD 1,000, coupled with the development needs of the car network, it is expected that the automotive

semiconductor market will become target for all semiconductor suppliers in the upcoming 10 years.

According to the Gartner research, the outputs of global automotive electronic components reached 1.44 billion units in 2017, with an annual growth rate of 6.7%. The growth was mainly driven by Advanced Driver Assistance System (ADAS), which shows an increase of 15.9% to 32 million units, and by hybrid cars and electric cars, which increased by 10.6% to 27 million units.

The outputs of global automotive electronic components are expected to reach 15.2 billion units with annual growth rate of 5.1% in 2018 due to energy efficiency and safety requirements. The outputs of ADAS is expected to increase 12.1% to 36 million units and the outputs of hybrid cars and electronic cars is estimated to increase 12.7% to 30 million units.

■ **Wearable Device**

Under the influence of global trends of sports and health, a variety of wearable device sprang up like mushrooms. In addition to the Smartglasses, Smartwatch, Smartband, and Smartclothes, there's a variety of wearable electronic devices under developing and promoting. According to the Gartner research, the outputs of overall wearable electronic devices increased 15.9% to 351 million units in 2017. With the maturing environment of Cloud Data Application in 2018, it's estimated to increase 11.6% to 392 million units.

■ **Industrial Electronics**

The outputs of industrial electronics dramatically increased 15.7% to 5.92 billion units in 2017, and it's estimated to increase 17.0% to 6.93 billion units in 2018. The momentum of growth comes from the products as follows:

* **Solid-State Lighting**

LED, OLED, and other energy-saving lighting products are often used in the family, factory, commercial space, and public system. According to the Gartner research, the outputs of solid-state lighting dramatically increased 54.7% to 1371 million units in 2017, and it's estimated to increase 48.6% to 2037 million units in 2018.

* **Security**

Due to the rise of the concept of AIoT, the type of security products is no longer limited to traditional surveillance camera. In the future, with the development and application of various artificial intelligence, security products will be widely applied in the family, factory, commercial space, and public system, such as Home care and Telemedicine. According to the Gartner research, the outputs of security products dramatically increased 15.4% to 411 million units in 2017, and it's estimated to increase 17.0% to 481 million units in 2018.

* Automation

The labor cost in China has increased at an annual average rate of 15% over past 10 years. It's estimated to increase at an annual average rate of 12% in the next 5 years. The uprising cost put global brand manufacturers which locate the production base in China under extremely high pressure. Although there're alternatives, such as Indonesia and India, but the local supply chain is not built in one day. Therefore, the automation is a necessary way to survive in the future. According to the Gartner research, the amount of global automated production equipment increased 11.4% to 76 million units in 2017, and it's estimated to increase 12.2% to 85 million units rapidly in 2018.

* Energy Management

Due to the fluctuation of international oil prices and the rising awareness of environmental protection, investment in energy management is increasingly valued by major industrial countries all over the world. According to the Gartner research, the outputs of energy management equipment increased 10.8% to 523 million units in 2017. The growth rate is estimated to maintain at 10.2%, and the outputs will reach 577 million units in 2018.

* Transportation System

Many countries attempt to strengthen the economy and improve the investment climate through increasing investment in infrastructures. For instance, US, UK, India and Brazil are renewing and building the domestic railway system (including high-speed rail) and China is promoting The Belt and Road to extend domestic transportation system to Southeast Asia and Eurasia. The input of the resources has promoted rapid development of global railway transportation system and bring a lot of business opportunities in the next ten years. According to the Gartner research, the endpoint shipments of global transportation system increased 24.1% to 389 million units in 2017, and it's estimated to increase 18.0% to 459 million units in 2018.

* IoT

According to the Gartner research, the number of the installed units base of Internet of Things worldwide up to 2020 will reach to 20.4 billion, with a complex growth rate of 32.9%. The shipments of IoT functional models will reach to 6.5 billion units, with a complex growth rate of 34.1%. The business opportunities brought by IoT have become strengths which will not be ignored by all parties involved. Please refer to the following Table 3 for details:

Table 3. Forecasting Chart of IoT Endpoint Shipments by Units from 2016 to 2020

Forecast	2016	2017	2018	2019	2020	CAGR
----------	------	------	------	------	------	------

(Millions of Units)						(%)
Installed Base	6,382	8,381	11,197	15,136	20,415	32.9
Unit Shipments	1,948	2,632	3,598	4,905	6,477	34.1

Source of data: Gartner Jan/2017

WPG Holdings is on one hand quickening its pace to discuss with IoT relevant third party Eco-Systems; on the other hand, we are 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

Instead of many uncertain elements still exist in the market, the future growth directions of semiconductor application market can be clearly seen. Despite the fundamental computer, phone and industrial electronics industry, there are huge business opportunities injected by new application areas, such as AIoT business, automobile electronics, greenery, medical opportunities sustaining the growth of the semiconductor industry. The future growth momentum of semiconductor is worth waiting for.

In addition, owing to the diversities of developments of application market, the business opportunities of various semiconductor components tend to be abundant. For example, Non-Optical Sensor, Microcontroller Unit (MCU), Bluetooth low energy (BLE) and Internet of Things (IoT) models... and so on. WPG Holdings has continuously been laying out and cultivating in the industry. We have fully controlled the market growth opportunities. No matter how the future market development is evolved, we have left our visible footprints all over the land.

4. Competition in the semiconductor industry:

According to Gartner's sales report of global semiconductor component distributors, as shown in Table 5, sales of global semiconductor components can be clearly seen, with approximately 68% directly supplied by upstream semiconductor manufacturers (such as Intel, Samsung, MediaTek, etc.). For the downstream product manufacturers or brand manufacturers (such as Foxconn, Quanta, etc.); the remaining 32% are responsible for a large number of products through distributors (distributors, agents, etc.) for decentralized customer sales and service responsibilities.

With reference to the HH Index used by the United States Department of Justice to assess whether the industry already has a monopoly, and to analyze the current semiconductor industry competition, it can be calculated that the HH Index plus total value is only 0.0542, which is less than 0.1, meaning that the semiconductor distribution industry is still in a decentralized competitive pattern. (H index between 0.1 and 0.18 indicates a moderate concentration, and H index above 0.18 indicates a high degree of concentration).

Table 5.

Rank	Distributor	2017 Revenue (USD million)	Share%	HH Index
1	WPG Holdings	16,997	12.8%	0.0163
2	Arrow Electronics	14,848	11.2%	0.0125
3	Avnet	13,888	10.4%	0.0109
4	WT Microelectronics	6,224	4.7%	0.0022
5	Toyota Tsusho	4,023	3.0%	0.0009
6	Macnica Fuji Electronics Holdings	3,937	3.0%	0.0009
7	Future Electronics	3,825	2.9%	0.0008
8	Supreme Electronics	3,060	2.3%	0.0005
9	Edom Technology	2,490	1.9%	0.0004
10	Marubun	2,448	1.8%	0.0003
	Others Distributors/Traders	61,198	46.0%	0.0085
	W/W Distributors Total	132,939	100.0%	0.0542
	W/W Semiconductor Total	419,720	31.7%	

Source of data: Gartner Apr/2018; Organized by WPG

In this fierce industrial competition environment, after years of efforts, Great General Assembly has become the world's largest semiconductor access industry and has greater capacity to carry the mission of the upstream semiconductor manufacturer and expand the market share of its products; It is also rich in resources to provide services to many downstream electronics manufacturers. However, the competition in the access industry is still fierce, and there are still great opportunities for deepening the industry in the future.

5.1.3 Technology and R&D overview

1. WPG Holdings: The Company is an investment holding company. Technology and R&D are conducted by each group of the Holdings.
2. **WPG**
 - (1) The research and development expenses (including the proportion of revenue total) invested in the most recent year and up to the date of publication of the annual report, the

Group is a professional semiconductor component distributor, supporting customer product design and providing customer with value-added services. The R&D expenses invested of the most recent two years as of the most recent quarter of the printing date of the annual report are shown in the following table.

Unit: NT\$ thousand; %

Item \ FY	2016	2017	~March 31, 2018
R&D expense	37,285	21,106	4,549
R&D expense (%)	0.007	0.004	0.004

(2) Expected future R&D expenses in revenues (%):

The Group plans to support product design and provide value-added service to clients in 2018. It is estimated that R&D expenses will occupy 0.001~0.01% of revenues.

(3) 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 2017 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, robots solutions
Auto electronics	AV and auto sensors	Automotive multimedia solutions, car sensors, vehicle condition monitoring and keyless entry systems
Industrial electronics	Safety monitoring, instruments and	Safety monitoring integration, smart meters, smart grids, DC brushless fans and motor control solutions, and digital power supply

Category	Applications	Solutions
	power supply	

(4) Technologies and products planned to develop in the future

Category	Applications
Mobile phones and communication	Smart phones, wearable device solutions, wireless module and fingerprint identification, 3D 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

1. WPG Holdings

(1) Short-term plan

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

(2) 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”.

2. WPG Group

(1) Short-term plan

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

According to the 2016 Top 25 Semiconductor Supplier Report published by Gartner in Jan. 2017, more than half the brands are our clients, including Intel, Samsung Electronic, Qualcomm, Micron, TI, Toshiba, MTK, Infineon, ST Micro, ON Semi, AMD, Microchip, etc. 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 BOT trend to continue increase business opportunities and reach a win-win situation.

b. 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.

c. 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.

d. 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.

e. Enhance FAE and design-in service

The application engineers of the Group offer the following service:

- * Help clients with project design
- * 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.

f. 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.

g. 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.

(2) Long-term plan

a. 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.

b. 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. We have logistics support centers 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.

c. WPGDADAWANT project plan

WPGDADAWANT is a cloud service platform project that began in 2016. After research and planning in the first half of 2017, WPGDADAWANT series architecture was introduced in the second half of 2017. We are actively developing internal and external projects so that 2018 will be WPG's digital transformation year. WPGDADAWANT currently has five sub-platforms. WPGDADAJIA connects to the ERP system of large customers to rapidly and accurately implement complex work procedures. WPGDADABANG is focused on customers with low to medium-size transaction quantity and provides precise customization services that satisfy diverse requirements. WPGDADATONG is a knowledge sharing platform that provides engineers with a channel to freely share technology, knowledge, and resources. WPGDADAGO provides online electronic component purchase service for small

quantities to satisfy low quantity, high diversity consumer needs. WPGDADAPIN provides customers with customized and personalized product information and market trend news.

- d. 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.

- e. 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.

- f. 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

1. Market analysis

(1) Sales (distribution) area of main goods (service)

Unit: NT\$ thousand; %

Area \ FY	2016		2017	
	Net sales	%	Net sales	%
Taiwan	79,862,429	14.87	86,806,019	16.30
Mainland China	386,313,252	71.95	360,488,961	67.70
Others	70,743,132	13.18	85,214,978	16.00
Total	536,918,813	100.00	532,509,958	100.00

(2) Market share

According to the statistics of Gartner in 2017, WPG continues to come in first place in total worldwide and Asian sales of semiconductor. The market share of WPG in the global semiconductor market is 14.1%.

(3) 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 MTK, 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 par products and brand business collectively and strengthen the integration of supply chains, it is believed that we will play a dominating role in the future global information industry.

(4) Competitive niche

i. Professional image

WPG has managed the semiconductor component channel for over 3 decades and our professional image is recognized by the industry. Our *corporate governance* was ranked among the top 20% of public companies for four consecutive years, and selected as one of the Global 2000 Business enterprises by Forbes in 2017. In 2017 we were ranked up to the second place among the Top 600 Service Enterprises on the Common Wealth Magazine Top 2000 Survey. We also received the '2017 Award of Excellence for Electronic Component Distributors: Top 10 Overseas Authorized Distributor' from Electronics Supply and Manufacturing China (ESM China) in a row. Those achievements prove that our provision of value-added services in semiconductor supply chain has been deeply appreciated by our clients, suppliers, and investor.

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

ii. Complete 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.

(a) 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.

(b) Asia-wide sales and distribution network

Our sales and distribution footholds expand over 105 locations around the world, with 77 in Asian regions and 28 in Northern American regions. Annual revenue of North America has broken NT\$ 19.2 billion, with a profit of NT\$ 0.2 billion made. 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.

(c) 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 managed 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.

(d) 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.

(e) Provision of value-added service

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

I. Special delivery service

- i. Meet clients' special requirements and provide special delivery service.
- ii. Provide quick delivery, cross-border transactions and other international service for the foreign clients.

II. Market information service

- i. Analyze information and exchange industrial information.
- ii. Issue "WPG E-paper" for every two weeks to provide latest market news, important trends and suggestion.
- iii. Build a website to satisfy the needs of SMB and small purchases.
- iv. Timely provide the latest product specifications.

III. Technical support

Recruit FAE to support product tests and design.

IV. Technology tools

- i. Build a portal to allow international exchange of information.
- ii. 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.

V. Financial support

- i. Allow cross-border transactions and payment, and support clients with industry migration.
- ii. Provide credit lines for mutual prosperity.
- iii. Work in the BTO mode.

(f) 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.

(5) 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, Qualcomm, Mediatek, Infineon, SAMSUNG, Micron, 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.

(b) 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.

(c) Specialization-oriented customer marketing department

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

(d) Provide more technology application design service

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

(e) Management of high value-added supply chain

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

ii. Disadvantageous factors and responsive strategies

(a) Foreign companies merge and purchase local competitors, responsive strategy:

- I. 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.
- II. 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.
- III. Strengthen computerized business management, improve personal output, implement sales performance bonus system and encourage sales personnel to improve morale.
- IV. Provide resource sharing platform to integrated local competitors.

(b) Short product life cycle, responsive strategy:

- I. 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.

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

2. Important applications and manufacturing process of major products

(1) Applications of major products

Category	Product name and applications
Core components	Chipsets, assorted graphics/audio/video controllers, chips of smartphones, chipsets for network/modems, CPU/MPU and RISC CPU, etc.
Analog IC and mixed signal components	Bipolar, CMOS and advanced CMOS, computing amplifiers, comparators, digital/analog convertors, power supply controllers, audio and video amplifiers or controllers, etc.
Discrete. Logic IC	Diodes, commutators, transistors, thyristors, photistor , etc.
Memory component	DRAM 、SRAM 、EPROM 、EEPROM 、Flash 、Mask ROM 、MCP and etc.
Passive component - connector and magnetic component	Resistors, MLCC, inductor, magnetic components, cables, connectors, crystals, oscillators etc.
Optical components	TFT LCD panels, solar wafers, LED etc.
Other elements	Non-electrical components

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

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

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

(1) The suppliers accounting for more than 10% of the gross purchase in either year

Unit: NT\$ thousand; %

Item	2016				2017				Q1 of 2018			
	Name	Amount	Amount in gross purchase of the year (%)	Relationship with the publisher	Name	Amount	Amount in gross purchase of the year (%)	Relationship with the publisher	Name	Amount	Amount in gross purchase of the year (%)	Relationship with the publisher
1	INTEL	92,102,951	17.93	None	INTEL	92,998,188	17.96	None	INTEL	29,005,243	23.49	None
2	TI	69,230,263	13.48	None	TI	66,932,048	12.93	None	TI	16,033,852	12.99	None
3	Others	352,280,396	68.59		Others	357,785,951	69.11		Others	78,431,393	63.52	
	Net purchase	513,613,610	100.00		Net purchase	517,716,187	100.00		Net purchase	123,470,488	100.00	

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

(2) 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.

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

6. Sales amount of these 2 years

Unit: NT\$ thousand; %

Category of Product	FY	2016		2017	
		Net sales	%	Net sales	%
Core components		164,719,037	30.68%	163,320,100	30.67%
Analog IC and mixed signal components		90,896,355	16.93%	94,451,293	17.74%
Discrete. Logic IC		62,432,227	11.63%	67,413,372	12.66%
Memory component		87,000,597	16.20%	126,220,009	23.70%
Passive component - connector and magnetic component		25,187,982	4.69%	15,446,113	2.90%
Optical components		44,750,072	8.33%	33,992,470	6.38%
Other elements		61,932,543	11.54%	31,666,601	5.95%
Total		536,918,813	100.00%	532,509,958	100%

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

5.3 Employees

5.3.1 WPG Holdings

Year		2016	2017	Until March 31, 2018
Employee number	Sales & marketing	0	0	0
	Administration	150	162	171
	Total	150	162	171
Average age		39.0	37.8	37.4
Average seniority		8.8	8.3	8.1
Education background	PhD.	0%	0.6%	0%
	Master	28.9%	27.8%	26.9%
	College/university	70.5%	71.0%	72.5%
	Senior high	0.6%	0.6%	0.6%
	Below	0%	0%	0%

5.3.2 WPG Group

Year		2016	2017	Until March 31, 2018
Employee number	Sales & marketing	3,990	3,986	4,005
	Administration	1,459	1,423	1,434

Year		2016	2017	Until March 31, 2018
	Total	5,449	5,409	5,439
	Average age	36.3	36.7	36.8
	Average seniority	7.1	7.3	7.3
Education background	PhD.	0.0%	0.1%	0.0%
	Master	5.7%	6.2%	6.4%
	College/university	82.9%	83.0%	82.9%
	Senior high	5.5%	5.4%	5.4%
	Below	5.9%	5.3%	5.3%

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: 5 people of the audit office and 1 people of the accounting department

5.4 Environmental protection expenses

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

5.5 Labor and employer relationship

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

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

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

(1) 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.

(2) 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.

(3) 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.

(4) 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.

2. Further education and training:

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

(1) Internal training

The details of internal training in 2017:

Total trainee numbers	Total training hours	Total training expenses
16,214 people	36,517 hours	NT\$ 14,688,000

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.

v. 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 2017 are described as below:

Total trainee numbers	Total training hours	Total training expenses
476 people	3,512.5 hours	NT\$ 373,000

2017 Service Section--Business Tax Ordinance Practice Class
2017 Stephen Gilligan's lively workshop
2017-2018 Salary and benefits investigation report induction session
2017 WPG Group Finance Personnel Training Course
2017 Continuing education for accounting
2017 AIG Taiwan Business Risk Forum
2017 Rebirth Special Exhibition - Volunteer Training
2017 Bluetooth mesh application workshop
2-day pallet stacking (forklift) training course
ADS Power Amplifier Design and Implementation
AI and self-driving trends
Asian Logistics & maritime Conference
BDR - R and data processing exercises
Beginning of Big Data data analysis -R software implementation
BL-SIP DFAE&PM training plan (Mobile Audio solution)
CN_NXP NFC Disti Traing Invitation
Digital MOC 20778: Analyzing Data with Power BI
Excel and MultiCharts combined
Google Analytics (GA) and Website Analytics Operations
HR necessary data display, large data analysis and forecast
How does HR speak with data
IFRSs9 Financial Tools Analysis
IFRSS Cash Flow Statement Practice Analysis Workshop
Updated IFRS regulations
ISO 14001:2015 Environmental Management Systems Foundation
ISO 14001:2015 Environmental Management Systems International
ISO 9001:2015 - Quality Management Systems Foundation

ISO 9001:2015 - Quality Management Systems International
ISO9001:2015 Quality Management System Internal Audit
JCOP Product Education Training Course (2017)
MAP and Talent Management Integration Application Practice
NB-IoT/LoRa/Sigfox Industrial Application Practice
New! IT Audit and Information Governance _ERP System Application Control and Audit Analysis Practice
NXP Mobile Audio DFAE Training
NXP Mobile Audio Products Training
ON Semi TA Sales 7 FAE Training
PDP talent trait recruitment system lecture
Python combat machine learning
R and data processing practise
RTOS and TI RTOS training
SPAM original training
TP's Change and Challenge: A New Thought on Integrated Management
TP-related regulations updates
webMethods 9 Training
Report session on executive rules of the application of one fixed and one flexible day off per week
Talent Development e-Utilization Trend Seminar
The relevant provisions of the mainland tax law updates
Continuous Auditing and Risk Assessment Best Practices in Big Data Environment
Work-related Injury Insurance and Occupational Disease Prevention Training
China Tax Salon - Facing the Global Transparent System
Core management skills training
Internal Control 2.0: Statistical Forecasting, Big Data Analysis, Internet of Things, Security and Fraud Detection (Achievable Negotiable)
How can internal audit officers investigate application of enterprise fraud and Big Data analysis
An Analysis of the Legal Responsibility and Whistleblower System of Internal Auditors
Discussion of the "Exchange Rate Risk" Assessment, Risk Avoidance and Surveillance Machine Manufacture (available as internal audits) by internal audit officers
Internal Auditor's Evaluation of Risks in Enterprises
Report session for internal auditors to read and analyze the "new IFRS financial report" and "new financial statement audit report"
Internal auditors should understand the latest trends of Taiwan and Chinese taxation decrees, audit points, and relevant case analysis

Tax handling and risk prevention for daily business operations
Taiwan's taxation-related laws and regulations updates
Taiwan's industry's response to the latest patent litigation case in the United States
Foreign Exchange Practice Training Course (50 th Issue)
Analysis of Key Clauses in General Principles of Civil Law and Early Warning of Enterprise Risks
Employment risk prevention
Type-A occupational health and safety business executive training
Corporate Perpetual Elite Class Training - Advanced Stage 6
Enterprise transaction cycle corresponds to internal control practice of the ERP system
Enterprise transaction cycle corresponds to internal control practice of the ERP system
Rules of the M&A Law
Initial position training for internal auditors in enterprises
Enterprise income tax calculation and payment training
Corporate tax risk causes and response training
How to deal with the employee's departure arrangement?
Administrative Service Innovation and Administrative Coordination Management
Millimeter-wave radar hardware development and software algorithm
Vehicular ad hoc network software and hardware design, and testing technology
Fire Safety (Commercial)
Fire manager re-training
M&A popularity requires great precision
Beginners in mergers and acquisitions
Two-day pallet stacking (forklift) training course
Two Day Counterbalance (Forklift) Training Course
Recruitment interview training
Legal English
Logistics Industry Safety
Shareholders' Meeting and Equity Management
How supervisors with non-financial background review financial statements
First Aid Certificate Course
Auditing skills practice
Insights to school recruiting password – InLink's 2017 campus recruitment trend theory
Derivative Financial Commodity Seminar (413 rd)
Property survey questions
High frequency millimeter wave technology application and product verification
Major domestic ordinance updates and trends & transfer pricing
Basic Security Management (SM)

Basic prevention of accidents (GS)
Basic Occupational Health (OH)
FreeRTOS Training Based on NXP LPC54114
Scheme Design and Development of Millimeter Wave Radar
106001 st First Aid Staff Safety and Health In-service Education
The 5 th Fraud Prevention Roundtable Forum
Bureau of Statistics Training
Improve corporate general administration and operational efficiency
SmartHome Audio Assistant Development and Application Seminar
InLink 2017 Campus Recruitment Trend Forum
Best benefits of reasonable human inventory workshop
Latest company law revisions and analysis of important topics
Latest wireless charging technology and application trends seminar
Latest tax policy interpretation
Hardware Encrypted Chips ATECC508 and ATSHA204 - Advanced
New Financial Statements Check Report on Internal Auditing Practice
Forecast of fund flow and long- and short-term financing and operations
Information Department Audit and Information System Control Check
Electronic Audit Thinking
Electronic Invoice Application Promotion Seminar
Research on Power Supply Technology and Design of Electric Vehicles
Implementing Continuous Audit Platform - Taking ACL with Excel as an Example
Space for dialogue_listening, questioning, communication application
Cyber Security Training
Speaking influence: business presentations and workplace communication
Deloitte Export Tax Rebate Management Seminar
Deloitte Export Tax Rebate Management Seminar
Overall reward market survey – High-tech industry membership meeting
Machine Learning Chatbot Workshop
Hacker intrusion tactics description and forensic analysis investigation
Logic Analyzer Application Implementation Course

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

List of trained managers	Training	Hours

List of trained managers	Training	Hours
Simon Huang (Chairman)	How to strengthen the function of board of directors and the ability of directors	2
	Entrepreneur's Economic Task and Social Responsibility	1.5
	How to Apply New Economy and New Technology to Implement Corporate Governance and Matching - Financial Technology and Blockchain	3
	Major Decisions of the Board of Directors - Succession Projects: Making Great Sticks Picking up the Ball	3
	How to Apply New Economy and New Technology to Implement Corporate Governance and Matching - Financial Technology and Blockchain	
	Analytical seminars on cash flow statements under IFRSs	3
IFRSs9 Financial Tools Analysis	3	
Beauty Chen (Internal Audit Manager)	Analysis of the Legal Responsibility and Whistleblower System of Internal Auditors	6
	Internal auditors should understand the latest trends of cross-strait taxation decrees, audit points, and relevant case analysis	6
	Internal Auditor's Evaluation of Risks in Enterprises	6
David Li (Internal HR director)	Customer-only Value Innovation Implementation Workshop	14

f. 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.

3. Retirement system:

(1) 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.

(2) 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.

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

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:

- (1) 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.
- (2) Regularly inspect the office, such as the water quality inspection.
- (3) Sterilize hands with disinfectors at the door of the meeting room every day, and offer disinfectors at sinks to prevent employees catching flues and ensure their health.
- (4) Require new recruits to participate in the employee training to get familiar with the working environment and promote working safety.

- (5) Irregularly promote health education to reduce the occurrence of accidents.
- (6) Regularly conduct employee health examinations and practically track their health conditions.
- (7) Organize healthy activities and encourage colleagues to develop sports habits, such as mountain climbing, ball games and hiking.
- (8) Prohibit smoking in the office to guarantee a non-smoking working environment.
- (9) Promote energy saving, resource consumption and green activities in the office.
- (10) Purchase General Liability/Business Liability for the office where colleagues work to ensure the safety of the working environment.
- (11) Install and regularly maintain firefighting facilities and equipment in line with firefighting regulations.
- (12) Implement Act of Gender Equality in Employment and Sexual Harassment Prevention Act in the office.

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:

(1) 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.

(2) Strictly implement the audit system:

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

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

1. There is neither dispute nor agreement between labors and employers in these years and as of the publication date of the annual report.
2. Current and future responsive measures of fortifying the relationship between labors and employees
 - (1) Build the concept of the WPG family and allow labors and employers to mutually prosper and share.
 - (2) Build interactive communication and complaint channels and care for employees more actively.
 - (3) Completely obey by the labor laws and explain to directors and employees to make them fully understand their rights and obligations.
 - (4) Increase benefits of employees of the operation condition if the corporate allows.
3. Possible loss at present and in the future: None.

5.6 Important agreements

Agreement	Interested parties	Period	Coverage	Restrictive conditions
Insurance agreement	AIG Asia Pacific Insurance Pte. Ltd., Taiwan Branch	Period of coverage: Jan. 1, 2018 ~ Jan. 1, 2019	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 Consolidated Balance Sheet - IFRS

Unit: NT\$ thousand

FY (Note 1) Item		Most Recent 5-Year Financial Information					As of March 31, 2018
		2013	2014	2015	2016	2017	
Liquid assets		120,776,978	146,245,684	165,487,412	165,270,734	163,854,548	165,869,845
Real estates, plants and equipment (Note 3)		6,073,211	5,820,475	5,797,929	5,495,789	6,227,191	5,076,160
Intangible assets		5,842,880	5,756,557	5,671,154	5,599,944	5,571,769	5,562,390
Other assets		2,413,355	2,524,500	2,095,370	2,648,479	3,014,118	3,502,963
Total assets		135,106,424	160,347,216	179,051,865	179,014,946	178,667,626	181,226,022
Liquid liabilities	Before Distribution	91,141,959	100,236,465	111,585,855	122,287,418	118,162,495	120,769,840
	After Distribution	94,950,090	104,375,739	115,559,557	126,465,729	Note 2	Note 2
Non-liquid liabilities		4,031,878	14,993,069	19,148,252	6,410,079	8,449,693	8,103,121
Total liabilities	Before Distribution	95,173,837	115,229,534	130,734,107	128,697,497	126,612,188	128,872,961
	After Distribution	98,981,968	119,368,808	134,707,809	132,875,808	Note 2	Note 2
Equity attributable to owners of parent company		39,874,875	45,055,731	47,770,420	49,797,881	51,518,973	51,802,506
Share capital		16,557,092	16,557,092	16,557,092	17,241,892	18,250,618	18,250,618
Capital surplus		14,951,793	15,185,802	15,187,178	16,901,053	19,569,525	19,569,525
Retained earnings	Before Distribution	10,303,742	12,329,076	13,473,616	14,746,873	17,823,767	19,670,803
	After Distribution	6,495,611	8,189,802	9,499,914	10,568,562	Note 2	Note 2

FY (Note 1) Item		Most Recent 5-Year Financial Information					As of March 31, 2018
		2013	2014	2015	2016	2017	
Other equity interest		(1,937,752)	983,761	2,553,776	908,063	(4,124,937)	(5,688,440)
Treasury stock		-	-	(1,242)	-	-	-
Non-controlling interests		57,712	61,951	547,338	519,568	536,465	550,555
Total equity	Before Distribution	39,932,587	45,117,682	48,317,758	50,317,449	52,055,438	52,353,061
	After Distribution	36,124,456	40,978,408	44,344,056	46,139,138	Note 2	Note 2

Note 1 : The 2013-2017 financial data have been duly audited by independent auditors. Except As of March 31 2018 have been duly reviewed by independent auditors.

Note 2 : The above-mentioned appropriations have not yet been approved by the stockholders.

Note 3 : Including real estates property.

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

Unit: NT\$ thousand

FY (Note 1) Item		Most Recent 5-Year Financial Information					As of March 31, 2018
		2013	2014	2015	2016	2017	
Operating revenues		406,256,031	452,471,998	515,536,489	536,918,813	532,509,958	123,411,802
Gross profit		18,538,313	20,483,805	21,450,249	22,595,819	22,151,094	5,325,520
Operating income		6,289,408	7,941,739	8,474,115	7,975,893	9,953,198	2,408,759
Non-operating income and expenses		(483,023)	(835,104)	(1,320,672)	(1,287,669)	(1,073,077)	(60,928)
Income before income tax		5,806,385	7,106,635	7,153,443	6,688,224	8,880,121	2,347,831
Consolidated net income		4,759,732	5,814,176	5,435,932	5,350,598	7,366,435	1,904,402
Other comprehensive income (loss)		1,057,428	2,947,614	1,472,670	(1,723,004)	(5,115,123)	(1,421,402)
Total comprehensive income		5,817,160	8,761,790	6,908,602	3,627,594	2,251,312	483,000

FY (Note 1) Item	Most Recent 5-Year Financial Information					As of March 31, 2018
	2013	2014	2015	2016	2017	
Consolidated net income attributable to: Owners of parent	4,756,306	5,808,839	5,420,469	5,312,875	7,307,987	1,890,570
Consolidated net income attributable to: Non-controlling interests	3,426	5,337	15,463	37,723	58,448	13,832
Comprehensive income attributable to: Owners of parent	5,812,296	8,754,978	6,853,829	3,601,246	2,222,421	468,612
Comprehensive income attributable to: Non-controlling interests	4,864	6,812	54,773	26,348	28,891	14,388
Basic earnings per share (Note 2)	2.87	3.51	3.27	3.18	4.10	1.04

Note 1 : The 2013-2017 financial data have been duly audited by independent auditors. Except As of March 31 2018 have been duly reviewed by independent auditors.

Note 2 : Weighted average number of ordinary shares outstanding

6.1.3 Independent Balance Sheet – IFRS

WPG Holdings has adopted IFRS to prepare financial statements since 2013. Accordance to the rule, we won't need to prepare Q1, 2018 individual financial Statement.

Unit: NT\$ thousand

Item	FY (Note 1)	Most Recent 5-Year Financial Information				
		2013	2014	2015	2016	2017
Liquid assets		288,654	424,141	442,543	351,182	263,321
Real estates, plants and equipment (Note 3)		808,727	777,523	758,662	751,186	1,659,346
Intangible assets		24,612	16,741	11,858	18,969	16,273
Other assets		42,956,415	52,342,646	56,635,862	55,171,407	53,214,744
Total assets		44,078,408	53,561,051	57,848,925	56,292,744	55,153,684
Liquid liabilities	Before Distribution	3,627,414	2,091,415	3,603,513	5,960,198	3,146,902
	After Distribution	7,435,545	6,230,689	7,577,215	10,138,509	Note 2
Non-liquid liabilities		572,068	6,413,905	6,474,992	534,665	487,809
Total liabilities	Before Distribution	4,199,482	8,505,320	10,078,505	6,494,863	3,634,711
	After Distribution	8,007,613	12,644,594	14,052,207	10,673,174	Note 2
Equity attributable to owners of parent company		39,878,926	45,055,731	47,770,420	49,797,881	51,518,973
Share capital		16,557,092	16,557,092	16,557,092	17,241,892	18,250,618
Capital surplus		14,951,793	15,185,802	15,187,178	16,901,053	19,569,525
Retained earnings	Before Distribution	10,307,793	12,329,076	13,473,616	14,746,873	17,823,767
	After Distribution	6,499,662	8,189,802	9,499,914	10,568,562	Note 2
Other equity interest		(1,937,752)	983,761	2,553,776	908,063	(4,124,937)
Treasury stock		0	0	(1,242)	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before Distribution	39,878,926	45,055,731	47,770,420	49,797,881	51,518,973
	After Distribution	36,070,795	40,916,457	43,796,718	45,619,570	Note 2

Note 1 : The 2013-2017 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.

6.1.4 Independent Comprehensive Income – IFRS

WPG Holdings has adopted IFRS to prepare financial statements since 2013. Accordance to the rule, we won't need to prepare Q1, 2018 individual financial Statement.

Unit: NT\$ thousand

Item	FY (Note 1)	Most Recent 5-Year Financial Information				
		2013	2014	2015	2016	2017
Operating revenues		5,226,875	6,490,174	6,383,519	6,062,201	7,983,324
Gross profit		4,773,536	6,005,325	5,826,067	5,519,815	7,398,699
Operating income		4,773,536	6,005,325	5,826,067	5,519,815	7,398,699
Non-operating income and expenses		(30,128)	(56,262)	(93,817)	(103,408)	(43,290)
Income before income tax		4,743,408	5,949,063	5,732,250	5,416,407	7,355,409
Consolidated net income		4,756,306	5,808,839	5,420,469	5,312,875	7,307,987
Other comprehensive income (loss)		1,055,990	2,946,139	1,433,360	(1,711,629)	(5,085,566)
Total comprehensive income		5,812,296	8,754,978	6,853,829	3,601,246	2,222,421
Consolidated net income attributable to: Owners of parent		4,756,306	5,808,839	5,420,469	5,312,875	7,307,987
Comprehensive income attributable to: Owners of parent		5,812,296	8,754,978	6,853,829	3,601,246	2,222,421
Basic earnings per share (Note)		2.87	3.51	3.27	3.18	4.10

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

6.1.5 Auditors' Opinions from 2013 to 2017

Year	Accounting firm	Name of CPA	Audit Opinion
2013	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion
2014	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion
2015	PricewaterhouseCoopers	Audrey Tseng, Joseph Chou	Unqualified Opinion
2016	PricewaterhouseCoopers	Audrey Tseng, Lin Jun Yao	Unqualified Opinion
2017	PricewaterhouseCoopers	Audrey Tseng, Lin Jun Yao	Unqualified Opinion

6.2 Most Recent 5-Year Financial Analysis

6.2.1 WRP Group Consolidated Financial Analysis – IFRS GAAP

Item for analysis		FY (Note 1)	Most Recent 5-Year Financial Information					Financial Information up to March 31, 2018
			2013	2014	2015	2016	2017	
Financial Ratio (%)	Total liabilities to total assets		70.44	71.86	73.01	71.89	70.86	71.11
	Long-term capital to PP&E		723.91	1,032.75	1,163.62	1,032.20	971.63	961.02
Ability to payoff debt	Current ratio (%)		132.52	145.90	148.31	135.15	138.67	137.34
	Quick ratio (%)		92.14	96.49	100.72	93.29	88.77	83.72
	Interest protection		8.38	7.80	6.94	6.25	6.43	5.94
Ability to operate	A/R turnover (times)		6.10	5.84	5.86	5.68	5.66	5.51
	A/R turnover days		60	63	62	64	65	66
	Inventory turnover (times)		11.05	10.29	9.97	10.26	9.50	7.87
	Account payable turnover (times)		10.83	10.87	11.44	11.00	10.48	9.22
	Days sales outstanding		33	35	37	36	39	46
	Fixed assets turnover (times)		71.93	76.09	88.74	95.08	90.85	78.87
	Total assets turnover (times)		3.19	3.06	3.04	3.00	2.98	2.74
Earning ability	Return on assets (%)		4.24	4.52	3.78	3.56	4.85	5.11
	Return on equity (%)		12.19	13.66	11.60	10.77	14.28	14.59
	PBT to paid-in capital (%)		35.07	42.92	43.20	38.80	48.66	51.46
	Net income ratio (%)		1.17	1.28	1.05	0.99	1.37	1.54
	Basic EPS (NTD) (Note 2)		2.87	3.51	3.27	3.18	4.10	1.04
	Diluted EPS (NTD) (Note 2)		2.87	3.39	3.04	2.96	4.01	1.04
Cash flow (%)	Cash flow ratio		-5.16	-13.42	-8.31	6.22	6.81	4.60
	Cash flow adequacy ratio		-18.31	-51.56	-77.85	-47.11	-24.63	-3.28
	Cash reinvestment ratio		-19.27	-28.12	-19.47	6.24	6.24	8.96

Item for analysis \ FY (Note 1)		Most Recent 5-Year Financial Information					Financial Information up to March 31, 2018
		2013	2014	2015	2016	2017	
Leverage	Operating leverage	1.66	1.50	1.57	1.80	1.35	1.34
	Financial leverage	1.14	1.15	1.17	1.19	1.20	1.25
KPI	ROWC (%)	9.19	8.98	8.71	8.44	9.98	10.13
	NWC/Sales	0.17	0.20	0.19	0.18	0.19	0.19
For explanation of significant changes in 2017 compared with that of 2016, please refer to Note 3. (The ratio does not need to analysis if the change of ratio is lower than 20%)							

Note 1 : The 2013-2017 financial data have been duly audited by independent auditors. Except As of March 31 2018 have been duly reviewed by independent auditors.

Note 2 : Weighted average number of ordinary shares outstanding.

Note 3 : Explanation of significant changes in 2017 compared with the previous year:

1. Cash flow ratio : In 2017 operating cash flow inflow increased.
2. Cash flow adequacy ratio : In 2017 operating cash flow inflow increased.

Note 4 : Formula:

1. Financial Ratio
 - (1) Total liabilities to Total assets = Total liabilities / Total assets.
 - (2) Long-term debts to fixed assets = (Net equity + Long-term debts) / Net fixed assets.
2. Ability to Pay off Debt
 - (1) Current ratio = Current Assets / Current liability.
 - (2) 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 × (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. (Note 2)
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 WRP Investments' Stand-alone Financial Analysis– IFRS GAAP

Item for analysis		FY (Note 1)	Most Recent 5-Year Financial Information				
			2013	2014	2015	2016	2017
Financial Ratio (%)	Total liabilities to total assets	9.53	15.88	17.42	11.54	6.59	
	Long-term capital to PP&E	5,001.81	6,619.69	7,150.14	6,700.41	3,134.17	
Ability to payoff debt	Current ratio (%)	7.96	20.28	12.28	5.89	8.37	
	Quick ratio (%)	7.65	19.78	11.87	5.68	7.94	
	Interest protection	114.20	156.02	172.43	183.04	249.70	
Ability to operate	A/R turnover (times) (Note 2)	8.94	9.14	9.26	15.69	28.75	
	A/R turnover days	41	40	39	23	13	
	Inventory turnover (times)	—	—	—	—	—	
	Account payable turnover (times)	—	—	—	—	—	
	Days sales outstanding	—	—	—	—	—	
	Fixed assets turnover (times) (Note 2)	6.52	8.18	8.31	8.03	6.62	
Earning ability	Total assets turnover (times) (Note 2)	0.12	0.13	0.11	0.11	0.14	
	Return on assets (%)	11.24	11.96	9.78	9.35	13.16	
	Return on equity (%)	12.21	13.68	11.68	10.89	14.43	
	Pre-tax income as a % of paid-in capital (%)	28.65	36.27	35.19	32.02	40.30	
	Net income ratio (%) (Note 2)	91.00	89.50	84.91	87.64	91.54	
	Basic EPS(NTD) (Note 3)	2.87	3.51	3.27	3.18	4.10	
	Diluted EPS(NTD) (Note 3)	2.87	3.39	3.04	2.96	4.01	

Item for analysis		FY (Note 1)	Most Recent 5-Year Financial Information				
			2013	2014	2015	2016	2017
Cash flow (%)	Cash flow ratio		111.82	211.70	113.62	87.61	146.36
	Cash flow adequacy ratio		80.00	72.97	72.99	78.06	78.37
	Cash reinvestment ratio (%)		0.20	1.20	-0.08	2.47	0.82
Leverage	Operating leverage (Note 2)		1.01	1.01	1.01	1.01	1.00
	Financial leverage		1.01	1.01	1.01	1.01	1.00

For explanation of significant changes in 2017 compared with the previous year, please refer to Note 4. (The ratio does not need to analysis if the change of ratio is lower than 20%)

Note 1: The 2013-2017 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 2017 compared with the previous year:

1. Total liabilities to Total assets : In 2017 the ratio decreased because convertible bond had been converted to common stock.
2. Long-term assets to real estates, plants and equipment net ratio: In 2017 the ratio decreased mainly due to increase in real estates, plants and equipment.
3. Liquid ratio (%): In 2017 the ratio increased mainly due to corporate bonds due in a year being converted to equity.
4. Quick ratio (%): In 2017 the ratio increased mainly due to corporate bonds due in a year being converted to equity.
5. Interest guarantee multiple: In 2017 the value increased mainly due to increase in current net profit.
6. AR turnover rate: In 2017 the rate increased mainly due to increase in receivables compared to that of 2016.
7. AR Turnover days: In 2017 the number decreased mainly due to increase in receivables compared to that of 2016.
8. Total asset turnover rate: In 2017 the rate increased mainly due to increase in operating income.
9. Assets return rate: In 2017 the rate increased mainly due to increase in current net profit.
10. Shareholders' equity return rate: In 2017 the rate increased mainly due to increase in current net profit.
11. Net profit as a percentage of paid-in capital ratio before tax: In 2017 the ratio increased mainly due to increase in current operating grow profit.
12. Basic earnings per share: In 2017 the value increased mainly due to increase in current net profit.
13. Diluted earnings per share: In 2017 the value increased mainly due to increase in current net profit.
14. Cash flow ratio: In 2017 the ratio increased mainly due to decrease in liquid liabilities.
15. Cash reinvestment ratio: In 2017 the ratio decreased mainly due to increase in operating net assets.

Note 5 : For details on Formula, please refer to Note 4 in page 124.

6.3 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 2017 Business Report , Financial Statements , and proposal for allocation of profits. The aforementioned 2017 Business Report , Financial Statements , and proposal for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee members of WPG HOLDINGS LIMITED. According to Article 14-4 , 14-5 of the Securities and Exchange Act and Article 219 of the Company Act , we hereby submit this report.

WPG HOLDINGS LIMITED AUDIT COMMITTEE

Independent Director DUH, RONG-RUEY

Independent Director HUANG, JIH-TSAN

Independent Director YU, YUNG HONG

APRIL 24 , 2018

- 6.4 2016 and 2017 Financial statements augmented with auditor's report prepared by a CPA : Page 129-270.**
- 6.5 2016 and 2017 parent company non-consolidated financial statements certified by CPA : Page 271-369.**
- 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, 2017 AND 2016

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

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of WPG Holdings Limited

Opinion

We have audited the accompanying consolidated balance sheets of WPG Holdings Limited and its subsidiaries (the “Group”) as at December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Impairment assessment of goodwill

Description

Refer to Note 4(18) for accounting policy on goodwill impairment, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Notes 6(13)(14) for details of goodwill impairment.

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

How our audit addressed the matter

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

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

Valuation of allowance for uncollectible accounts receivable

Description

Refer to Note 4(9) for accounting policy on accounts receivable, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to provision for uncollectible accounts receivable, and Notes 6(5)(15) for details of accounts receivable and overdue receivables.

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

How our audit addressed the matter

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

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

Recognition of purchase discounts and allowances

Description

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

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

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

How our audit addressed the matter

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

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

Other matter – Parent company only financial reports

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chou Tseng, Hui-Chin

Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 2018

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

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

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

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

(Continued)

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

1. HISTORY AND ORGANIZATION

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

stock is 2 billion shares (including 50 million shares of warrant, warrant preferred stock and warrant bond conversion). As of December 31, 2017, the Company has issued capital of \$18,250,618 with a par value of \$10 (in dollars) per share.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 27, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

A. IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net

carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

- (c) When adopting the new standards endorsed by the FSC effective from 2018, the Group will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. The significant effects of applying the standard as of January 1, 2018 are summarised below.
 - i. In line with the regulations under IFRS 9 on provision for impairment, the quantitative impact on accounts receivable is immaterial.
 - ii. In accordance with IFRS 9, the Group expects to reclassify available-for-sale financial assets and financial assets at cost in the amounts of \$521,274 and \$585,837, respectively, by increasing financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and retained earnings in the amounts of \$1,075,076, \$32,035 and \$120,501, respectively, and decreasing other equity interest in the amount of \$120,501.
- B. IFRS 15, 'Revenue from contracts with customers'
 - (a) IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognized when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:
 - Step 1: Identify contracts with customer
 - Step 2: Identify separate performance obligations in the contract(s)
 - Step 3: Determine the transaction price
 - Step 4: Allocate the transaction price
 - Step 5: Recognize revenue when the performance obligation is satisfiedFurther, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.
 - (b) When adopting the new standards endorsed by the FSC effective from 2018, the Group expects to adopt IFRS 15 using the modified retrospective approach. The significant effects of applying the standard as of January 1, 2018 are summarised

below.

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

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

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

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

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

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

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

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

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

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

B. IFRS 16, 'Leases'

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

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

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

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

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

E. Annual improvements to IFRSs 2015-2017 cycle

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
- a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Available-for-sale financial assets measured at fair value.
 - c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

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

fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2017</u>	<u>December 31, 2016</u>	
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Silicon Application Corporation	Sales of computer software and electronic products	100.00	100.00	
WPG Holdings Limited	WPG Korea Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	WPG Electronic Ltd.	"	100.00	100.00	
WPG Holdings Limited	WPG International (CI) Limited	Holding company	100.00	100.00	
WPG Holdings Limited	Asian Information Technology Inc.	Sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Yosun Industrial Corp.	"	100.00	100.00	
WPG Holdings Limited	WPG Investment Co., Ltd.	Investment company	100.00	100.00	
WPG Holdings Limited	WPG Core Investment Co., Ltd.	"	0.00	100.00	Note 7
WPG Holdings Limited	Genuine C&C Inc.	Sales of computer and its peripherals	0.00	44.21	Notes 2 and 8
WPG Holdings Limited	Trigold Holdings Limited	Holding company	60.50	0.00	Note 8
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	Holding company	100.00	100.00	
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	"	100.00	100.00	

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			December 31, 2017	December 31, 2016	
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Agent and sales of electronic / electrical components	100.00	100.00	
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	"	100.00	100.00	
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	Sales of computer and its peripherals	0.00	16.29	Note 2
AECO Technology Co., Ltd.	Teco Enterprise Holding (B.V.I.) Co., Ltd.	Investment company	100.00	100.00	
Teco Enterprise Holding (B.V.I.) Co., Ltd.	AECO Electronic Co., Ltd.	Trading of electronic / electrical products	100.00	100.00	
AECO Electronic Co., Ltd.	AECO Electronic (Ningbo) Co., Ltd.	"	0.00	100.00	Note 16
World Peace International (BVI) Ltd.	Prime Future Technology Limited	Holding company	100.00	100.00	
Prime Future Technology Limited	World Peace International Pte. Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Agent and sales of electronic / electrical components	80.00	80.00	
World Peace International Pte. Ltd.	WPG Americas Inc.	"	4.31	4.31	Note 3
World Peace International Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	Genuine C&C (South Asia) Pte., Ltd.	"	0.00	100.00	Note 13
World Peace International (South Asia) Pte Ltd.	World Peace International (India) Pvt., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) Sdn. Bhd	"	100.00	100.00	
World Peace International (South Asia) Pte Ltd.	WPG C&C (Thailand) Co., Ltd.	Agent and sales of information products	100.00	100.00	Note 4
World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Agent and sales of electronic / electrical components	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
WPI Investment Holding (BVI) Company Ltd.	WPI International (Hong Kong) Limited	Agent and sales of electronic / electrical components	100.00	100.00	
WPI Investment Holding (BVI) Company Ltd.	World Peace International (Asia) Limited	"	100.00	100.00	
WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Agent and sales of information products	100.00	100.00	
WPI International (Hong Kong) Limited	WPG C&C Limited	"	100.00	100.00	
WPI International (Hong Kong) Limited	AIO Components Company Limited	Agent and sales of electronic / electrical components	100.00	100.00	
AIO Components Company Limited	AIO (Shanghai) Components Company Limited	"	100.00	100.00	
Longview Technology Inc.	Longview Technology GC Limited	Holding company	100.00	100.00	
Longview Technology Inc.	Long-Think International Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
Longview Technology GC Limited	Long-Think International (Hong Kong) Limited	Agent and sales of electronic / electrical components	100.00	100.00	
Long-Think International (Hong Kong) Limited	Long-Think International (Shanghai) Limited	"	100.00	100.00	
Silicon Application Corporation	Silicon Application (BVI) Corp.	Holding company	100.00	100.00	
Silicon Application Corporation	Win-Win Systems Ltd.	"	100.00	100.00	
Silicon Application Corporation	SAC Components (South Asia) Pte. Ltd.	Sales of computer software and electronic products	100.00	100.00	
Silicon Application Corporation	Pernas Electronic Co., Ltd.	Agent and sales of electronic / electrical components	100.00	100.00	
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	"	100.00	100.00	

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2017</u>	<u>December 31, 2016</u>	
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	International investment	0.00	100.00	Note 11
Pernas Enterprise (Samoa) Limited	World Components Agent (Shanghai) Inc.	Sales of electronic / electrical products	0.00	100.00	Note 17
Silicon Application (BVI) Corp.	Silicon Application Company Limited	Sales of computer software and electronic products	100.00	100.00	
Silicon Application Company Limited	Dstar Electronic Company Limited	"	100.00	100.00	
WPG Korea Co., Ltd.	Apache Communication Inc. (B.V.I.)	Investment company	100.00	100.00	
Apache Communication Inc. (B.V.I.)	Apache Korea Corp.	Sales of electronic / electrical products	100.00	100.00	
WPG International (CI) Limited	WPG International (Hong Kong) Limited	Holding company	100.00	100.00	
WPG International (CI) Limited	WPG Americas Inc.	Agent and sales of electronic / electrical components	95.69	95.69	Note 3
WPG International (CI) Limited	WPG South Asia Pte. Ltd.	Sales of electronic / electrical products	100.00	100.00	
WPG International (CI) Limited	WPG Cloud Service Limited	General trading	100.00	100.00	
WPG International (CI) Limited	WPG Gain Tune Ltd.	Agent for selling electronic / electrical components	100.00	60.00	Note 12
WPG International (Hong Kong) Limited	WPG Electronics (Hong Kong) Limited	"	100.00	100.00	
WPG International (Hong Kong) Limited	WPG China Inc.	"	100.00	100.00	
WPG International (Hong Kong) Limited	WPG China (SZ) Inc.	Sales of computer software and electronic products	100.00	100.00	
WPG South Asia Pte. Ltd.	WPG Malaysia Sdn. Bhd	Agent and sales of electronic / electrical components	100.00	100.00	
WPG South Asia Pte. Ltd.	WPG (Thailand) Co., Ltd.	"	100.00	100.00	Note 6

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
WPG South Asia Pte. Ltd.	WPG India Electronics Pvt. Ltd.	Agent and sales of electronic / electrical components	99.99	99.99	Note 9
WPG South Asia Pte. Ltd.	WPG Electronics (Philippines) Inc.	"	100.00	100.00	Note 5
WPG South Asia Pte. Ltd.	WPG SCM Limited	"	100.00	100.00	
WPG Malaysia Sdn. Bhd	WPG India Electronics Pvt. Ltd.	"	0.01	0.01	Note 9
Asian Information Technology Inc.	Apache Communication Inc.	Sales of electronic / electrical products	100.00	100.00	
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	"	100.00	100.00	
Asian Information Technology Inc.	Frontek Technology Corporation	"	100.00	100.00	
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	Investment company	100.00	100.00	
Frontek Technology Corporation	Frontek International Limited	Investment company	100.00	100.00	
Fame Hall International Co., Ltd.	AIT Japan Inc.	Sales of electronic / electrical products	100.00	100.00	
Frontek International Limited	AITG Electronic Limited	Sales of electronic / electrical components	100.00	100.00	
Yosun Industrial Corp.	Sertek Incorporated	"	100.00	100.00	
Yosun Industrial Corp.	Suntop Investments Limited	Investment company	100.00	100.00	
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Sales of electronic / electrical components	100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	Sales of electronic / electrical products	100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	"	100.00	100.00	
Mec Technology Co., Ltd.	Mec Technology Co., Limited	"	100.00	100.00	
Mec Technology Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	"	100.00	100.00	

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

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

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

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

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

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

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2017 and 2016, the non-controlling interest amounted to \$536,465 and \$519,568, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

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

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

Summarised financial information of the subsidiaries:

(a) Balance sheets

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

(b) Statements of comprehensive income

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

(c) Statements of cash flows

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

B. Translation of foreign operations

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

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

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

(5) Classification of current and non-current items

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

(6) Cash equivalents

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

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

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

(8) Available-for-sale financial assets

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

(9) Loans and receivables

- A. Accounts receivable
Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable which are non-interest bearing are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- B. Investments in debt instruments without active market
 - (a) Investments in debt instruments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:

- i. Not designated on initial recognition as at fair value through profit or loss;
 - ii. Not designated on initial recognition as available-for-sale;
 - iii. Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.
- (b) On a regular way purchase or sale basis, investments in debt instruments without active market are recognized and derecognized using trade date accounting.
 - (c) Investments in debt instruments without active market are initially recognized at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognized in profit or loss.

(10) Impairment of financial assets

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

instrument below its cost.

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

- (a) Financial assets measured at amortised cost

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

- (b) Financial assets measured at cost

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

- (c) Available-for-sale financial assets

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

(11) Derecognition of financial assets

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

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

financial asset.

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

(12) Inventories

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

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

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

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

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

(14) Property, plant and equipment

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

any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

Buildings and structures	5 ~ 55 years
Transportation equipment	2 ~ 10 years
Office equipment	2 ~ 10 years
Leasehold improvements	2 ~ 15 years
Other property, plant and equipment	3 ~ 10 years

(15) Leases

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

(16) Investment property

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

(17) Intangible assets

A. Goodwill

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

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

(18) Impairment of non-financial assets

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

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

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

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

(20) Notes and accounts payable

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

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

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

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by

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

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

(25) Derivative financial instruments

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

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a) Defined contribution plans

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

b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an

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

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

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

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

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither

accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(28) Dividends

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

(29) Revenue recognition

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

(30) Business combinations

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

(31) Operating segments

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

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

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

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

A. Financial assets-impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset-equity

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

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Group would suffer an additional loss in its financial statements for the year ended December 31, 2017, being the transfer of the accumulated fair value adjustments recognized in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

B. Revenue recognition on a net/gross basis

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

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

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

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

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

B. Assessing uncollectible accounts for doubtful receivables

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

Note: expressed in thousands.

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

(3) Available-for-sale financial assets

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

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

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

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

(4) Notes receivable

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

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

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

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

(5) Accounts receivable

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

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

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

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

Group 2: Customers not belonging to Group 1.

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

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

The above ageing analysis was based on past due date.

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

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

Note: Others included the amounts reclassified to overdue receivables and reversal and decrease of recovery of write-offs of provision for impairment of accounts receivable in prior year amounting to (\$428,494) and \$2,627, respectively.

	<u>2016</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 353,584	\$ 465,233	\$ 818,817
Provision for impairment (Note)	2,742,677	75,916	2,818,593
Write-offs during the year	(186,251)	(2,578)	(188,829)
Effects of foreign exchange	8,750	(29,787)	(21,037)
Others (Note)	<u>1,562</u>	<u>(182,235)</u>	<u>(180,673)</u>
At December 31	<u>\$ 2,920,322</u>	<u>\$ 326,549</u>	<u>\$ 3,246,871</u>

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

(6) Transfer of financial assets

Transferred financial assets that are derecognized in their entirety

The Group entered into factoring of accounts receivable with banks. In accordance with the contract requirements, the Group shall only be liable for the losses incurred on any commercial dispute and did not assume the risk of uncollectible accounts receivable. The Group does not have any continuing involvement in the transferred accounts receivable. The derecognized amounts had already deducted the estimated commercial disputes. The commercial papers and time deposits pledged to the banks are for losses incurred only on commercial disputes or for the banks' practice of accounts receivable factoring. The pledged commercial papers and time deposits do not cover losses other than those arising from commercial disputes. As of December 31, 2017 and 2016, outstanding accounts receivable were as follows:

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

December 31, 2017

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

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

Note 2: The Group has signed commercial papers amounting to USD 166,900 thousand and \$640,000 that were pledged to others as collateral.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

December 31, 2016

<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognized</u>	<u>Facilities (In thousands)</u>	<u>Amount advanced</u>	<u>Interest rate of amount advanced</u>	<u>Pledged assets</u>
Cathay United Bank	\$ 1,383,750	\$ 1,383,750	USD 47,500	\$ 1,383,750	1.54%~2.50%	Note 1
Mega International Commercial Bank	4,395,529	4,395,529	USD 166,900	3,598,146	1.27%~2.46%	Note 2
ANZ Bank	-	-	USD 60,000	-	-	None
CTBC Bank	3,148,440	3,148,440	USD 15,000	1,688,956	1.37%~2.35%	Note 3
			\$ 3,582,000			
E. SUN Commercial Bank	3,095,093	3,095,093	USD 161,500	2,551,250	1.05%~2.15%	Note 4
			\$ 20,000			
Taipei Fubon Commercial Bank	1,815,351	1,815,351	\$ 3,099,300	876,207	1.12%~2.18%	Note 5
Industrial Bank of Taiwan	341,021	341,021	\$ 669,720	-	-	Note 6
Yuanta Commercial Bank	647,253	647,253	USD 25,000	401,120	1.60%~1.75%	Note 7
			\$ 1,400,000			
The Hong Kong and Shanghai Banking Corporation Limited	2,226,489	2,226,489	USD 146,700	2,214,364	1.42%	Note 8
Ta Chong Bank	487,640	487,640	USD 3,500	31,992	1.80%	Note 9
			\$ 914,215			
Standard Chartered Bank	22,732	22,732	USD 60,120	18,918	1.44%~2.03%	None
Taishin International Bank	5,917,168	5,917,168	\$ 9,000,000	972,534	1.17%~2.00%	Note 10
Bank SinoPac	459,475	459,475	USD 44,050	418,008	1.85%	Note 11
			\$ 1,500			
Far Eastern International Bank	150,502	150,502	USD 22,000	73,197	1.64%~2.38%	Note 12
			\$ 400,000			
Chang Hwa Bank	793,082	793,082	USD 50,300	525,449	1.40%~2.18%	Note 13
DBS Bank	958,014	958,014	USD 92,000	919,969	1.08%~2.05%	Note 14
Shin Kong Bank	5,297	5,297	USD 2,250	-	-	Note 15
			\$ 10,000			
Taiwan Cooperative Bank	67,739	67,739	USD 3,000	-	-	Note 16
Hang Seng Bank	2,142,961	2,142,961	USD 88,000	1,938,080	1.46%~1.81%	Note 17
KGI Bank	305,003	305,003	\$ 850,000	301,922	1.40%~1.60%	Note 18

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

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

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

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

(7) Other receivables

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

(8) Inventories

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

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

The cost of inventories recognized as expense for the year:

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

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

<u>Investee company</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Tyche Partners, LP.	\$ 138,217	\$ 138,217
Ability I Venture Capital Corporation	100,000	100,000
CDIB CME Fund Ltd.	100,000	100,000
Thche Partners II, LP.	54,026	-
Ability xisia Capital Corporation	50,000	25,000
Nanjing Sunlord Electronics Corporation Ltd.	45,057	45,570
Silicon Line GmbH	40,851	40,851
DIGITIMES Inc.	33,035	-
M Cube Inc.	30,365	30,365
Chlen Hwa Coating Technology Inc.	20,000	20,000
GEC Technology Hong Kong Company Limited	19,994	19,994
Bettery Energy Technology Inc.	18,000	18,000
Fantasy Story Inc.	15,047	15,047
Liefco Optical Inc.	15,000	15,000
Systemweb Technologies Co., Ltd.	12,600	12,600
Centillion III Venture Capital Corp.	10,500	10,500
SmartDisplayer Technology Co., Ltd.	10,000	10,000
PTR-Tech Technology Co., Ltd.	10,000	10,000
FineMat Applied Materials Co., Ltd.	-	11,941
Others	59,158	56,803
	<u>781,850</u>	<u>679,888</u>
Less: Accumulated impairment	(<u>196,013</u>)	(<u>171,409</u>)
	<u>\$ 585,837</u>	<u>\$ 508,479</u>

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

(10) Investments accounted for under the equity method

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

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

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

As of December 31, 2017 and 2016, the carrying amount of the Group's individually immaterial associates amounted to \$1,253,615 and \$1,132,325, respectively.

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

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

(11) Property, plant and equipment

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

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

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

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

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

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

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

(12) Investment property

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

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

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

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

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

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

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

C. There is no impairment loss on investment property.

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

(13) Intangible assets

	<u>Operating right</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2017</u>					
Cost	\$ 308,230	\$ 228,230	\$ 5,683,269	\$ 69,970	\$6,289,699
Accumulated amortisation and impairment	(306,659)	(185,850)	(131,609)	(65,637)	(689,755)
	<u>\$ 1,571</u>	<u>\$ 42,380</u>	<u>\$ 5,551,660</u>	<u>\$ 4,333</u>	<u>\$5,599,944</u>
<u>Year ended December 31, 2017</u>					
Opening net book amount	\$ 1,571	\$ 42,380	\$ 5,551,660	\$ 4,333	\$5,599,944
Additions-acquired separately	-	14,832	-	-	14,832
Disposals	-	-	-	(400)	(400)
Amortisation charge	(1,571)	(20,458)	-	(3,650)	(25,679)
Effect due to changes in exchange rates	-	(111)	(16,591)	(226)	(16,928)
Closing net book amount	<u>\$ -</u>	<u>\$ 36,643</u>	<u>\$ 5,535,069</u>	<u>\$ 57</u>	<u>\$5,571,769</u>
<u>At December 31, 2017</u>					
Cost	\$ 285,526	\$ 228,039	\$ 5,656,517	\$ 61,668	\$6,231,750
Accumulated amortisation and impairment	(285,526)	(191,396)	(121,448)	(61,611)	(659,981)
	<u>\$ -</u>	<u>\$ 36,643</u>	<u>\$ 5,535,069</u>	<u>\$ 57</u>	<u>\$5,571,769</u>
<u>At January 1, 2016</u>					
Cost	\$ 356,692	\$ 197,776	\$ 5,691,164	\$ 70,730	\$6,316,362
Accumulated amortisation and impairment	(349,467)	(163,070)	(73,646)	(59,025)	(645,208)
	<u>\$ 7,225</u>	<u>\$ 34,706</u>	<u>\$ 5,617,518</u>	<u>\$ 11,705</u>	<u>\$5,671,154</u>
<u>Year ended December 31, 2016</u>					
Opening net book amount	\$ 7,225	\$ 34,706	\$ 5,617,518	\$ 11,705	\$5,671,154
Additions-acquired separately	-	31,482	-	400	31,882
Effect of consolidated entity's movement	-	-	(1,718)	-	(1,718)
Amortisation charge	(6,934)	(23,386)	-	(6,274)	(36,594)
Impairment loss	-	-	(59,231)	-	(59,231)
Effect due to changes in exchange rates	1,280	(422)	(4,909)	(1,498)	(5,549)
Closing net book amount	<u>\$ 1,571</u>	<u>\$ 42,380</u>	<u>\$ 5,51,660</u>	<u>\$ 4,333</u>	<u>\$5,599,944</u>
<u>At December 31, 2016</u>					
Cost	\$ 308,230	\$ 228,230	\$ 5,683,269	\$ 69,970	\$6,289,699
Accumulated amortisation and impairment	(306,659)	(185,850)	(131,609)	(65,637)	(689,755)
	<u>\$ 1,571</u>	<u>\$ 42,380</u>	<u>\$ 5,551,660</u>	<u>\$ 4,333</u>	<u>\$5,599,944</u>

The details of amortisation charge are as follows:

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

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

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Yosun subgroup	\$ 3,643,587	\$ 4,711,379
World Peace subgroup	1,647,199	595,998
Others	<u>244,283</u>	<u>244,283</u>
	<u>\$ 5,535,069</u>	<u>\$ 5,551,660</u>

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

Except for goodwill arising from investing in World Peace Industrial Co., Ltd.'s indirect subsidiaries - Long-Think International (Shanghai) Limited and Genuine C&C (South Asia) Pte Ltd. which incurred impairment loss of \$59,231 as the estimated recoverable amount was lower than the carrying amount, in 2016, the remaining goodwill was not impaired as the recoverable amount calculated using the value-in-use exceeded the carrying amount. The key assumptions used for value-in-use calculations are gross margin, growth rate and discount rate.

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

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

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

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

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

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

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

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

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

(16) Short-term borrowings

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

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

(17) Short-term notes and bills payable

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

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

(18) Bonds payable

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

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

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

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

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

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

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

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

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

bonds totaling \$4,900 at face value, the Company redeemed the bonds in cash accordingly.
D. The amortisation of discount on bonds payable was \$20,723 and \$72,461 for the years ended December 31, 2017 and 2016, respectively.

(19) Long-term borrowings

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

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

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

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

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

Note 2: AIT Japan Inc., the Company's indirect subsidiary, had entered into a long-term loan agreement for a period of ten years with the Daiwa Bank, Limited on March 28, 2012, and the facility is JPY 250,000,000. The pledged assets are land, and furniture and fixtures, which amount to \$66,668 and \$67,133, respectively. The principal should be repaid in equal monthly installments (totaling 114 months) of JPY 2,193,000 from October 31, 2012 and the last monthly installment will be JPY 2,191,000.

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

follows:

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

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

Note 4: Silicon Application Corporation, the Company's subsidiary, had entered into a syndicated borrowing agreement with Mega International Commercial Bank and other financial institutions on November 27, 2014. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility is \$2,400,000, could be multiple drawdowns or revolving, however the total amount at any time cannot exceed the facility amount.

- (c) Repayment: For each drawdown, the principal and the interest payable must be repaid in full at the end of that specific drawdown's term. At the end of the contract term, the principal, interest payable and any related expense of each drawdown must be repaid in full.
- (d) Loan covenant: During the contract term, Silicon Application Corporation is required to maintain financial ratios as follows: the liquidity ratio should not be less than 100%, debt ratio should not be higher than 220%, time interest earned ratio should not be less than 3 and net value (net intangible assets) should be maintained at or above \$3,000,000.

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

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

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility is \$2,600,000, could be multiple drawdowns or revolving, however the total amount at any time cannot exceed the facility amount.
- (c) Repayment: For each drawdown, the principal and the interest payable must be repaid in full at the end of that specific drawdown's term. At the end of the contract term, the principal, interest payable and any related expense of each drawdown must be repaid in full.
- (d) Loan covenant: During the contract term, Silicon Application Corporation is required to maintain financial ratios as follows: the liquidity ratio should not be less than 100%, debt ratio should not be higher than 220%, time interest earned ratio should not be less than 3 and net value (net intangible assets) should be maintained at or above \$3,000,000.

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

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

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

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

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

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

Note 7: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), had entered into a syndicated borrowing agreement with Hua Nan Commercial Bank, Mizuho Corporate Bank, E. SUN Commercial Bank, Taiwan Cooperative Bank, Chang Hwa Commercial Bank, Far Eastern International Bank and other financial institutions on August 31, 2017. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown
- (b) Facility and drawdown: The facility must be less than \$7,200,000. Each drawdown amount must be no less than \$100,000 or USD 3 million. The repayment period could be 30 or 180 days: One month at the least and six months at the most.
- (c) Repayment: For each drawdown, the principal and interest must be repaid in full

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

- (d) Loan covenant: World Peace Industrial Co., Ltd. is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 250%, time interest earned ratio should not be less than 2.5 and net value (net intangible assets) should not be less than \$10,000,000.

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

Note 8: The Company's subsidiary, Asian Information Technology Inc., and indirect subsidiary, Frontek Technology Corporation, had entered into long-term loan agreements for a period of two years with Yuanta Commercial Bank in May 2014 and December 2014 with facilities of \$400,000 and \$300,000, respectively. Payment terms are the following: monthly interest payments, principal is payable upon maturity, and loans can be drawdown or repaid at any time during the term of the contract.

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

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

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

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

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

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

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

Note 10: The Company's subsidiary, World Peace Industrial Co., Ltd. (WPI), had entered into a long-term loan agreement with The Bank of Tokyo-Mitsubishi UFJ on September 23, 2016. The terms and conditions of the contract were as follows:

- (a) Contract term: Within three years from the first drawdown.
- (b) Facility and drawdown: The facility must be less than \$700,000,000. This pertains to a revolving loan facility of World Peace Industrial Co., Ltd., the Company's subsidiary, wherein the principal amount can be renewed after the corresponding interest is paid, and payment of the existing loan can be repaid by the new loan. If the amounts equal, then the banks would not make a procedure of remittance and loan.
- (c) Repayment: For each drawdown, the principal must be repaid in full at the end of each drawdown's term. Interests shall be paid quarterly.
- (d) Loan covenant: The subsidiary - World Peace Industrial Co., Ltd. (WPI) is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 200%, time interest earned ratio should not be less than 2.5, net value (net intangible assets) should not be less than \$10,000,000 and the ratio of liability divided by earnings before interest, taxes, depreciation and amortization (EBITDA) should not be higher than 10. If the covenants are not met, right to drawdown is immediately terminated, and the lead bank can decide to take the following actions:
 - a. Rescind part or all of the undrawn facility;

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

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

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

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

(20) Pensions

A. Defined benefit plans

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

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

Pension benefits are based on the number of units accrued and the remuneration per unit ratified during the appointed period.

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

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

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

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

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

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Discount rate	<u>1.1%~1.3%</u>	<u>1.4%~1.7%</u>
Future salary increases	<u>2.00%~4.00%</u>	<u>2.00%~4.00%</u>

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

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 are \$15,918.

(g) As of December 31, 2017, the weighted average duration of that retirement plan is 11~17 years.

B. Defined contribution plans

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

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

(c) The pension costs of the Group under the defined contribution pension plans for the years ended December 31, 2017 and 2016 were \$326,999 and \$344,893, respectively.

(21) Share capital

As of December 31, 2017, the Company's authorized capital was \$20,000,000 (including \$500,000 for stock options, convertible preferred stock and convertible bonds), and the paid-in capital was \$18,250,618 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (in thousands of shares) for the years ended December 31, 2017 and 2016 are as follows:

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

(22) Capital surplus

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

B. Details of capital surplus - stock options are provided in Note 6 (18).

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

2016

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

(23) Retained earnings

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

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

B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of earnings for 2016 and 2015 had been resolved at the stockholders' meeting on June 19, 2017 and June 22, 2016, respectively. Details are summarized below:

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

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

E. As of March 27, 2018, the appropriation of earnings for the year ended December 31, 2017 has not yet been proposed by the Board of Directors and resolved by the shareholders.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(30).

(24) Other equity items

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

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

(25) Operating revenue

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

(26) Other income

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

(27) Other gains and losses

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

(28) Finance costs

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

(29) Additional information of expenses by nature

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

(30) Employee benefit expense

	Years ended December 31,	
	2017	2016
Wages and salaries	\$ 6,621,815	\$ 5,982,991
Labor and health insurance fees	335,341	333,281
Pension costs	344,204	365,394
Other personnel expenses	238,105	247,696
	<u>\$ 7,539,465</u>	<u>\$ 6,929,362</u>

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

B. For the years ended December 31, 2017 and 2016, employees' compensation was accrued at \$24,392 and \$20,892, respectively; while directors' and supervisors' remuneration was accrued at \$42,000 and \$30,000, respectively. The aforementioned amounts were recognized in salary expenses.

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

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

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

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

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

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

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

Year ended December 31, 2016

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

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Deductible temporary differences	<u>\$ 46,363</u>	<u>\$ 277,720</u>
Tax losses	<u>\$ 1,775,412</u>	<u>\$ 2,201,306</u>

The deductible temporary differences belong to overseas subsidiaries that cannot be realised as deferred tax assets in the near future.

E. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

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

Unappropriated retained earnings on December 31, 2016:

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

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

(32) Earnings per share

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

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

(33) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

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

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

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

December 31, 2016 is shown below:

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

(34) Supplemental cash flow information

A. Partial payment of cash from investing activities

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

B. Financing activities with no cash flow effects

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

C. Information on the cash flows of subsidiary disposed:

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

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

Note 2: As the Company sold certain shares in VITEC WPG Limited, the Company lost control over VITEC WPG Limited and accordingly, accounted for its investment in VITEC WPG Limited using equity method.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Names of related parties and relationship

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

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

(3) Significant transactions and balances with related parties

A. Operating revenues

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

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

B. Purchases

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

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

C. Receivables from related parties

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

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

D. Other receivables

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

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

E. Payables to related parties

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

The payables to related parties arise mainly from purchases of goods. The payables are due 30 to 90 days after the date of purchase. The payables are unsecured in nature and bear no interest.

F. Property transactions — acquisition of financial assets

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

G. Endorsements and guarantees provided to related parties

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

H. Others

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

(4) Key management compensation

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

8. PLEDGED ASSETS

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

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

(1) Contingencies

None.

(2) Commitments

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

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

B. Operating lease

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

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

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

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Fair value information of financial instruments

(a) The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other financial assets, refundable deposits, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables, long-term borrowings - current portion, bonds payable, long-term borrowings and deposits received) are approximate to their fair value. Fair value information of financial instruments measured at fair value is provided in Note 12(3).

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

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

B. Financial risk management policies

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

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

December 31, 2017

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

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

- v. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2017 and 2016 amounted to \$442,060 and \$67,925, respectively.

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

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

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

Price risk

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2017 and 2016 would have increased/decreased by \$0 and \$207, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$5,213 and \$3,551 as a result of gains/losses on equity securities classified as available-for-sale, respectively.

Interest rate risk

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

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

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

(b) Credit risk

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

(c) Liquidity risk

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

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

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

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

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

Derivative financial liabilities:

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

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

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(12).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

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

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

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

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

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

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

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

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

E. Because the trading amount of the investment in Sunlux Energy Corporation was assessed to be unsteady and underperforming, the Group transferred the fair value from Level 1 to Level 2 in the first quarter of 2017.

F. The following chart is the movement of Level 3 for the years ended December 31, 2017 and 2016:

	2017	2016
At January 1	\$ 50,636	\$ 63,112
Capital reduction	(4,507)	-
Disposals	(32,944)	-
Effect of foreign exchange	(1,994)	(12,476)
At December 31	\$ 11,191	\$ 50,636

G. For the years ended December 31, 2017 and 2016, there was no transfer into or out from Level 3.

H. Finance and accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of

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

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

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

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

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Equity investment without active market	\$ 50,636	Net asset value method	Net asset value		- The higher the net asset value, the higher the fair value

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

			December 31, 2017			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 112	\$ 112

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

13. SUPPLEMENTARY DISCLOSURES

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

(1) Significant transactions information

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

(2) Information on investee companies

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

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

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

14. OPERATING SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

(3) Reconciliation for segment income (loss)

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

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

Year ended December 31, 2017:

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

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

Year ended December 31, 2016:

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

(4) Information on product and service

The Group is mainly engaged in the import and export of electronic components. Revenues consist as follows:

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

(5) Geographical information

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

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

(6) Major customer information

No single customer contributes more than 10% of the Group's total consolidated operating revenues for the years ended December 31, 2017 and 2016.

WPG Holdings Limited and Subsidiaries

Loans to others

Year ended December 31, 2017

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 10% of the creditor's net assets.

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

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

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

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

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

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

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

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

Note 9: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

- (1) For business transaction to the creditor, the individual limit should not exceed 10% of the Company's net assets and the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
- (2) For short-term financing, financing activities to a single company should not be in excess of 40% of creditor's net assets. Limit on total loans to a single party is 40% of creditor's net assets.

Note 10: The column of 'Nature of loan' shall fill in 1. 'Business transaction or 2. 'Short-term financing'.

Note 11: Genuine Trading (Hong Kong) Company Limited had disposed all shares of Hubei Xinsheng Technology Investment Management Co., Ltd. on August 1, 2016. Hubei Xinsheng Technology Investment Management Co., Ltd. wasn't non-related party until August 1, 2016.

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

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

Note 3: An affiliate.

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

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

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

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

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

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

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

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

WPG Holdings Limited and Subsidiaries

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

Year ended December 31, 2017

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

WPG Holdings Limited and Subsidiaries

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

Year ended December 31, 2017

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note 1: It was the date of contract.

WPG Holdings Limited and Subsidiaries

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

Year ended December 31, 2017

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

Table 6, Page 16

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

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

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

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

Note 5: Similar to third parties.

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

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

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

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

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

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 7: Mainly accrued financing charges.

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

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

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

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

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

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

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

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

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

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

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

Note 4: A subsidiary.

Note 5: An indirect subsidiary.

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

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

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

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

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

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

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

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

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

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

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2017 AND 2016

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

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of WPG Holdings Limited

Opinion

We have audited the accompanying parent company only balance sheets of WPG Holdings Limited (the “Company”) as at December 31, 2017 and 2016, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

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

Key audit matters

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

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

Impairment assessment of investments accounted for under equity method

Description

Refer to Note 4(9) for accounting policy on investments accounted for under equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for under equity method, and Note 6(4) for details of investments accounted for under equity method.

In 2010, the Company acquired 100% shareholding of Yosun Industrial Corp. (referred herein as “Yosun Industrial”) amounting to \$12,939,060 thousand, and was recognized as investments accounted for under equity method. The Company uses the estimated future cash flows of each cash-generating unit and proper discount rate to assess whether the investment may be impaired. Given that the assumptions used in the calculation of recoverable amount requires significant management judgement with respect to the discount rate and the underlying cash flows, we consider impairment assessment of the investment a key audit matter.

How our audit addressed the matter

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

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

Impairment assessment of investments accounted for under equity method

Description

Refer to Note 4(9) for accounting policy on investments accounted for under equity method, and Note 6(4) for details of investments accounted for under equity method.

As at December 31, 2017, the balance of the Company's investments in its subsidiaries, World Peace Industrial Co., Ltd. (referred herein as "World Peace Industrial"), Yosun Industrial, Silicon Application Corp. (referred herein as "Silicon Application") and Asian Information Technology Inc. (referred herein as "Asian Information Technology") amounted to \$21,640,517 thousand, \$14,017,253 thousand, \$6,127,250 thousand and \$4,908,510 thousand, respectively, and the investment income amounted to \$3,528,548 thousand, \$944,589 thousand, \$806,996 thousand and \$1,147,823 thousand, respectively for the year then ended. As the balance of investments accounted for under equity method constituted 85% of the Company's total assets, and investment income constituted 88% of the Company's profit before tax, we consider the assessment of investments accounted under using equity method, valuation of allowance for uncollectible accounts receivable, and recognition of purchase discounts and allowances of these subsidiaries as key audit matters as summarized below:

Valuation of allowance for uncollectible accounts receivable - World Peace Industrial, Yosun Industrial, Silicon Application and Asian Information Technology (collectively referred herein as the "Subsidiaries")

Description

Refer to Note 4(9) of consolidated financial statements for accounting policy on accounts receivable, Note 5(2) of consolidated financial statements for uncertainty of accounting estimates and assumptions in relation to provision for uncollectible accounts receivable, and Note 6(5) of consolidated financial statements for details of accounts receivable and overdue receivables.

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

How our audit addressed the matter

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

1. Obtaining an understanding of, and evaluating the formal approval process for the customer's

credit limit application.

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

Recognition of purchase discounts and allowances - subsidiaries

Description

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

The Subsidiaries are engaged in operating sales channel for various electronic components. In line with industry practice, the Subsidiaries have entered into purchase discounts and allowances agreements with suppliers for various kinds and quantities of inventories. The Subsidiaries calculate and recognize the amount of purchase discounts and allowances in accordance with the agreement. The Subsidiaries negotiate the amount with the supplier, and after receiving credit note from supplier, the Subsidiaries pay the net amount.

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

How our audit addressed the matter

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

1. Understanding the process in recognizing purchase discounts and allowances, evaluating related internal control procedures and testing its effectiveness, checking the basic information set up in the computer system with respect to discount and allowance calculation randomly, and selecting

samples to determine whether purchase discounts and allowances recognized were reviewed by an authorized supervisor.

2. Selecting samples of purchase discounts and allowances, obtaining confirmed documents and approved credit note from supplier for selected commodity's part number, and checking whether the part number and discount and allowance amount in obtained vouchers were consistent with the amounts recognized.
3. Performing confirmation of selected material accounts payable, checking whether there is a difference between the amount of purchase discounts and allowances recognized based on credit note from supplier with the amount confirmed by the supplier, and investigating differences, if any. Selecting samples of outstanding accounts payable and checking whether subsequent payments were made after the balance sheet date.

Responsibilities of management and those charged with governance for financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

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

Chou Tseng, Hui-Chin

Lin, Chun-Yao

for and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 2018

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.

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

Assets	Notes	December 31, 2017		December 31, 2016		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 30,225	-	\$ 33,676	-
1180	Accounts receivable - related parties, net	7(3)	32,958	-	9,165	-
1200	Other receivables		55	-	55	-
1210	Other receivables - related parties	7(3)	186,066	-	295,002	1
1410	Prepayments		13,528	-	12,785	-
1470	Other current assets		489	-	499	-
11XX	Total current assets		<u>263,321</u>	<u>-</u>	<u>351,182</u>	<u>1</u>
Non-current assets						
1523	Available-for-sale financial assets - non-current	6(2)	108,710	-	-	-
1543	Financial assets carried at cost - non-current	6(3)	380,458	1	310,032	1
1550	Investments accounted for under equity method	6(4) and 8	52,715,433	96	54,845,435	97
1600	Property, plant and equipment	6(5)	938,726	2	25,097	-
1760	Investment property, net	6(6) and 8	720,620	1	726,089	1
1780	Intangible assets	6(7)	16,273	-	18,969	-
1840	Deferred income tax assets	6(24)	10,133	-	15,930	-
1900	Other non-current assets		10	-	10	-
15XX	Total non-current assets		<u>54,890,363</u>	<u>100</u>	<u>55,941,562</u>	<u>99</u>
1XXX	Total assets		<u>\$ 55,153,684</u>	<u>100</u>	<u>\$ 56,292,744</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2017		December 31, 2016		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 1,745,000	3	\$ 660,000	1
2110	Commercial papers payable	6(10)	729,604	1	899,333	2
2150	Notes payable		1,018	-	1,547	-
2200	Other payables		250,985	1	221,418	-
2220	Other payables - related parties	7(3)	124,205	-	125,811	-
2230	Current income tax liabilities		240,695	1	448,830	1
2300	Other current liabilities	6(11)(12)	55,395	-	3,603,259	7
21XX	Total current liabilities		<u>3,146,902</u>	<u>6</u>	<u>5,960,198</u>	<u>11</u>
Non-current liabilities						
2540	Long-term borrowings	6(12) and 8	404,903	1	453,118	1
2570	Deferred income tax liabilities	6(24)	52,132	-	45,124	-
2600	Other non-current liabilities	6(13)	30,774	-	36,423	-
25XX	Total non-current liabilities		<u>487,809</u>	<u>1</u>	<u>534,665</u>	<u>1</u>
2XXX	Total liabilities		<u>3,634,711</u>	<u>7</u>	<u>6,494,863</u>	<u>12</u>
Equity						
Capital						
3110	Share capital - common stock	6(14)	18,250,618	33	17,238,954	30
3130	Certificates of bond-to-stock conversion		-	-	2,938	-
Capital surplus						
3200	Capital surplus	6(15)	19,569,525	35	16,901,053	30
Retained earnings						
3310	Legal reserve	6(16)	4,544,073	8	4,012,785	7
3350	Unappropriated earnings		13,279,694	24	10,734,088	19
Other equity interest						
3400	Other equity interest	6(17)	(4,124,937)	(7)	908,063	2
3XXX	Total equity		<u>51,518,973</u>	<u>93</u>	<u>49,797,881</u>	<u>88</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 55,153,684</u>	<u>100</u>	<u>\$ 56,292,744</u>	<u>100</u>

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

WPG HOLDINGS LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	2017		2016	
		Amount	%	Amount	%
4000 Operating revenues	6(18) and 7(3)	\$ 7,983,324	100	\$ 6,062,201	100
5000 Operating costs	6(5)(7)(22)(23) and 7(3)	(584,625)	(7)	(542,386)	(9)
5900 Gross profit		<u>7,398,699</u>	<u>93</u>	<u>5,519,815</u>	<u>91</u>
Non-operating income and expenses					
7010 Other income	6(6)(19)	22,693	-	21,157	-
7020 Other gains or losses	6(20)	(18,075)	-	(17,753)	-
7050 Financial costs	6(21)	(47,908)	(1)	(106,812)	(2)
7000 Total non-operating income and expenses		<u>(43,290)</u>	<u>(1)</u>	<u>(103,408)</u>	<u>(2)</u>
7900 Income before income tax		7,355,409	92	5,416,407	89
7950 Income tax expense	6(24)	(47,422)	-	(103,532)	(2)
8200 Profit for the year		<u>\$ 7,307,987</u>	<u>92</u>	<u>\$ 5,312,875</u>	<u>87</u>
Other comprehensive income / (loss), net					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Loss on remeasurement of defined benefit plan	6(13)	(\$ 3,225)	-	(\$ 4,057)	-
8330 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss		(49,889)	(1)	(62,549)	(1)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	<u>548</u>	<u>-</u>	<u>690</u>	<u>-</u>
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		<u>(52,566)</u>	<u>(1)</u>	<u>(65,916)</u>	<u>(1)</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(107,910)	(1)	(265,863)	(4)
8362 Unrealized gain (loss) on available-for-sale financial assets	6(17)	23,363	-	-	-
8380 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive loss that will be reclassified to profit or loss		(4,944,508)	(62)	(1,425,047)	(24)
8399 Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	6(24)	(3,945)	-	45,197	1
8360 Components of other comprehensive loss that will be reclassified to profit or loss		<u>(5,033,000)</u>	<u>(63)</u>	<u>(1,645,713)</u>	<u>(27)</u>
8300 Other comprehensive loss, net		<u>(\$ 5,085,566)</u>	<u>(64)</u>	<u>(\$ 1,711,629)</u>	<u>(28)</u>
8500 Total comprehensive income		<u>\$ 2,222,421</u>	<u>28</u>	<u>\$ 3,601,246</u>	<u>59</u>
Earnings per share (In dollars)					
9750 Basic earnings per share	6(25)	<u>\$ 4.10</u>		<u>\$ 3.18</u>	
9850 Diluted earnings per share	6(25)	<u>\$ 4.01</u>		<u>\$ 2.96</u>	

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

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

	Notes	Capital			Retained Earnings		Other Equity Interest			Total equity
		Common stock	Certificates of bond conversion	Capital reserve	Legal reserve	Unappropriated earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	
2016										
Balance at January 1, 2016		\$ 16,557,092	\$ -	\$ 15,187,178	\$ 3,470,739	\$ 10,002,877	\$ 2,574,750	(\$ 20,974)	(\$ 1,242)	\$ 47,770,420
Appropriations of 2015 net income (Note 1)	6(16)									
Legal reserve		-	-	-	542,046	(542,046)	-	-	-	-
Cash dividends		-	-	-	-	(3,973,702)	-	-	-	(3,973,702)
Change in capital reserve	6(15)	-	-	158	-	-	-	-	-	158
Disposal of company's share by subsidiaries recognized as treasury share transactions	6(15)	-	-	(5)	-	-	-	-	1,242	1,237
Exercise of convertible bonds	6(11)(14) (26)	681,862	2,938	1,713,722	-	-	-	-	-	2,398,522
Net income		-	-	-	-	5,312,875	-	-	-	5,312,875
Other comprehensive income (loss)		-	-	-	-	(65,916)	(1,656,599)	10,886	-	(1,711,629)
Balance at December 31, 2016		<u>\$ 17,238,954</u>	<u>\$ 2,938</u>	<u>\$ 16,901,053</u>	<u>\$ 4,012,785</u>	<u>\$ 10,734,088</u>	<u>\$ 918,151</u>	<u>(\$ 10,088)</u>	<u>\$ -</u>	<u>\$ 49,797,881</u>
2017										
Balance at January 1, 2017		\$ 17,238,954	\$ 2,938	\$ 16,901,053	\$ 4,012,785	\$ 10,734,088	\$ 918,151	(\$ 10,088)	\$ -	\$ 49,797,881
Appropriations of 2016 net income (Note 2)	6(16)									
Legal reserve		-	-	-	531,288	(531,288)	-	-	-	-
Cash dividends		-	-	-	-	(4,178,311)	-	-	-	(4,178,311)
Change in capital reserve	6(15)	-	-	112,053	-	-	-	-	-	112,053
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	-	(216)	-	-	-	(216)
Exercise of convertible bonds	6(11)(14) (26)	1,011,664	(2,938)	2,556,419	-	-	-	-	-	3,565,145
Net income		-	-	-	-	7,307,987	-	-	-	7,307,987
Other comprehensive income (loss)		-	-	-	-	(52,566)	(5,172,430)	139,430	-	(5,085,566)
Balance at December 31, 2017		<u>\$ 18,250,618</u>	<u>\$ -</u>	<u>\$ 19,569,525</u>	<u>\$ 4,544,073</u>	<u>\$ 13,279,694</u>	<u>(\$ 4,254,279)</u>	<u>\$ 129,342</u>	<u>\$ -</u>	<u>\$ 51,518,973</u>

Note 1: The directors' and supervisors' remuneration in the amount of \$30,000 and employees' compensation in the amount of \$12,238 have been deducted in the income statement for 2015 and the difference in employees' compensation by \$8,654 was adjusted in the income statement for the year ended December 31, 2016.

Note 2: The directors' and supervisors' remuneration in the amount of \$30,000 and employees' compensation in the amount of \$11,080 have been deducted in the income statement for 2016 and the difference in employees' compensation by \$9,812 was adjusted in the income statement for the year ended December 31, 2017.

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

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

	Notes	2017	2016
<u>Cash flows from operating activities</u>			
Income before income tax		\$ 7,355,409	\$ 5,416,407
Adjustments to reconcile net income to net cash provided by operating activities:			
Income and expenses			
Depreciation	6(22)	21,091	24,116
Amortization	6(22)	9,892	8,959
Impairment loss	6(8)(20)	8,600	7,985
Interest expense	6(21)	29,576	29,754
Interest income	6(19)	(86)	(157)
Dividend income	6(19)	(1,291)	-
Share of profit of associates and joint ventures accounted for under the equity method		(7,377,808)	(5,466,609)
Loss on disposal of property, plant and equipment	6(20)	91	-
Amortization of bond discount	6(11)(21)	20,723	72,461
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable - related parties, net		(23,793)	57,595
Other receivables		78	759
Other receivables - related parties		571,582	586,483
Prepayments		(743)	1,910
Other current assets		10	3,523
Changes in operating liabilities			
Notes payable		(529)	1,547
Other payables		49,386	5,708
Other payables - related parties		(1,606)	3,159
Other current liabilities		(194)	(555)
Other non-current liabilities		(8,874)	(403)
Cash inflow generated from operations		651,514	752,642
Interest paid		(52,061)	(30,201)
Income tax paid		(708,876)	(753,038)
Interest received		86	157
Dividends received		4,715,063	5,251,968
Net cash provided by operating activities		4,605,726	5,221,528

(Continued)

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

	Notes	2017	2016
<u>Cash flows from investing activities</u>			
Acquisition of financial assets carried at cost		(\$ 79,026)	(\$ 74,853)
Acquisition of investments accounted for under the equity method	7(3)	(197,702)	(5,000)
Acquisition of property, plant and equipment	6(26)	(927,855)	(17,093)
Acquisition of intangible assets	6(26)	(6,017)	(17,961)
Decrease in refundable deposits		-	3,105
Decrease in prepayments for equipment		-	7,500
Acquisition of available-for-sale financial assets - non-current		(85,347)	-
Proceeds from liquidation of investments accounted for using equity method		<u>1,271</u>	<u>-</u>
Net cash used in investing activities		<u>(1,294,676)</u>	<u>(104,302)</u>
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings		17,460,000	12,425,000
Decrease in short-term borrowings		(16,375,000)	(13,631,000)
Increase in commercial papers payable		3,914,840	5,949,333
Decrease in commercial papers payable		(4,084,569)	(5,949,665)
Increase in other payables - related parties		110,000	150,000
Decrease in other payables - related parties		(110,000)	(40,000)
Decrease in long-term borrowings (including current portion of long-term borrowings)		(46,561)	(41,997)
Distribution of cash dividends	6(16)	(4,178,311)	(3,973,702)
Repayment of convertible bonds	6(11)	<u>(4,900)</u>	<u>-</u>
Net cash used in financing activities		<u>(3,314,501)</u>	<u>(5,112,031)</u>
Net (decrease) increase in cash and cash equivalents		(3,451)	5,195
Cash and cash equivalents at beginning of year		<u>33,676</u>	<u>28,481</u>
Cash and cash equivalents at end of year		<u>\$ 30,225</u>	<u>\$ 33,676</u>

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

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

1. HISTORY AND ORGANIZATION

- (1) WPG Holdings Limited (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date. After restructuring, Richpower Electronic Devices Co., Ltd. became the Company's subsidiary on January 1, 2008. The Company acquired Pernas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology 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., 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 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. On September 1, 2017, the stock swap between Trigold Holdings Limited (Trigold) and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. On the same day, Trigold was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC. The Company owned 60.5% equity of Trigold after the stock swap.
- (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, 2017, the Company had issued capital of \$18,250,618 with a par value of \$10 (in dollars) per share.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 27, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

New standards, interpretations and amendments as endorsed by FSC effective from 2018 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealized losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

A. IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before

impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

- (c) When adopting the new standards endorsed by the FSC effective from 2018, the Company will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. The adoption has no significant quantitative impact based on the Company's assessment.

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

- (a) IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price.

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

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

- (b) When adopting the new standards endorsed by the FSC effective from 2018, the Group expects to adopt IFRS 15 using the modified retrospective approach. The adoption has no significant quantitative impact based on the Company's assessment.

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

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

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

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

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

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

B. IFRS 16, 'Leases'

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

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

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

D. Annual improvements to IFRSs 2015-2017 cycle

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These parent company only financial statements are prepared by the Company in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

(2) Basis of preparation

A. Except for the following item, these parent company only 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 parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(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 realized, 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 realized 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) 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'.

(7) 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 amortized 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.

(8) 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:

(a) 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.

(b) 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 recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(9) Derecognition of financial assets

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

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

(10) Investments accounted for under the equity method / subsidiaries

- A. 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.
- B. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries have been offset.
- C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a

subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

- D. Pursuant to the “Rules Governing the Preparation of Financial Statements by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(11) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Property, plant and equipment are initially recorded at cost.
- C. 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.
- D. 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.
- E. 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

(12) Operating leases

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

(13) 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.

(14) Intangible assets

Intangible assets are software which are amortized on a straight-line basis over the estimated useful life of 3 years.

(15) 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 amortized historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized 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.

(17) 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.

(18) 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 realize the asset and settle the liability simultaneously.

(19) Financial liabilities and equity instruments

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

- A. Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortized 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 amortized 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 - share options at the residual amount of total issue price less amount of 'bonds payable - net' as stated above. Conversion options are not subsequently remeasured.
- 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 - share options.

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

sheet date of a currency and term consistent with currency and term of the employment benefit obligation.

- ii. Remeasurement arising on defined benefit plan is recognised in other comprehensive income in the period in which they arise and is recorded as retained earnings.

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

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

(21) 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 realized 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, unrecognized 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 realize the asset and settle the liability simultaneously.

(22) Dividends

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

(23) Revenue recognition

- A. The Company's main business is to manage investees. When services rendered can be reasonably estimated, revenue is recognised by reference to the stage of completion at the balance sheet date.
- B. When services rendered cannot be reasonably estimated, possibility of cost recovery is considered when recognising revenue. If it is possible to recover the cost incurred, the Company shall recognise revenue to the extent of the estimated recoverable cost that has been incurred; if it is not possible to recover the cost incurred, the Company shall not recognise revenue and shall recognise costs incurred as expense during the period.

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

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

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

Financial assets-impairment of equity investments

The Company follows the guidance of IAS 39 to determine whether a financial asset-equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the

fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Company would suffer a loss in its 2017 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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Checking accounts	\$ 43	\$ 43
Demand deposits	29,753	32,573
Foreign currency deposits	429	1,060
	<u>\$ 30,225</u>	<u>\$ 33,676</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) Available-for-sale financial assets

<u>Investee companies</u>	<u>December 31, 2017</u>
Non-current items:	
Vitec Holdings Co., Ltd.	\$ 85,347
Valuation adjustment	23,363
	<u>\$ 108,710</u>

December 31, 2016: None.

A. The Company recognised \$23,363 in other comprehensive income for fair value change and reclassified \$0 from equity to profit or loss for the year ended December 31, 2017.

B. The Company did not invest in debt instruments classified as available-for-sale financial

assets.

C. As of December 31, 2017, no available-for-sale financial assets was pledged to others as collateral.

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

Investee company	December 31, 2017	December 31, 2016
Ability I Venture Capital Corporation	\$ 80,000	\$ 80,000
CDIB CME Fund Ltd.	80,000	80,000
Ability Asia Capital Corporation	50,000	25,000
Tyche Partners, L.P.	138,217	138,217
Tyche Partners, II, L.P.	54,026	-
	402,243	323,217
Less: Accumulated impairment	(21,785)	(13,185)
	\$ 380,458	\$ 310,032

A. As of December 31, 2017 and 2016, 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(8).

(4) Investments accounted for under the equity method

	December 31, 2017	December 31, 2016
World Peace Industrial Co., Ltd.	\$ 21,640,217	\$ 20,412,332
Yosun Industrial Corp.	14,017,253	17,121,577
Silicon Application Corp.	6,127,250	6,347,038
Asian Information Technology Inc.	4,908,510	5,993,227
WPG International (CI) Limited	4,393,820	3,559,316
WPG Investment Co., Ltd.	422,007	457,335
Genuine C&C Inc. (Note 1)	-	505,693
Trigold Holdings Ltd. (Note 1)	722,912	-
WPG Korea Co., Ltd.	434,753	396,806
WPG Electronics Ltd.	48,711	50,339
WPG Core Investment Co., Ltd. (Note 2)	-	1,772
	\$ 52,715,433	\$ 54,845,435

Note 1: On the effective date of September 1, 2017, the stock swap between Trigold Holdings Ltd. and the shareholders who previously owned Genuine C&C, Inc. was conducted at

a stock swap ratio of 1:1. On the same day, Trigold Holdings Ltd. was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC.

Note 2: WPG Core Investment Co., Ltd. completed liquidation in December 2017.

Details of the Company's subsidiaries are provided in Note 4(3) in the Company's 2017 consolidated financial statements.

(5) Property, plant and equipment

	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Unfinished construction and under acceptance</u>	<u>Total</u>
<u>At January 1, 2017</u>				
Cost	\$ 143,397	\$ 43,495	\$ -	\$ 186,892
Accumulated depreciation	(129,021)	(32,774)	-	(161,795)
	<u>\$ 14,376</u>	<u>\$ 10,721</u>	<u>\$ -</u>	<u>\$ 25,097</u>
<u>2017</u>				
Opening net book amount	\$ 14,376	\$ 10,721	\$ -	\$ 25,097
Additions	29,395	1,217	898,730	929,342
Disposals	(17)	(74)	-	(91)
Depreciation charge	(11,608)	(4,014)	-	(15,622)
Closing net book amount	<u>\$ 32,146</u>	<u>\$ 7,850</u>	<u>\$ 898,730</u>	<u>\$ 938,726</u>
<u>At December 31, 2017</u>				
Cost	\$ 143,578	\$ 20,742	\$ 898,730	\$ 1,063,050
Accumulated depreciation	(111,432)	(12,892)	-	(124,324)
	<u>\$ 32,146</u>	<u>\$ 7,850</u>	<u>\$ 898,730</u>	<u>\$ 938,726</u>
<u>At January 1, 2016</u>				
Cost	\$ 140,254	\$ 30,133	\$ -	\$ 170,387
Accumulated depreciation	(113,563)	(29,591)	-	(143,154)
	<u>\$ 26,691</u>	<u>\$ 542</u>	<u>\$ -</u>	<u>\$ 27,233</u>
<u>2016</u>				
Opening net book amount	\$ 26,691	\$ 542	\$ -	\$ 27,233
Additions	3,151	13,362	-	16,513
Depreciation charge	(15,466)	(3,183)	-	(18,649)
Closing net book amount	<u>\$ 14,376</u>	<u>\$ 10,721</u>	<u>\$ -</u>	<u>\$ 25,097</u>
<u>At December 31, 2016</u>				
Cost	\$ 143,397	\$ 43,495	\$ -	\$ 186,892
Accumulated depreciation	(129,021)	(32,774)	-	(161,795)
	<u>\$ 14,376</u>	<u>\$ 10,721</u>	<u>\$ -</u>	<u>\$ 25,097</u>

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

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

B. No property, plant and equipment was pledged to others as collateral.

(6) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2017</u>			
Cost	\$ 541,428	\$ 213,384	\$ 754,812
Accumulated depreciation	-	(28,723)	(28,723)
	<u>\$ 541,428</u>	<u>\$ 184,661</u>	<u>\$ 726,089</u>
<u>2017</u>			
Opening net book amount	\$ 541,428	\$ 184,661	\$ 726,089
Depreciation charge	-	(5,469)	(5,469)
Closing net book amount	<u>\$ 541,428</u>	<u>\$ 179,192</u>	<u>\$ 720,620</u>
<u>At December 31, 2017</u>			
Cost	\$ 541,428	\$ 213,384	\$ 754,812
Accumulated depreciation	-	(34,192)	(34,192)
	<u>\$ 541,428</u>	<u>\$ 179,192</u>	<u>\$ 720,620</u>
<u>At January 1, 2016</u>			
Cost	\$ 541,428	\$ 213,257	\$ 754,685
Accumulated depreciation	-	(23,256)	(23,256)
	<u>\$ 541,428</u>	<u>\$ 190,001</u>	<u>\$ 731,429</u>
<u>2016</u>			
Opening net book amount	\$ 541,428	\$ 190,001	\$ 731,429
Additions	-	127	127
Depreciation charge	-	(5,467)	(5,467)
Closing net book amount	<u>\$ 541,428</u>	<u>\$ 184,661</u>	<u>\$ 726,089</u>
<u>At December 31, 2016</u>			
Cost	\$ 541,428	\$ 213,384	\$ 754,812
Accumulated depreciation	-	(28,723)	(28,723)
	<u>\$ 541,428</u>	<u>\$ 184,661</u>	<u>\$ 726,089</u>

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

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Rental income from the lease of the investment property (shown as “Other income”)	\$ <u>19,135</u>	\$ <u>19,135</u>
Direct operating expenses arising from the investment property that generated rental income in the period	\$ <u>9,713</u>	\$ <u>9,732</u>

- B. The fair value of the investment property held by the Company as at December 31, 2017 and 2016 was \$817,200 and \$817,200, respectively. The fair value as of December 31, 2017 and 2016 was based on independent appraisers’ valuation. Valuations were made using the income approach falling under Level 3 fair value. The key assumptions are as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Discount rate	2.65%	2.65%
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.

(7) Intangible assets

	<u>Software</u>	
	<u>2017</u>	<u>2016</u>
<u>At January 1</u>		
Cost	\$ 119,140	\$ 103,070
Accumulated amortisation	(<u>100,171</u>)	(<u>91,212</u>)
	<u>\$ 18,969</u>	<u>\$ 11,858</u>
<u>Year ended December 31</u>		
Opening net book amount	\$ 18,969	\$ 11,858
Additions	7,196	16,070
Amortisation charge	(<u>9,892</u>)	(<u>8,959</u>)
Closing net book amount	<u>\$ 16,273</u>	<u>\$ 18,969</u>
<u>At December 31</u>		
Cost	\$ 124,908	\$ 119,140
Accumulated amortisation	(<u>108,635</u>)	(<u>100,171</u>)
	<u>\$ 16,273</u>	<u>\$ 18,969</u>

The details of amortization charge are as follows:

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Operating costs	\$ <u>9,892</u>	\$ <u>8,959</u>

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

The Company recognised impairment loss of \$8,600 and \$7,985 for the years ended December 31, 2017 and 2016, respectively. Details of such loss are as follows:

	<u>Years ended December 31,</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Recognised in</u>	<u>Recognised</u>	<u>Recognised in</u>	<u>Recognised</u>
	<u>profit or loss</u>	<u>in other</u>	<u>profit or loss</u>	<u>in other</u>
	<u>comprehensive</u>	<u>comprehensive</u>	<u>comprehensive</u>	<u>comprehensive</u>
	<u>income</u>	<u>income</u>	<u>income</u>	<u>income</u>
Impairment loss-financial assets carried at cost - non-current	\$ <u>8,600</u>	\$ <u>-</u>	\$ <u>7,985</u>	\$ <u>-</u>

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Unsecured borrowings	\$ <u>1,745,000</u>	\$ <u>660,000</u>
Interest rate range	<u>0.9%~1.12%</u>	<u>0.95%~1.14%</u>

There was no collateral pledged for all types of short-term borrowings for all periods.

(10) Short-term commercial papers payable

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Commercial papers payable	\$ 730,000	\$ 900,000
Less: Unamortized discount	(<u>396</u>)	(<u>667</u>)
	\$ <u>729,604</u>	\$ <u>899,333</u>
Annual interest rates	<u>0.47%~0.77%</u>	<u>0.65%~0.85%</u>

The commercial papers payable are guaranteed by financial institutions.

(11) Bonds payable

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

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

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

as follows:

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

- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - (c) The conversion price (\$42.8 (in dollars) per share) of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. The conversion price was \$35.4 (in dollars) per share at maturity.
 - (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. As of July 25, 2017, the maturity date, the balance of capital surplus, share options was \$0 after the bondholder exercised conversion right.
- C. As of July 25, 2017, the maturity date, convertible bonds with face value of \$5,995,100 had been converted into 169,353 thousand ordinary shares. As for the other unconverted bonds totaling \$4,900 at face value, the Company redeemed the bond in cash accordingly.
- D. The amortisation of discount on bonds payable was \$20,723 and \$72,461 for the years ended December 31, 2017 and 2016, respectively.

(12) Long-term borrowings

Type	Facility	December 31, 2017	Period	Annual interest rate
Medium to long-term loan (Chang Hwa Bank)	\$ 576,000 (Note 1)	\$ 456,442	2012/01/02~ 2027/01/02	Note 2
Less: Current portion of long-term loan (Shown as other current liabilities)		(51,539)		
		<u>\$ 404,903</u>		

<u>Type</u>	<u>Facility</u>	<u>December 31, 2016</u>	<u>Period</u>	<u>Annual interest rate</u>
Medium to long-term loan (Chang Hwa Bank)	\$ 576,000 (Note 1)	\$ 503,003	2012/01/02~ 2027/01/02	Note 2
Less: Current portion of long-term loan (Shown as other current liabilities)		(49,885)		
		<u>\$ 453,118</u>		

Note 1: The Company had entered into a long-term agreement for fifteen years with a financial institution. The pledged assets are the land and building of Linkou warehouse. Details of collateral for the long-term borrowings are provided in Note 8. Furthermore, the principal will be paid monthly starting from January 2016.

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

(13) 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:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Present value of defined benefit obligation	\$ 41,177	\$ 39,503
Fair value of plan assets	(10,403)	(3,080)
Net defined benefit liability	<u>\$ 30,774</u>	<u>\$ 36,423</u>

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

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31,</u>			
<u>2017</u>			
Balance at January 1	\$ 39,503	(\$ 3,080)	\$ 36,423
Current service cost	1,315	-	1,315
Interest expense (income)	553	(43)	510
	<u>41,371</u>	<u>(3,123)</u>	<u>38,248</u>
Remeasurements:			
Return on plan assets	-	22	22
Change in financial assumptions	2,464	-	2,464
Experience adjustments	739	-	739
	<u>3,203</u>	<u>22</u>	<u>3,225</u>
Pension fund contribution	-	(10,699)	(10,699)
Paid pension	(3,397)	3,397	-
	<u>(3,397)</u>	<u>(7,302)</u>	<u>(10,699)</u>
Balance at December 31	<u>\$ 41,177</u>	<u>(\$ 10,403)</u>	<u>\$ 30,774</u>
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31,</u>			
<u>2016</u>			
Balance at January 1	\$ 34,613	(\$ 1,844)	\$ 32,769
Current service cost	1,032	-	1,032
Interest expense (income)	588	(32)	556
	<u>36,233</u>	<u>(1,876)</u>	<u>34,357</u>
Remeasurements:			
Return on plan assets	-	14	14
Change in financial assumptions	2,236	-	2,236
Experience adjustments	1,807	-	1,807
	<u>4,043</u>	<u>14</u>	<u>4,057</u>
Pension fund contribution	-	(1,991)	(1,991)
Paid pension	(773)	773	-
	<u>(773)</u>	<u>(1,218)</u>	<u>(1,991)</u>
Balance at December 31	<u>\$ 39,503</u>	<u>(\$ 3,080)</u>	<u>\$ 36,423</u>

(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, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Discount rate	<u>1.10%</u>	<u>1.40%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

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

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
<u>December 31, 2017</u>				
Effect on present value of defined benefit obligation	(\$ <u>8,248</u>)	<u>8,576</u>	<u>5,992</u>	(\$ <u>5,804</u>)
<u>December 31, 2016</u>				
Effect on present value of defined benefit obligation	(\$ <u>7,604</u>)	<u>7,892</u>	<u>6,756</u>	(\$ <u>6,544</u>)

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 plan of the Company for the year ending December 31, 2018 are \$947.
- (g) As of December 31, 2017, the weighted average duration of that retirement plan is 12 years.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on not less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs of the Company under the defined contribution pension plan for the years ended December 31, 2017 and 2016 were \$6,972 and \$6,582, respectively.

(14) Share capital

As of December 31, 2017, the Company’s authorized capital was \$20,000,000 (including \$500,000 for stock options, convertible preferred stock and convertible bonds), and the paid-in capital was \$18,250,618, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

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

(15) 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 (11).

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

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

(16) Retained earnings

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

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

B. Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2016 and 2015 had been resolved at the stockholders' meeting on June 19, 2017 and June 22, 2016, respectively. Details are summarized below:

	<u>Year ended December 31, 2016</u>		<u>Year ended December 31, 2015</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve	\$ 531,288	\$ -	\$ 542,046	\$ -
Cash dividends	<u>4,178,311</u>	<u>2.4</u>	<u>3,973,702</u>	<u>2.4</u>
	<u>\$ 4,709,599</u>	<u>\$ 2.4</u>	<u>\$ 4,515,748</u>	<u>\$ 2.4</u>

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

- E. As of March 27, 2018, the appropriation of earnings for the year ended December 31, 2017 has not yet been proposed by the Board of Directors and resolved by the shareholders.
- F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(23).

(17) Other equity items

	<u>2017</u>		
	<u>Available-for-sale investment</u>	<u>Currency translation</u>	<u>Total</u>
At January 1	(\$ 10,088)	\$ 918,151	\$ 908,063
Revaluation	23,363	-	23,363
Revaluation - Group	116,067	-	116,067
Currency translation differences:			
- Group	-	(5,168,485)	(5,168,485)
- Tax on Group	-	(3,945)	(3,945)
At December 31	<u>\$ 129,342</u>	<u>(\$ 4,254,279)</u>	<u>(\$ 4,124,937)</u>

	<u>2016</u>		
	<u>Available-for-sale investment</u>	<u>Currency translation</u>	<u>Total</u>
At January 1	(\$ 20,974)	\$ 2,574,750	\$ 2,553,776
Revaluation - Group	10,886	-	10,886
Currency translation differences:			
- Group	-	(1,701,796)	(1,701,796)
- Tax on Group	-	45,197	45,197
At December 31	<u>(\$ 10,088)</u>	<u>\$ 918,151</u>	<u>\$ 908,063</u>

(18) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Investment revenues	\$ 7,377,808	\$ 5,466,609
Service revenue	605,516	595,592
	<u>\$ 7,983,324</u>	<u>\$ 6,062,201</u>

(19) Other income

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Rental revenue	\$ 19,135	\$ 19,135
Interest income from bank deposits	86	157
Dividend income	1,291	-
Other income	2,181	1,865
	<u>\$ 22,693</u>	<u>\$ 21,157</u>

(20) Other gains and losses

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Currency exchange gain (loss)	\$ 329	(\$ 32)
Impairment loss	(8,600)	(7,985)
Direct operating expenses arising from the investment property	(9,713)	(9,732)
Losses on disposals of property, plant and equipment	(91)	-
Other losses	-	(4)
	<u>(\$ 18,075)</u>	<u>(\$ 17,753)</u>

(21) Finance costs

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Interest expense:		
Bank borrowings	\$ 29,576	\$ 29,754
Convertible bonds	20,723	72,461
Less: Capitalization of qualifying assets	(6,296)	-
Others	3,905	4,597
	<u>\$ 47,908</u>	<u>\$ 106,812</u>

(22) Additional information on expenses by nature

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Employee benefit expense	\$ 347,063	\$ 342,378
Depreciation charges on property and equipment (including investment property)	\$ 21,091	\$ 24,116
Amortisation charges on intangible assets	\$ 9,892	\$ 8,959

(23) Employee benefit expense

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Wages and salaries	\$ 311,798	\$ 306,036
Labor and health insurance fees	15,340	14,032
Pension costs	8,797	8,170
Other personnel expenses	<u>11,128</u>	<u>14,140</u>
	<u>\$ 347,063</u>	<u>\$ 342,378</u>

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

B. For the years ended December 31, 2017 and 2016, employees' compensation were accrued at \$24,392 and \$20,802, respectively; while directors' and supervisors' remuneration were accrued at \$42,000 and \$30,000, 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, 2017 and the percentage as prescribed by the Company's amended Articles of Incorporation. As of March 27, 2018, the amount has not yet been resolved by the Board of Directors. Above-mentioned employees' compensation will be distributed in the form of cash.

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

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

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current tax:		
Current tax on profits for the year	(\$ 6,887)	\$ 6,664
Additional 10% tax on undistributed earnings	53,736	76,807
Prior year income tax (overestimation) underestimation	(8,835)	8,011
Total current tax	<u>38,014</u>	<u>91,482</u>
Deferred tax		
Origination and reversal of temporary differences	<u>9,408</u>	<u>12,050</u>
Income tax expense	<u>\$ 47,422</u>	<u>\$ 103,532</u>

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

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Currency translation differences	\$ 3,945	(\$ 45,197)
Remeasurement of defined benefit obligation	(548)	(690)
	<u>\$ 3,397</u>	<u>(\$ 45,887)</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 1,250,420	\$ 920,789
Effects from items disallowed by tax regulation	(1,247,899)	(902,075)
Prior year income tax (overestimation) underestimation	(8,835)	8,011
Additional 10% tax on undistributed earnings	<u>53,736</u>	<u>76,807</u>
Tax expense	<u>\$ 47,422</u>	<u>\$ 103,532</u>

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

	Year ended December 31, 2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unused compensated absences	\$ 728	(\$ 728)	\$ -	\$ -
Pension payable	4,290	(1,672)	548	3,166
Currency translation differences	<u>10,912</u>	<u>-</u>	<u>(3,945)</u>	<u>6,967</u>
	<u>15,930</u>	<u>(2,400)</u>	<u>(3,397)</u>	<u>10,133</u>
-Deferred tax liabilities:				
Investment income	(45,124)	(7,008)	-	(52,132)
Currency translation differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(45,124)</u>	<u>(7,008)</u>	<u>-</u>	<u>(52,132)</u>
	<u>(\$ 29,194)</u>	<u>(\$ 9,408)</u>	<u>(\$ 3,397)</u>	<u>(\$ 41,999)</u>

	Year ended December 31, 2016			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unused compensated absences	\$ 557	\$ 171	\$ -	\$ 728
Pension payable	3,669	(69)	690	4,290
Currency translation differences	<u>-</u>	<u>-</u>	<u>10,912</u>	<u>10,912</u>
	<u>4,226</u>	<u>102</u>	<u>11,602</u>	<u>15,930</u>
-Deferred tax liabilities:				
Investment income	(32,972)	(12,152)	-	(45,124)
Currency translation differences	<u>(34,285)</u>	<u>-</u>	<u>34,285</u>	<u>-</u>
	<u>(67,257)</u>	<u>(12,152)</u>	<u>34,285</u>	<u>(45,124)</u>
	<u>(\$ 63,031)</u>	<u>(\$ 12,050)</u>	<u>\$ 45,887</u>	<u>(\$ 29,194)</u>

D. The Company's income tax returns through 2011 have been assessed and approved by the Tax Authority.

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

Unappropriated retained earnings on December 31, 2016:

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

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

(25) Earnings per share

	<u>Year ended December 31, 2017</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	<u>\$ 7,307,987</u>	<u>1,782,991</u>	<u>\$ 4.10</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 7,307,987	1,782,991	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	20,549	42,150	
Employees' compensation	<u>-</u>	<u>712</u>	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 7,328,536</u>	<u>1,825,853</u>	<u>\$ 4.01</u>
	<u>Year ended December 31, 2016</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	<u>\$ 5,312,875</u>	<u>1,672,401</u>	<u>\$ 3.18</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 5,312,875	1,672,401	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	72,163	146,584	
Employees' compensation	<u>-</u>	<u>874</u>	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,385,038</u>	<u>1,819,859</u>	<u>\$ 2.96</u>

(26) Supplemental cash flow information

A. Partial payment of cash from investing activities:

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Acquisition of property, plant and equipment, investment property, and intangible assets	\$ 936,538	\$ 32,710
Less: Accounts payable at the end of year	(2,666)	-
Add: Accounts payable at the beginning of year	-	2,344
Cash paid during the year for property, plant and equipment, intangible assets and other non-current assets	<u>\$ 933,872</u>	<u>\$ 35,054</u>

B. Financing activities with no cash flow effects:

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

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)

<u>Names of related parties</u>	<u>Relationship with the Company</u>
World Peace Industrial Co., Ltd. (World Peace Industrial)	Subsidiary
WPI International (Hong Kong) Limited	"
WPG Core Investment Co., Ltd. (WPG Core Investment)	"
Silicon Application Corporation (Silicon Application)	"
Asian Information Technology Inc. (Asian Information Technology)	"
WPG Electronic Ltd.	"
WPG Electronics (Hong Kong) Limited	"
WPG China (SZ) Inc.	"
WPG China Inc.	"
WPG Korea Co., Ltd.	"
Yosun Industrial Corp. (Yosun Industrial)	"
Genuine C&C Inc.(Genuine C&C)	"
Trigold Holdings Limited (Trigold)	"
WPG Investment Co., Ltd. (WPG Investment)	"
WPG South Asia Pte. Ltd.	"
WPG Holdings Education Foundation	One third of paid-in-capital was granted by the Group

(3) Significant transactions and balances with related parties

A. Service revenue

	<u>Years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Subsidiaries		
World Peace Industrial	\$ 309,664	\$ 283,467
Yosun Industrial	105,719	116,468
Silicon Application	92,206	71,920
Asian Information Technology	91,080	115,311
Others	6,847	8,426
	<u>\$ 605,516</u>	<u>\$ 595,592</u>

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

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Subsidiaries	<u>\$ 79,256</u>	<u>\$ 59,700</u>

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Subsidiaries		
World Peace Industrial	\$ 16,546	\$ 4,160
Silicon Application	8,985	-
Yosun Industrial	5,874	18
Asian Information Technology	1,381	4,388
Others	172	599
	<u>\$ 32,958</u>	<u>\$ 9,165</u>

D. Other receivables

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Subsidiaries		
World Peace Industrial	\$ 103,473	\$ 155,949
Asian Information Technology	42,451	107,010
Silicon Application	38,281	9,303
Yosun Industrial	-	20,801
Others	1,861	1,939
	<u>\$ 186,066</u>	<u>\$ 295,002</u>

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:

<u>Year ended December 31, 2017</u>					
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Interest rate</u>	<u>Amount of interest</u>	<u>Ending balance of interest payable</u>
Subsidiaries					
WPG					
Investment Co., Ltd.	<u>\$ 150,000</u>	<u>\$ 110,000</u>	1.16%	<u>\$ 1,262</u>	<u>\$ 750</u>
<u>Year ended December 31, 2016</u>					
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Interest rate</u>	<u>Amount of interest</u>	<u>Ending balance of interest payable</u>
Subsidiaries					
WPG					
Investment Co., Ltd.	<u>\$ 150,000</u>	<u>\$ 110,000</u>	1.18%	<u>\$ 782</u>	<u>\$ 782</u>

(b) Other payables:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Subsidiaries	<u>\$ 13,455</u>	<u>\$ 15,029</u>

Payables are mainly collections from subsidiaries for filing consolidated tax returns.

F. Property transactions:

- (a) On July 28, 2017, the Company acquired 12,964 thousand shares of the subsidiary, Genuine C&C, from World Peace Industrial for a consideration of \$197,702.
- (b) The Company previously held 48,139 thousand shares of the subsidiary, Genuine C&C. On September 1, 2017, the stock swap between Trigold and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. The book value of the Company's share acquisition was \$698,752.

G. Lease transactions

Please refer to Note 6(6) for details.

H. Endorsements and guarantees provided to related parties

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Subsidiaries		
World Peace Industrial	<u>\$ 75,953</u>	<u>\$ 82,311</u>

I. Others

For the years ended December 31, 2017 and 2016, the amount of the Company's donations to other related parties was \$5,900 and \$5,700, respectively.

- J. In April 2017, the subsidiary, Yosun Industrial, transferred the operations of Texas Instruments product line to the subsidiary, World Peace Industrial. The Company increased its investment in World Peace Industrial by \$2,487,285 as consideration. Meanwhile, Yosun

reduced its capital by the same amount.

In November 2016, the Company increased its investment in WPG Core Investment Co., Ltd. by \$5,000. The investment was recognised as investments accounted for under the equity method and has been fully paid.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Short-term employee benefits	\$ 158,662	\$ 117,367
Post-employment benefits	959	1,005
	<u>\$ 159,621</u>	<u>\$ 118,372</u>

8. PLEDGED ASSETS

<u>Pledged asset</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Purpose</u>
Investments accounted for under the equity method	\$ 75,953	\$ 82,311	Subsidiary's guarantee for payment on purchases
Investment property			
— Land	533,666	533,666	Collateral for long-term borrowings
— Buildings	161,841	166,794	"
	<u>\$ 771,460</u>	<u>\$ 782,771</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Property, plant and equipment	<u>\$ 5,560,734</u>	<u>\$ 6,447,383</u>

B. Operating lease agreements

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Not later than one year	\$ 5,667	\$ 2,828
Later than one year but not later than five years	13,019	1,209
	<u>\$ 18,686</u>	<u>\$ 4,037</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. This will increase the Company's deferred tax assets and deferred tax liabilities by \$1,788 and \$9,200, respectively, which will be adjusted in the first quarter of 2018.

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Fair value information of financial instruments

(a) The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable-related parties, other receivables (including related parties), refundable deposits, short-term borrowings, short-term commercial papers payable, notes payable, and other payables (including related parties), long-term loans-current portion, bonds payable and long-term loans are approximate to their fair values.

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

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

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by the central treasury department (Company treasury) under policies approved by the board of directors. The Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating

units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and KRW. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- 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, 2017			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD: NTD	\$ 147,642	29.760	\$ 4,393,820
KRW: NTD	15,460,642	0.028	434,753

December 31, 2016			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD: NTD	\$ 110,366	32.250	\$ 3,559,316
KRW: NTD	14,696,519	0.027	396,806

As of December 31, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, 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:

<u>December 31, 2017</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,746,808	\$ -	\$ -	\$ -
Commercial papers payable	730,000	-	-	-
Notes payable	1,018	-	-	-
Other payables	250,985	-	-	-
Other payables - related parties	124,205	-	-	-
Long-term borrowings	56,691	55,938	163,304	211,362

<u>December 31, 2016</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 660,447	\$ -	\$ -	\$ -
Commercial papers payable	900,000	-	-	-
Notes payable	1,547	-	-	-
Other payables	221,418	-	-	-
Other payables – related parties	125,811	-	-	-
Bonds payable	3,575,800	-	-	-
Long-term borrowings	56,932	56,193	164,164	262,981

(3) Fair value information

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. The fair value information about the investment property measured at cost is provided in Note 6(6).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined as follows:

Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active where the products are homogeneous, buyers and sellers can be sought at any time and the price information is available to the public. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than public quoted prices included within Level 1 that are observable for the asset or liability, either directly from its prices or indirectly reduced by its prices.

Level 3: Inputs that are not based on observable information for the asset or liability.

C. The related information of financial and non-financial instruments measured at fair value by

level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2017 and 2016 is as follows:

<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	<u>\$ 108,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,710</u>

December 31, 2016: None.

- D. The Company used closing price for listed stocks as their fair values (that is, Level 1).
- E. For the years ended December 31, 2017, there was no transfer between Level 1 and Level 2.

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: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please see Notes 6(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Disclosure information of investee companies

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area.

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

14. OPERATING SEGMENT INFORMATION

In accordance with IFRS 8, operating segment information is disclosed in the consolidated financial statements.

WPG HOLDINGS LIMITED
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Investee	Type of investments	As of January 1, 2017		Additions (Note 2)		Deductions (Note 4)		As of December 31, 2017		Ownership as of December 31, 2017	Market value or net equity		Pledged as collateral
		No. of shares (Note 1)	Amount	No. of shares (Note 1)	Amount	No. of shares (Note 1)	Amount	No. of shares (Note 1)	Amount		Unit price (Note 3)	Net equity	
World Peace Industrial Co., Ltd. (Note 7)	Common stock	981,100	\$ 20,412,332	116,152	\$ 3,122,457	-	(\$ 1,894,572)	1,097,252	\$ 21,640,217	100%	\$ 19.73	\$ 21,652,636	No
Silicon Application Corp.	Common stock	406,570	6,347,038	-	313,666	-	(533,454)	406,570	6,127,250	100%	15.07	6,127,250	No
Genuine C&C Inc. (Note 5)	Common stock	35,175	505,693	12,964	213,461	(48,139)	(719,154)	-	-	-	-	-	No
Trigold Holdings Limited (Note 5)	Common stock	-	-	48,139	722,912	-	-	48,139	722,912	60.5%	23.07	671,910	No
WPG Electronic Ltd.	Common stock	3,920	50,339	-	5,467	-	(7,095)	3,920	48,711	100%	12.43	48,711	No
WPG Korea Co., Ltd.	Common stock	1,088	396,806	-	37,947	-	-	1,088	434,753	100%	399.67	434,753	No
WPG International (CI) Limited	Common stock	124,443	3,559,316	-	834,504	-	-	124,443	4,393,820	100%	35.31	4,393,820	No
Asian Information Technology Inc.	Common stock	346,812	5,993,227	-	121,359	-	(1,206,076)	346,812	4,908,510	100%	14.15	4,908,510	No
WPG Investment Co., Ltd.	Common stock	50,000	457,335	-	(35,328)	-	-	50,000	422,007	100%	8.44	422,007	Refer to Note 8
Yosun Industrial Corp. (Note 7)	Common stock	649,650	17,121,577	-	435,134	(137,576)	(3,539,458)	512,074	14,017,253	100%	20.02	10,252,473	No
WPG Core Investment Co., Ltd. (Note 6)	Common stock	5,000	1,772	-	(501)	(5,000)	(1,271)	-	-	100%	-	-	No
			<u>\$ 54,845,435</u>		<u>\$ 5,771,078</u>		<u>(\$ 7,901,080)</u>		<u>\$ 52,715,433</u>				

Note 1: In thousands of shares.

Note 2: The increases for the period are recognised investment losses (gains) accounted under equity method, cumulative translation adjustments, new investments and changes in the equity accounts of subsidiaries.

Note 3: Currency: NTD.

Note 4: Deductions are cash dividends paid by subsidiaries.

Note 5: On the effective date of September 1, 2017, the stock swap between Trigold Holdings Ltd. and the shareholders who previously owned Genuine C&C, Inc. was conducted at a stock swap ratio of 1:1. On the same day, Trigold Holdings Ltd. was established and began OTC trading whereas Genuine C&C, Inc. was unlisted at OTC.

Note 6: WPG Core Investment Co., Ltd. completed liquidation in December 2017.

Note 7: In April 2017, Yosun Industrial transferred the operations of Texas Instruments product line to World Peace Industrial. The Company increased its investment in World Peace Industrial by \$2,487,285 as consideration. Meanwhile, Yosun Industrial reduced its capital by the same amount.

WPG HOLDINGS LIMITED
SUMMARY OF SHORT-TERM LOANS
DECEMBER 31, 2017
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Type of loans</u>	<u>Ending balance</u>	<u>Loan period</u>	<u>Interest rate range</u>	<u>Pledge /collateral</u>	<u>Remark</u>
Short-term unsecured loans	<u>\$ 1,745,000</u>	October 15, 2017~April 24, 2018	0.9%~1.12%	None	

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WPG HOLDINGS LIMITED
SUMMARY OF BONDS PAYABLE
DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Name of bond</u>	<u>Trustee</u>	<u>Issuing date</u>	<u>Interest rate</u>	<u>Amount</u>					<u>Redemption plan</u>	<u>Collateral</u>	<u>Remark</u>	
				<u>Amount of issuance</u>	<u>Converted amount</u>	<u>Cash repayment amount</u>	<u>Ending balance</u>	<u>Unamortized discount</u>				<u>Book value</u>
First domestic unsecured convertible bonds	CTBC Bank Co., Ltd.	2014.7.25	0%	\$ 6,000,000	(\$ 5,995,100)	(\$ 4,900)	\$ -	\$ -	\$ -	Refer to Note 6(11)	None	-

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WPG HOLDINGS LIMITED
SUMMARY OF OPERATING COST
YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Please refer to Note 6(18) for related information.

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WPG HOLDINGS LIMITED
SUMMARY OF OPERATING COST
YEAR ENDED DECEMBER 31, 2017
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Amount</u>	<u>Remark</u>
Salaries expense	\$ 269,798	
Management service fee	79,150	
Directors' and supervisors' remuneration	42,000	
Advertising expenses	30,411	
Other expenses	<u>163,266</u>	Balance of individual accounts is under 5% of this account's balance.
	<u>\$ 584,625</u>	

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WPG HOLDINGS LIMITED
SUMMARY OF EMPLOYEE BENEFIT EXPENSE,
DEPRECIATION AND AMORTIZATION
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Operating cost	
	Years ended December 31,	
	2017	2016
Employee benefit expense		
Wages and salaries	\$ 311,798	\$ 306,036
Labor and health insurance fees	15,340	14,032
Pension costs	8,797	8,170
Other personnel expenses	11,128	14,140
	\$ 347,063	\$ 342,378
Depreciation (including investment property)	\$ 21,091	\$ 24,116
Amortization	\$ 9,892	\$ 8,959
Number of employees (including directors and independent directors)	162	159

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WPG Holdings Limited and Subsidiaries

Loans to others

Year ended December 31, 2017

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 10% of the creditor's net assets.

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

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

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

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

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

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

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

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

Note 9: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets. Limit on loans to a single company is as follows:

- (1) For business transaction to the creditor, the individual limit should not exceed 10% of the Company's net assets and the amount of business transactions; the amount of business transactions means the higher between sales and purchases.
- (2) For short-term financing, financing activities to a single company should not be in excess of 40% of creditor's net assets. Limit on total loans to a single party is 40% of creditor's net assets.

Note 10: The column of 'Nature of loan' shall fill in 1. 'Business transaction or 2. 'Short-term financing'.

Note 11: Genuine Trading (Hong Kong) Company Limited had disposed all shares of Hubei Xinsheng Technology Investment Management Co., Ltd. on August 1, 2016. Hubei Xinsheng Technology Investment Management Co., Ltd. wasn't non-related party until August 1, 2016.

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

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

Note 3: An affiliate.

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

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

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

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

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

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

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

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

WPG Holdings Limited and Subsidiaries

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

Year ended December 31, 2017

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

WPG Holdings Limited and Subsidiaries

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

Year ended December 31, 2017

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Note 1: It was the date of contract.

WPG Holdings Limited and Subsidiaries

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

Year ended December 31, 2017

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

Table 6, Page 15

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

Table 6, Page 16

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

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

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

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

Note 5: Similar to third parties.

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

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

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

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

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

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

Table 8, Page 22

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

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

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

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

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

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

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

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

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

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

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

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

Note 7: Mainly accrued financing charges.

Note 8: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60~120 days from the end of the month of sales.

Note 9: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition.

Note 10: The collection period is 60 days from the end of the month of sales.

Note 11: The collection period is 30 days from the end of the month of sales.

Note 12: The collection period is 90 days from the end of the month of sales.

Note 13: The collection period is 45 days from the end of the month of sales.

Note 14: The amount receivable arose from filing of consolidated tax return.

Note 15: The amount receivable pertains to receipts under custody.

WPG Holdings Limited and Subsidiaries
Information on investees
Year ended December 31, 2017

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2017			Net profit (loss) of the investee for the year ended December 31, 2017	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Taiwan	Sales of electronic components	\$ 15,971,669	\$ 13,484,384	1,097,252,407	100.00	\$ 21,640,217	\$ 3,551,378	\$ 3,528,548	Notes 4 and 9
WPG Holdings Limited	Asian Information Technology Inc.	Taiwan	Sales of electronic /electrical components	4,063,464	4,063,464	346,812,367	100.00	4,908,510	1,147,823	1,147,823	Note 4
WPG Holdings Limited	Silicon Application Corp.	Taiwan	Sales of computer software, hardware and electronic components	4,717,962	4,717,962	406,570,000	100.00	6,127,250	806,996	806,996	Note 4
WPG Holdings Limited	WPG Electronics Limited	Taiwan	Sales of electronic components	14,735	14,735	3,920,000	100.00	48,711	9,593	9,593	Note 4
WPG Holdings Limited	WPG Korea Co., Ltd.	South Korea	Sales of electronic components	169,071	169,071	1,087,794	100.00	434,753	41,223	41,223	Note 4
WPG Holdings Limited	WPG International (CI) Limited	Cayman Islands	Holding company	3,783,583	3,783,583	124,442,727	100.00	4,393,820	827,301	827,301	Note 4
WPG Holdings Limited	Yosun Industrial Corp.	Taiwan	Sales of electronic /electrical components	13,644,406	16,131,691	512,074,400	100.00	14,017,253	998,105	994,589	Notes 4 and 9
WPG Holdings Limited	WPG Investment Co., Ltd.	Taiwan	Investment company	502,997	502,997	50,000,000	100.00	422,007	(34,186)	(31,125)	Note 4
WPG Holdings Limited	WPG Core Investment Co., Ltd.	Taiwan	Investment company	-	50,000	-	0.00	-	(501)	(501)	Notes 4 and 14
WPG Holdings Limited	Genuine C&C Inc.	Taiwan	Sales of computer and its peripheral equipment	-	510,041	-	0.00	-	117,786	38,680	Note 10
WPG Holdings Limited	Trigold Holdings Limited	Taiwan	Investment company	707,968	-	48,139,319	60.50	722,912	25,174	14,681	Notes 4 and 10
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	British Virgin Islands	Holding company	1,132,162	1,132,162	34,196,393	100.00	3,290,742	231,871	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	British Virgin Islands	Holding company	2,774,146	2,774,146	83,179,435	100.00	14,361,430	1,924,773	-	Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2017			Net profit (loss) of the investee for the year ended December 31, 2017	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic components	\$ 364,290	\$ 364,290	33,900,000	100.00	\$ 571,891	\$ 92,340	\$ -	Notes 2 and 5
World Peace Industrial Co., Ltd.	Chainpower Technology Corp.	Taiwan	Sales of electronic components	66,261	66,261	9,781,452	39.00	155,935	77,225	-	Notes 2 and 3
World Peace Industrial Co., Ltd.	AECO Technology Co., Ltd.	Taiwan	Sales of electronic components	1,468,555	1,468,555	94,600,000	100.00	1,649,892	32,265	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	Genuine C&C Inc.	Taiwan	Sales of computer and its peripheral equipment	-	149,130	-	0.00	-	117,786	-	Notes 2, 5 and 11
Longview Technology Inc.	Longview Technology GC Limited	British Virgin Islands	Holding company	335,328	335,328	11,300,000	100.00	380,313	40,978	-	Notes 2 and 5
Longview Technology Inc.	Long-Think International Co., Ltd.	Taiwan	Sales of electronic components	37,302	37,302	4,000,000	100.00	53,207	9,766	-	Notes 2 and 5
AECO Technology Co., Ltd.	Teco Enterprise Holding (BVI) Co., Ltd.	British Virgin Islands	Investment company	436,280	436,280	12,610,000	100.00	749,223	26,792	-	Notes 2 and 5
Silicon Application Corp.	Silicon Application (BVI) Corp.	British Virgin Islands	Holding company	706,402	706,402	22,000,000	100.00	3,047,599	45,656	-	Notes 2 and 5
Silicon Application Corp.	Win-Win Systems Ltd.	British Virgin Islands	Holding company	24,015	24,015	765,000	100.00	24,474	258	-	Notes 2 and 5
Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Singapore	Sales of computer software, hardware and electronic components	104,510	104,510	3,500,000	100.00	107,924	1,301	-	Notes 2 and 5
Silicon Application Corp.	Pernas Electronics Co., Ltd.	Taiwan	Sales of electronic components	959,504	959,504	73,500,000	100.00	1,084,573	164,453	-	Notes 2 and 5
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Taiwan	Sales of electronic components	343,959	343,959	28,000,000	100.00	733,650	86,263	-	Notes 2 and 5
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	Samoa	International investment	-	33,287	-	0.00	-	(303)	-	Notes 2, 5 and 12
Asian Information Technology Inc.	Frontek Technology Corporation Inc.	Taiwan	Wholesale of electronic components	1,515,256	1,515,256	214,563,352	100.00	2,448,099	392,633	-	Notes 2 and 5
Asian Information Technology Inc.	Apache Communication Inc.	Taiwan	Wholesale of electronic components	680,313	680,313	157,000,000	100.00	1,682,672	93,079	-	Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2017			Net profit (loss) of the investee for the year ended December 31, 2017	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	Taiwan	Wholesale of electronic components	\$ 124,521	\$ 124,521	10,000,000	100.00	\$ 120,641	\$ 10,566	\$ -	Notes 2 and 5
Asian Information Technology Inc.	Adivic Technology Co., Ltd.	Taiwan	Import and export business for electronic components	206,200	157,200	11,760,000	49.00	54,557	(55,499)	-	Notes 2, 3 and 8
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	British Virgin Islands	Investment company	155,558	155,558	4,703,107	100.00	303,944	13,304	-	Notes 2 and 5
Frontek Technology Corporation	Frontek International Limited	British Virgin Islands	Investment company	101,862	101,862	2,970,000	100.00	117,514	1,505	-	Notes 2 and 5
Yosun Industrial Corp.	Suntop Investments Limited	Cayman Islands	Investment company	1,812,188	1,812,188	50,700,000	100.00	4,856,800	291,166	-	Notes 2 and 5
Yosun Industrial Corp.	Sertek Incorporated	Taiwan	Sales of electronic /electrical	1,616,722	1,616,722	94,828,100	100.00	1,749,895	213,935	-	Notes 2 and 5
Yosun Industrial Corp.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	19,920	19,920	1,660,000	24.24	-	-	-	Notes 2 and 3
Yosun Industrial Corp.	Eesource Corp.	Taiwan	Sales of electronic /electrical components, office machinery and equipment	11,520	11,520	1,080,000	20.00	36,539	28,160	-	Notes 2 and 3
Yosun Industrial Corp.	Yosun Japan Corp.	Japan	Sales of electronic /electrical components	21,037	44,172	5,000	50.00	9,735	(1,606)	-	Notes 2, 3 and 6
Yosun Industrial Corp.	Richpower Electronic Devices Co., Ltd.	Taiwan	Sales of electronic /electrical components	2,092,631	2,092,631	85,000,000	100.00	2,237,604	392,941	-	Notes 2 and 5
Sertek Incorporated	Sertek Limited	Hong Kong	Sales of electronic /electrical	83,494	83,494	19,500,000	100.00	424,587	8,393	-	Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Hong Kong	Sales of electronic components	284,898	284,898	63,000,000	100.00	1,922,308	352,101	-	Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	Taiwan	Sales of electronic components	401,247	401,247	24,300,000	100.00	388,760	17,301	-	Notes 2 and 5
Mec Technology Co., Ltd.	Mec Technology Co., Limited	Hong Kong	Sales of electronic components	1,092	1,092	25,000	100.00	6,617	(80)	-	Notes 2 and 5
Mec Technology Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	Singapore	Sales of electronic components	1,988	1,988	10,000	100.00	209,819	4,296	-	Notes 2 and 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2017			Net profit (loss) of the investee for the year ended December 31, 2017	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
WPG Investment Co., Ltd.	Eesource Corp.	Taiwan	Sales of electronic /electrical components, office machinery and equipment	\$ 11,520	\$ 11,520	1,080,000	20.00	\$ 36,456	\$ 28,160	\$ -	Notes 2 and 3
WPG Investment Co., Ltd.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	17,800	17,800	1,565,218	22.86	-	-	-	Notes 2 and 3
WPG Investment Co., Ltd.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	50,000	50,000	3,279,800	10.67	56,007	(19,090)	-	Notes 2 and 3
Trigold Holdings Limited	Genuine C&C Inc.	Taiwan	Sales of computer, components and its peripheral equipment	1,093,697	-	79,569,450	100.00	1,117,696	117,786	-	Notes 2, 5 and 10
Trigold Holdings Limited	Trigold (Hong Kong) Company Limited	Hong Kong	Holding company	768	-	0	100.00	2,316	364	-	Notes 2, 5 and 13
Genuine C&C Inc.	Hoban Inc.	Taiwan	General investment and retail of groceries	79,999	79,999	8,000,000	100.00	20,418	(11,158)	-	Notes 2 and 5
Genuine C&C Inc.	Genuine C&C Holding Inc. (Seychelles)	Seychelles	Holding company	193,870	163,400	6,500,000	100.00	125,354	11,318	-	Notes 2, 5 and 7
Genuine C&C Inc.	Taibao Creation Co., Ltd.	Taiwan	Retail of groceries	26,995	26,995	4,000,000	100.00	13,983	17	-	Notes 2 and 5
Genuine C&C Inc.	Sunrise Technology Co., Ltd.	Taiwan	Manufacturing of computer and its peripheral equipment	12,636	12,636	1,682,151	5.47	10,953	(19,090)	-	Notes 2 and 3

Note 1: Investment income (loss) recognised by the company including realised (unrealised) gain or loss from upstream intercompany transactions and amortisation of investment discount (premium).

Note 2: Investment income (loss) recognised by each subsidiary.

Note 3: An investee company accounted for under the equity method by subsidiary.

Note 4: A subsidiary.

Note 5: An indirect subsidiary.

Note 6: In March 2017, the associate reduced its capital.

Note 7: In March 2017, the subsidiary increased its capital.

Note 8: In April 2017, the associate increased its capital.

Note 9 : In April 2017, Yosun Industrial Corp. transferred the operations of Texas Instruments product line to World Peace Industrial Co., Ltd., and World Peace Industrial Co., Ltd. increased capital as consideration. Meanwhile, Yosun Industrial Corp. reduced its capital.

Note 10: The Company hold 48,139 thousand shares of Genuine C&C Inc. initially, and the Company recognised investment gains (losses) of Genuine C&C Inc. for the eight months ended August 31, 2017 and Trigold Holdings Limited for the year ended December 31, 2017 because Trigold Holdings Limited converted stock into shares with the original shareholders of Genuine C&C Inc. on September 1, 2017 and the conversion ratio is 1 share of Trigold Holdings Limited's common stock converted to 1 share of Genuine C&C Inc..

Note 11: On July 28, 2017, the Company's subsidiary, World Peace Industrial Co., Ltd., disposed 12,964 thousand shares of the sister company, Genuine C&C Inc., who is controlled by the same parent company, to the parent company, WPG Holdings Limited.

Note 12: In August 2017, the liquidation of the subsidiary has been completed.

Note 13: The subsidiary completed registration of incorporation in November 2017.

Note 14: In December 2017, the liquidation of the subsidiary has been completed.

WPG Holdings Limited and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2017

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee for the year ended December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017 (Note 7)	Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
WPG China Inc.	Sales of electronic /electrical components	\$ 1,727,611	1	\$ 1,736,137	\$ -	\$ -	\$ 1,736,137	\$ 229,113	100.00	\$ 295,644	\$ 2,363,606	\$ -	
WPG China (SZ) Inc.	Sales of computer software and electronic components	153,312	1	103,208	-	-	103,208	157,362	100.00	157,362	689,439	-	Note 4
Suzhou Xinning Bonded Warehouse Co., Ltd.	Warehousing services	37,753	1	27,924	-	-	27,924	21,937	49.00	10,507	62,695	-	
Gain Tune Logistics (Shanghai) Co., Ltd.	Sales of electronic components	45,650	1	14,748	-	-	14,748	11,155	40.00	3,532	32,944	-	
Suzhou Xinning Logistics Co., Ltd.	Warehousing services / extra work	68,475	1	18,295	-	-	18,295	17,970	29.40	5,323	33,082	-	
CECI Technology Co. Ltd.	Business e- commerce platform	2,601,708	1	-	-	-	-	269,555	6.49	56,231	722,384	-	Notes 8 and 11
WPI International Trading (Shanghai) Ltd.	Sales of electronic components	211,931	1	19,344	-	-	19,344	12,826	100.00	12,826	254,958	-	
AIO (Shanghai) Components Company Limited	Sales of electronic components	7,557	1	-	-	-	-	233	100.00	233	7,819	-	Note 3
Long-Think International (Shanghai) Limited	Sales of electronic components	15,115	1	143,490	-	-	143,490	(2,478)	100.00	(2,478)	96,282	-	Note 2

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee for the year ended December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017 (Note 7)	Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
AECO Electronic (Ningbo) Co., Ltd.	International trade of electronic components and products	\$ -	1	\$ 116,659	\$ -	\$ -	\$ 116,659	(\$ 18)	0.00	(\$ 18)	\$ -	\$ -	Note 9
Yosun Shanghai Corp. Ltd.	Sales of electronic components and warehousing services	286,755	1	229,152	-	-	229,152	5,887	100.00	5,887	366,450	-	
Yosun South China Corp. Ltd.	Sales of electronic /electrical components	146,393	1	-	-	-	-	3,567	100.00	3,567	206,513	-	
Qegoo Technology Co., Ltd.	Business e- commerce platform	55,056	1	4,771	-	-	4,771	-	15.00	-	4,771	-	
World Components Agent (Shanghai) Inc.	Sales of electronic components	-	1	6,343	-	(6,343)	-	(15)	0.00	(15)	-	-	Note 10
Peng Yu (Shanghai) Digital Technology Co., Ltd	Sales of electronic products	102,713	1	39,695	16,678	-	56,373	30,663	55.00	10,032	45,806	-	
Arise Component Corp.	Sales of electronic components	-	1	23,808	-	(23,808)	-	-	-	-	-	-	Note 12

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China, is '1'.

Note 2: Long View Technology Inc. held investments in Mainland China 100% ownership of Long-Think International Trading (Shanghai) Limited through third district transfer investment of British Virgin Islands-Long Think International (HK) Limited as of August 31, 2012. The investment had been permitted by Investment Commission.

Note 3: WPI International (Hong Kong) Limited acquired AIO Components Company Limited as of July 1, 2010, and AIO (Shanghai) Company Limited became the Company's indirect subsidiary. The investment of USD 469 thousand in AIO (Shanghai) Company Limited had been permitted by Investment Commission.

Note 4: WPG International (Hong Kong) Limited invested in WPG (Shenzhen) Inc. in the amount of HKD 10 million, which is part of the distribution of earnings from WPG China Inc. The investment had been permitted by Investment Commission, and was excluded from the ceiling of investment amount in Mainland China.

Note 5: For paid-in capital, amount remitted from Taiwan to Mainland China/ amount remitted back to Taiwan for the year ended December 31, 2017, accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017, book value of investments in Mainland China as of December 31, 2017, accumulated amount of investment income remitted back to Taiwan as of December 31, 2017, etc., the exchange rates used were USD 1: NTD 29.76, HKD 1: NTD 3.807 and RMB 1: NTD 4.565.

Note 6: The ending balance of investment was calculated based on combined ownership percentage held by the Company.

Note 7: Investment income (loss) recognised for the year ended December 31, 2017 was based on the financial statements audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Note 8: In August 2016, WPG China Inc. gained 15% of shares in the investee with its own capital.

Note 9: It has completed cancellation of registration in June 2017.

Note 10: It has completed cancellation of registration in May 2017.

Note 11: In December 2017, WPG China Inc. waived its right to participate in the investee's capital increase in proportion to its ownership and thus the ownership declined to 6.49%.

Note 12: It has completed cancellation of registration in December 2011.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
WPG Holdings Limited	\$ 1,971,370	\$ 2,076,192	\$ 31,233,263
World Peace Industrial Co., Ltd. and its subsidiaries	374,725	705,545	13,012,946
Silicon Application Corp. and its subsidiaries	12,796	45,314	3,676,350
Yosun Industrial Corp. and its subsidiaries	249,538	528,657	6,151,484
WPG Investment Co., Ltd.	4,771	14,535	253,204
Trigold Holdings Limited and its subsidiaries	149,023	149,436	703,661

(1) Exchange rates as of December 31, 2017 were USD 1: NTD 29.76, HKD 1 : NTD 3.807 and RMB 1 : NTD 4.565.

(2) The ceiling of investment amount of the company is calculated based on the investor's net assets.

7 Financial Status, Operating Results and Risk Management

7.1 Financial status

7.1.1 Comparison of consolidated financial condition

Unit: NT\$ thousand

Item	FY	FY 2017	FY 2016	Difference	
				Amount	%
Liquid assets		163,854,548	165,270,734	(1,416,186)	(0.86)
Cash and cash equivalents		7,097,914	8,456,912	(1,358,998)	(16.07)
Notes and accounts receivables		91,383,437	92,777,152	(1,393,715)	(1.50)
Other receivables		5,713,459	11,223,271	(5,509,812)	(49.05)
Inventory		57,473,653	49,927,165	7,546,488	15.11
Non-liquid assets		14,813,078	13,744,212	1,068,866	7.78
Available-for-sale financial assets – non-current		495,766	331,974	163,792	49.34
Investments accounted for under the equity method		1,253,615	1,132,325	121,290	10.71
Property, plant and equipment		5,042,824	4,278,658	764,166	17.86
Total assets		178,667,626	179,014,946	(347,320)	(0.19)
Liquid liabilities		118,162,495	122,287,418	(4,124,923)	(3.73)
Bank borrowings (include short-term payable bonds and company loans)		57,661,212	57,056,992	604,220	1.06
Notes and accounts payable		49,125,281	48,257,710	867,571	1.80
Other liquid liabilities		5,559,204	11,753,868	(6,194,664)	(52.70)
Non-liquid liabilities		8,449,693	6,410,079	2,039,614	31.82
Long-term borrowings		7,238,010	5,196,441	2,041,569	39.29
Total liabilities		126,612,188	128,697,497	(2,085,309)	(1.62)
Capital		18,250,618	17,241,892	1,008,726	5.85
Total equity		52,055,438	50,317,449	1,737,989	3.45

7.1.2 Main causes of significant changes in the assets, liabilities and equities of the 2017 and 2016 Consolidated Financial Statements and plan in response

1. Liquid assets: Liquid assets of 2017 is lower than that of 2016, with the main decrease in cash and cash equivalents, notes and accounts receivable and other receivables, and increase of stocks.
2. Cash and cash equivalents: The cash and cash equivalents of 2017 is smaller than that of 2016, mainly due to consolidated influence of cash inflow of operations, cash outflow of purchase of real estates, cash outflow of financing activities and exchange rate impact.
3. Notes and accounts receivables: The notes and accounts receivables of 2017 is lower than

that of 2016, mainly due to the decrease of sales revenue of 2017.

4. Other receivables: Other receivables of 2017 is lower than that of 2016, mainly due to the decrease of retention amount of factoring accounts receivables in 2017.
5. Inventory: Inventory of 2017 has increased compared to that of 2016, mainly due to inventory control performance is not very efficient.
6. Available-for-sale financial assets – non-current: Available-for-sale financial assets – non-current of 2017 has increased compared to that of 2016, mainly due to the available-for-sale financial assets – non-current acquired in 2017.
7. Investments accounted for under the equity method: Investments accounted for under the equity method in 2016 has increased because of the recognized investment profit of 2017.
8. Bank borrowings (include short-term payable bonds and company loans): Bank borrowings of 2017 has increased compared to that of 2016, mainly due to the overall need for operating capital of 2017.
9. Bills and accounts payable: The bills and accounts payable of 2017 has increased compared to that of 2016, mainly due to changes in payment days resulting from changes in revenue mix.
10. Other liquid liabilities: Other liquid liabilities of 2017 have decreased compared to that of 2016, mainly due to decrease in long-term liabilities/business bonds due in one year or one operating cycle.
11. Long-term borrowings: Long-term borrowings in 2017 has increased compared to that of 2016, mainly due to decrease in transferred long-term liabilities due in one year or one operating cycle.
12. Total equity and net equity: The total equity and net equity of 2017 has increased compared to that of 2016, mainly due to the gradual conversion to share capital of convertible corporate bonds.

7.1.3 Comparison of individual financial condition

Unit: NT\$ thousand

Item \ FY	FY 2017	FY 2016	Differences	
			Amount	%
Liquid assets	261,321	351,182	(89,861)	(25.59)
Investments accounted for under the equity method	52,715,433	54,845,435	(2,130,002)	(3.88)
Property, plant and equipment	938,726	25,097	913,629	3640.39
Total assets	55,153,684	56,292,744	(1,139,060)	(2.02)
Bank borrowings (include short-term bonds)	2,474,604	1,559,333	915,271	58.70
Total liabilities	3,634,711	6,494,863	(2,860,152)	(44.04)
Capital	18,250,618	17,241,892	1,008,726	5.85
Total equities	51,518,973	49,797,881	1,721,092	3.46

7.1.4 Main causes of significant changes in the assets, liabilities and equities of the 2017 and 2016 Individual Financial Statements and plan in response

1. Liquid assets: Liquid assets of 2017 has decreased compared to that of 2016, mainly due to decrease in receivable subsidiary linked taxes.
2. Investments accounted for under the equity method: Investments accounted for under the equity method in 2017 has decreased compared to that of 2016, mainly due to decrease in accumulated exchange adjustments of subsidiaries.
3. Real estates, plants and equipment: Real estates, plants and equipment in 2017 has increased compared to that of 2016, mainly due to increase in prepayment for building constructions.
4. Net assets: Net assets of 2017 has decreased compared to that of 2016, mainly due to decrease in investments accounted for under the equity method
5. Bank loans (include payable short-term bonds): Bank loans of 2017 has increased compared to that of 2016, mainly due to payment for building constructions.
6. Net liabilities: Net liabilities of 2017 has decreased compared to that of 2016, mainly due to the gradual conversion to share capital of convertible corporate bonds.
7. Total equity and net equity: Total equity and net equity: of 2017 has increased compared to that of 2016, mainly due to the gradual conversion to share capital of convertible corporate bonds.

7.2 Financial performance

7.2.1 Comparison of consolidated financial performance

Unit: NT\$ thousand

Item \ FY	FY 2017	FY 2016	Difference	
			Amount	%

Item \ FY	FY 2017	FY 2016	Difference	
			Amount	%
Sales revenue	532,509,958	536,918,813	(4,408,855)	(0.82)
Operating costs	(510,358,864)	(514,322,994)	3,964,130	(0.77)
Gross profit	22,151,094	22,595,819	(444,725)	(1.97)
Operating expenses	(12,197,896)	(14,619,926)	2,422,030	(16.57)
Operating income	9,953,198	7,975,893	1,977,305	24.79
Non-operating income and expenses	(1,073,077)	(1,287,669)	214,592	(16.67)
Profit before tax	8,880,121	6,688,224	2,191,897	32.77
Income tax expenses	(1,513,686)	(1,337,626)	(176,060)	13.16
Consolidated net income	7,366,435	5,350,598	2,015,837	37.67

7.2.2 Main causes of significant changes in the operating revenue, operating income and income before tax of the 2017 and 2016 Consolidated Financial Statements and plan in response

1. Operating costs: Operating expense of 2017 has decreased compared to that of 2016, mainly due to decrease of bad debts in 2017.
2. Sales revenue: Gross operating income of 2017 has increased compared to that of 2016, mainly due to decrease in operating expenses in 2017.
3. Non-operating net income and expenses: Non-operating net income and expenses of 2017 has increased compared to that of 2016, mainly due to significant increase in currency exchange profits in 2017.
4. Net profit before tax: Net profit before tax of 2017 has increased compared to that of 2016, mainly due to decrease in operating expenses and increase in non-operating net income and expenses in 2017.
5. Income tax expenses: Income tax fee of 2017 has increased compared to that of 2016, mainly due to increase in net profit before tax in 2017.
6. Consolidated net income: Current net profit of 2017 has increased compared to that of 2016, mainly due to decrease in operating expenses and increase in non-operating income and expenses in 2017.

7.2.3 Comparison of individual financial performance

Unit: NT\$ thousand

Item \ FY	FY 2017	FY 2016	Difference	
			Amount	%
Sales revenue	7,983,324	6,062,201	1,921,123	31.69
Operating costs	(584,625)	(542,386)	(42,239)	7.79
Gross profit	7,398,699	5,519,815	1,878,884	34.04
Non-operating income and	(43,290)	(103,408)	60,118	(58.14)

Item	FY	FY 2017	FY 2016	Difference	
				Amount	%
expenses					
Profit before tax		7,355,409	5,416,407	1,939,002	35.80
Income tax expenses		(47,422)	(103,532)	56,110	(54.20)
Consolidated net income		7,307,983	5,312,875	1,995,108	37.55

7.2.4 Main causes of significant changes in the operating revenue, operating income and income before tax of the 2017 and 2016 Individual Financial Statements and plan in response

1. Sales revenue, operating gross profit, net income before tax, current net profit: Operating net income, operating gross profit, net income before tax, current net profit of 2017 has increased compared to that of 2016, mainly due to increase in investment income in 2017.
2. Income tax expenses: Income tax fees of 2017 has decreased compared to that of 2016, mainly due to decrease in undistributed surplus, income tax fee, and current generated income tax, and annual income tax overvaluation of previous years.

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 valued-added service, win more OEM agreements, improve the sales and penetration in China and use our advantages such as information technology to increase our market share and optimize the interests for the Company and shareholders.

7.3 Cash flow

7.3.1 Analysis of changes in consolidated cash flow of 2017

Unit: NT\$ thousand

Cash Balance 12/31/2016	Net Cash Provided by Operating Activities in 2017	Net increase (decrease) in Cash in 2017	Cash Balance 12/31/2017	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
8,456,912	8,048,113	(1,358,998)	7,097,914	0	0

The increase of revenues results in higher requirements of operating capitals to support operating activities, thus leading to the net cash inflow in the 2017 consolidated financial statement. The net cash outflow of investment is generated from the purchase of real estates, plants and equipment. The net cash outflow of financing activities in 2017 is the result of the cash dividend distributed to shareholders. The net cash outflow of 2017 results in lower closing cash balance over the opening cash balance.

7.3.2 Analysis of changes in individual cash flow of 2017

Unit: NT\$ thousand

Cash Balance 12/31/2016	Net Cash Provided by Operating Activities in 2017	Net increase (decrease) in Cash in 2017	Cash Balance 12/31/2017	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
33,676	4,605,726	(3,451)	30,225	0	0

Our cash flow is composed of the capitals for daily operation, cash dividends of subsidiaries and dividend payout.

7.3.3 Low liquidity improvement plan: WPG Group do not have the problem of low liquidity.

7.3.4 Consolidated cash liquidity analysis for the upcoming year

Unit: NT\$ thousand

Cash Balance 12/31/2016	Net Cash Provided by Operating Activities in 2017	Net increase (decrease) in Cash in 2017	Cash Balance 12/31/2017	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
7,097,914	2,925,500	(1,377,330)	5,720,584	0	0

It is expected that the net cash inflow from operating activities will increase in the 2018 consolidated statement because of the continuous performance in 2018 and 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 Individual cash liquidity analysis for the upcoming year

Unit: NT\$ thousand

Cash Balance 12/31/2016	Net Cash Provided by Operating Activities in 2017	Net increase (decrease) in Cash in 2017	Cash Balance 12/31/2017	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
30,225	5,882,569	1,607	31,832	0	0

The cash flow is composed of the capitals for daily operation, cash dividends of the subsidiaries and dividend payout.

7.4 The Influence of major capital expenditure on financial business in recent years

WPG Holdings has not made major capital expenditures in recent years. Refer to P.246 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

Dec. 31, 2017 / Unit: NT\$ thousand

Item \ Description	Long-term investment	Policy	2017 profits (loss)	Main cause of profits or loss	Improvement plan	Future investment planning
World Peace Industrial Co., Ltd	21,640,217	Sales of electronic / electrical components	3,551,378	Profits from the invested company, leading to gain on investment	—	—
Silicon Application Corporation	6,127,250	Sales of computer software and electronic products	806,996	"	—	—
Asian Information Technology Inc.	4,908,510	Sales of electronic / electrical components	1,147,823	"	—	—
Yosun Industrial Corp.	14,017,253	Sales of electronic / electrical components	998,105	"	—	—
WPG Electronic Ltd.	48,711	Sales of electronic / electrical components	9,593	"	—	—
WPG Korea Co., Limited	434,753	Sales of electronic / electrical components	41,223	"	—	—
WPG Investment Co., Ltd.	422,007	Investment company	(34,186)	Loss of investment	—	—

Item \ Description	Long-term investment	Policy	2017 profits (loss)	Main cause of profits or loss	Improvement plan	Future investment planning
WPG Int'l (CI) Limited	4,393,820	Subsidiary of the Holdings	827,301	Profits from the reinvested company	—	—
Trigold Holdings Co., Ltd.	722,912	Investment company	25,174	"	—	—

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 upcoming year

WPGH has no significant investment plan from the beginning to the annual report published date in 2017, but the Company will keep setting the acquisition platform of the holding structure and focusing on investment target at home and abroad.

7.6 Risk assessment of the following items in the recent year and as of the publication date of the annual report:

Integrated risk management is the goal of WPG Holdings. The risk management units at each level include risk management in the operation processes through systematical risk identification, risk assessment, risk response and monitoring considering the enterprise holistically in order to reach the goal of the normal management of organization. We will progressively conduct business at acceptable risk level, improve the quality and quantity of incomes, optimize resource distribution and ensure that the appropriate awareness of risk and culture will be established and maintained in the organization.

7.6.1 Influence of interest rate, currency and inflation on our revenues and responsive measures

■ Interest rate

The financial cost of 2017 was NT\$ 1,841,661,000, an increase of NT\$ 287,626,000 from 2016. We borrowed money from banks to meet the capital requirements of operation. Moreover, the interest rate on borrowings of the money market rose by 18.51%, showing a trend of significant increase. The rising of interest rate will negatively 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 liabilities and net investment in overseas operation institutions. The Group has established the policy, requiring every company of the Group to manage currency risk of corresponding functional currency. The financial department of each company shall help hedge currency considering the overall currency risk. The financial department of each Company also manages the currency risk of future transactions and recognized assets and liabilities through forward exchange agreements to reduce the influence of interest rate on our revenues. The foreign exchange gains in 2017 was NT\$ 442,060,000 or 6% in the net income; therefore, it imposed significant influence in 2017.

■ 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 2017.

7.6.2 The policy of the transactions, involving high risk, high leveraged investment, lending of

capitals, endorsement and derivatives, main causes of profits or loss and responsive measures

The Company did not engage in high risk and high leveraged investment and lent capitals, endorsed for other and conducted derivative transactions in accordance with the policy and responsive measures in “Procedure for the Acquisition and Disposal of Assets”, “Procedures for Loaning of Company Funds” and “Procedures for Endorsements and Guarantees.

■ Credit risk

To strengthen the performance of credit risk control, the Company and its subsidiaries will continue to optimize the system flow, combine professional with the system for further objective of reducing the risk of security claims. The main character of credit management divides into four parts: customer management, credit management, accounts receivable management and risk management. We are promoting the customer management of warning and reconciliation of accounts receivable along with cash requirement and offset. We manage these objects as key point and control to achieve the effect of anti-wrongdoing.

■ Risk of the quality of financial statements

We build a mechanism to analyze and check financial figures, offer regular training to improve the accountants' legal and taxation knowledge and regularly inspect the internal control system and operation processes.

■ Risk of the capital structure and difficulty of acquiring capitals

We set a goal of the expense use ratio and strengthen operating capital management.

7.6.3 Future R&D plan and budget

There are FAEs in the Subsidiaries to help clients with testing and design and they will irregularly provide or update the best solutions based on the application categories of the products to help clients reduce manufacturing costs and improve product efficiency. A total of NT\$ 4,549,000 has been invested in R&D as of the 1st quarter of the year.

7.6.4 Influence of important national policy and legal changes on the financial business and responsive measures

In response to the amendment of policies related to corporate governance and Company Act of the competent authorities, the Company will continue to notice on the change of related regulations and make changes accordingly.

7.6.5 Influence of technical and industrial changes on our financial business and responsive measures

The Company in the midstream supply chain of semiconductor parts will expand the production lines and customer coverage to meet the demands of semiconductor parts, brought by changing technology. Due to the intense competition in the industry, merger and acquisition is

common among domestic and foreign electronic companies to ensure the competitiveness in the market. The Company will continue to seek partners for strategic alliance, expand production lines and customer coverage, and maintain and expand market share through the investment Holdings in order to maintain our leading position of parts distributors in the Asia-Pacific market.

7.6.6 Influence of the corporate image change on the corporate risk management and responsive measures

The Company upholds the sustainable management principle of professionalism and integrity and highly values our corporate image and risk control. There is no foreseeable risk currently.

7.6.7 Expected benefits, possible risk and responsive measures of M&A

No M&A has been conducted in recent years and the last quarter.

7.6.8 Expected benefits, possible risk and responsive measures of plant expansion

Not applicable. Both the Company and Subsidiaries are not manufacturing industries.

7.6.9 Risk of procurement and sales concentration and responsive measures

Our clients spread across Asia-Pacific broadly and the products include computer peripheral, communication, consumer electronics and automotive electronics. The sales amount of single clients has not gone over 10% of the consolidated revenues in recent years and the 1st quarter of 2017, and therefore there is no problem of sales concentration. In addition, we have maintained great relationship with suppliers in the long term so we have stable supply source.

7.6.10 Influence, risk and responsive measures of transferring huge amount of equities by the Board directors, supervisors or the major shareholder with the holding ratio over 10% on the Company: none.

7.6.11 Influence of franchise change on the risk of the Company and responsive measure: none

7.6.12 A list shall be made for the lawsuits, non-contentious events or administrative appeals involving the Company, the directors, supervisors, general manager, major shareholders holding greater than 10% of shares and the company's subsidiaries (whether pending or for which a verdict has been reached) and the results may greatly affect the rights of its shareholders or stock price: none.

7.6.13 Other important risks and responsive measures: WPG Holdings did not have other important risks in 2016 and as of the publication date of the annual report.

7.7 Other important items:

Reference and foundation of evaluation for the appropriation of assets and liabilities

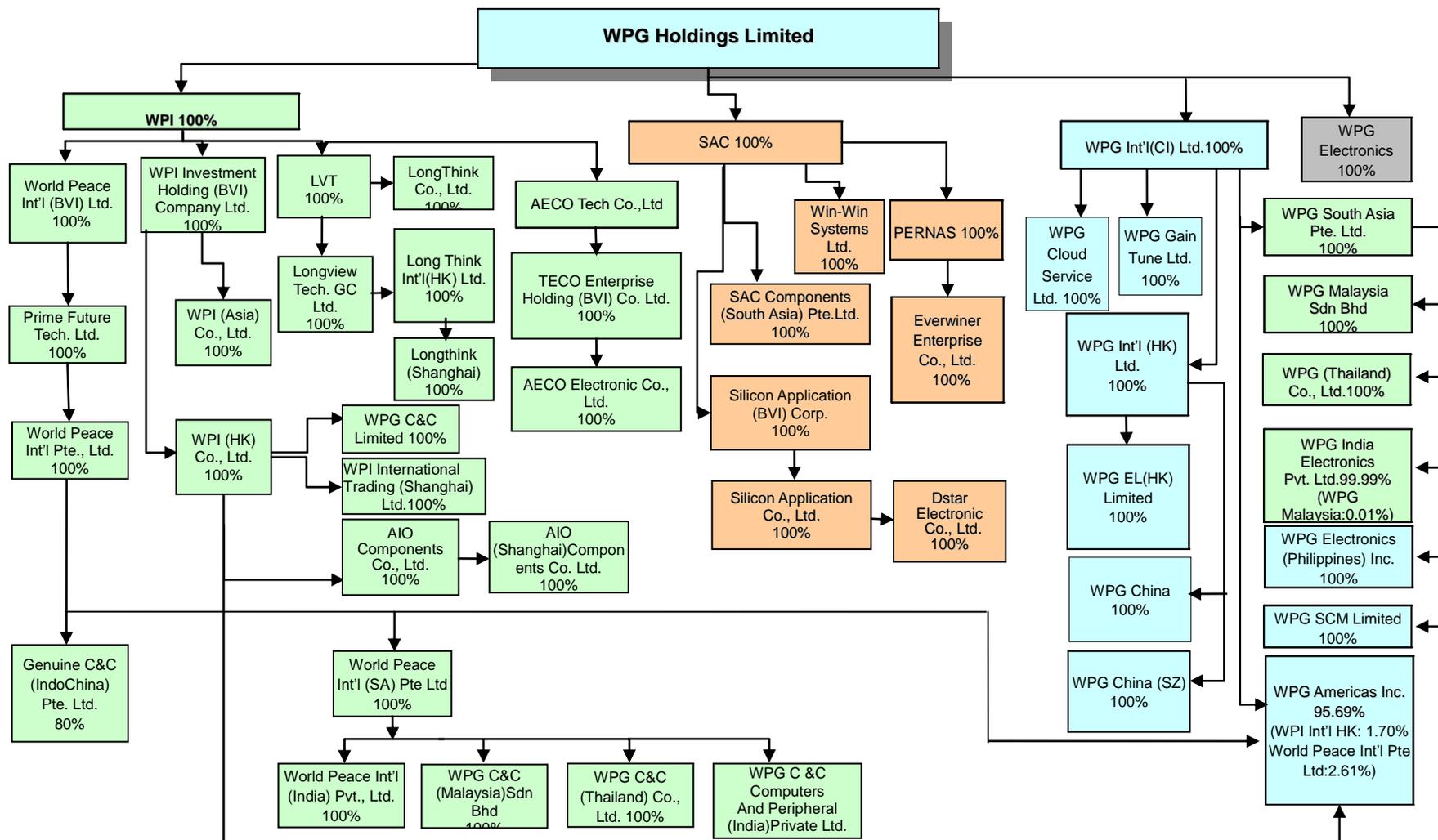
- 7.7.1 The allowance method of accounting for bad debts - account receivables: In the event of doubtful debts, they shall be individually evaluated to determine the possibility of collection and whether there is impairment loss with reference to the aging schedule (not the only reference). Evaluation shall be made to see whether there is objective evidence showing impairment loss.
1. The customer has serious financial problems.
 2. The customer does not pay upon expiry.
 3. It is highly possible that the customer will declare bankruptcy or financial restructuring.
- 7.7.2 Allowance for Inventory decline in market value policy : It is measured based on the cost and net realizable value to determine which is lower. The cost and net realizable value are compared item by item.

8. Other special items

8.1 Information related to the Company's affiliates

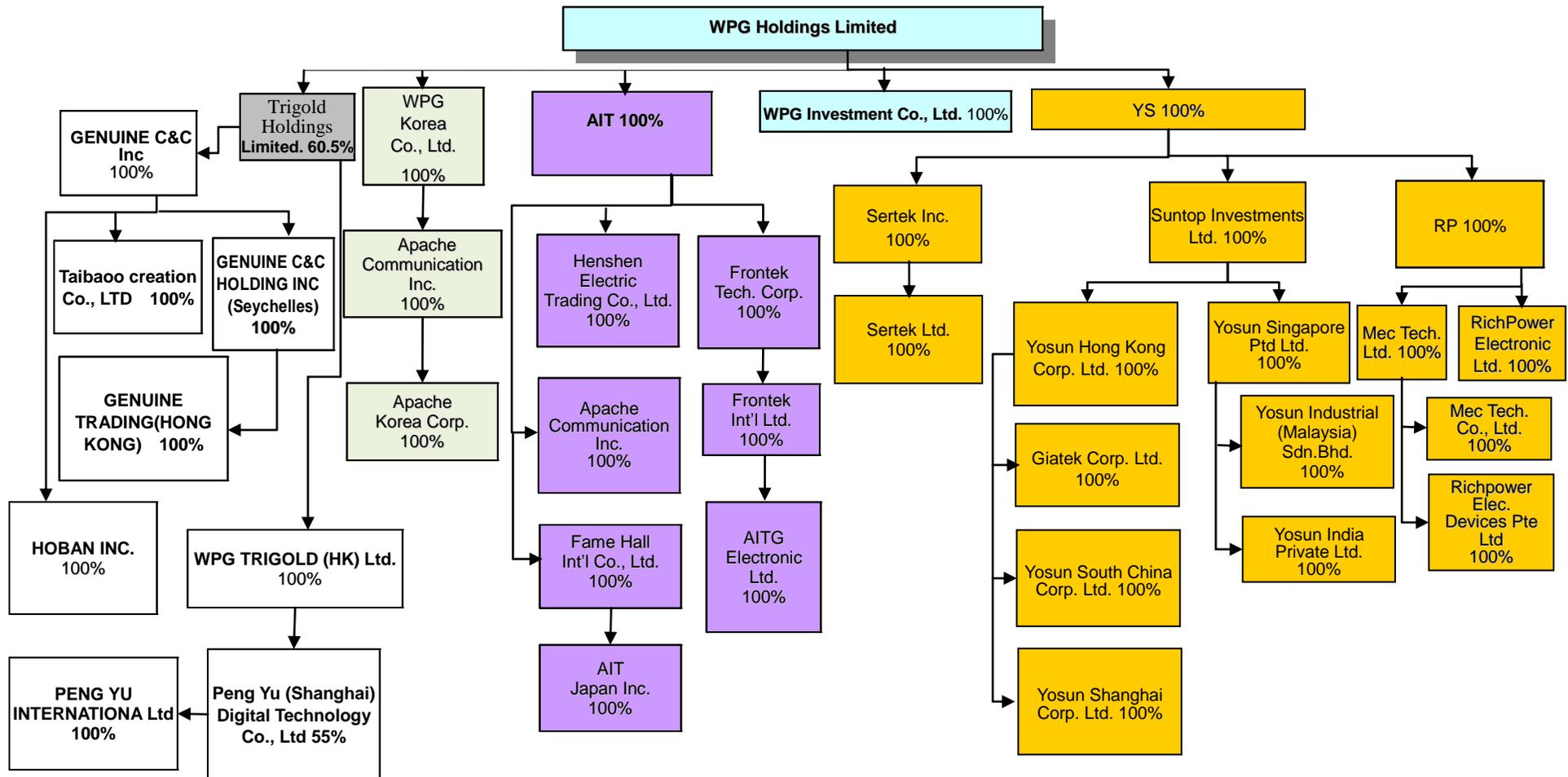
8.1.1 Chart of affiliates

Dec. 31, 2017



8.1.1 Chart of affiliates (Con't)

Dec. 31, 2017



8. Other Special Items

8.1.2 Basic Information of Affiliates

Dec. 31, 2017 Unit: NT\$ thousand, unless other specified

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
World Peace Industrial Co., Ltd.	1981/6/3	8F., No.74, No.76, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	10,972,524	Sales of electronic /electrical components
Silicon Application Corporation	1987/1/21	18F., No.2, Jian 8th Rd., Zhonghe Dist., New Taipei City	4,065,700	Sales of computer software and electronic product
Asian Information Technology Inc.	1993/7/29	7F., No.439, Ruiguang Rd., Neihu Dist., Taipei City	3,468,124	Sales of electronic / electrical components
Yosun Industrial Corp.	1980/5/30	9F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	5,120,744	Sales of electronic / electrical components
WPG Electronic Ltd.	2002/4/22	4F., No.70, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	39,200	Sales of electronic /electrical components
WPG Korea Co., Ltd.	2005/11/8	(Pangyo Innovalley) B-301, 253, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do,463-400, Korea	KRW 5,438,970,000	Sales of electronic /electrical components
WPG International (CI) Limited	2007/3/1	4th Floor, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands	USD 124,443,000	Holding company
WPG Investment Co., Ltd.	1998/7/9	8F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	500,000	Investment company
Trigold Holdings Co., Ltd.	2017/9/1	No.36, Ln. 66, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	795,695	Computers and computer equipments company

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
AECO Technology Co., Ltd.	1975/8/8	6F., No.74, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	946,000	Sales of electronic /electrical components
WPI Investment Holding (BVI) Company Ltd.	1996/3/15	Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 83,179,000	Holding company
World Peace International (BVI) Ltd.	1995/5/4	Commence Chambers, P. O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 34,196,000	Holding company
Longview Technology Inc.	1992/1/24	3F., No.70, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	339,000	Sales of electronic /electrical components
World Peace International (Asia) Limited	2011/8/5	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 10,000	Sales of electronic /electrical components
WPI International (Hong Kong) Limited	1996/4/16	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 85,545,000	Sales of electronic /electrical components
Prime Future Technology Limited	2000/9/15	Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 36,448,000	Holding company
World Peace International Pte Ltd	2000/6/29	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 30,390,000	Holding company
Genuine C&C (IndoChina) Pte. Ltd.	2002/5/23	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 5,000,000	Sales of electronic /electrical components
World Peace International (South Asia) Pte Ltd	1995/5/17	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 21,774,000	Sales of electronic /electrical components
World Peace International (India) Pvt., Ltd.	1997/10/3	Unit No. 2144, 2nd Floor, Oberoi Garden Estate Off, Sakivihar Road, Chandivali Mumbai, Maharashtra India - 400072	INR 3,575,000	Sales of electronic /electrical components

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
WPG C&C Computers and Peripheral (India) Private Limited	2008/6/4	No.26, 2 nd Floor, Okhla Industrial Estate, Phase-III, New Delhi-110020, India.	INR 484,200,000	Sales of electronic /electrical components
WPG C&C (Malaysia) Sdn Bhd	2001/1/26	25-4 & 27-4 (Ground Floor) Block D1, Dataran Prima, Jalan PJU 1/4, 47301 P.J., Selangor	MYR 11,250,000	Sales of electronic /electrical components
WPG C&C (Thailand) Co., Ltd.	2006/2/23	No. 9/302-4 UM Tower, 30 th Floor, Ramkhamhaeng Road, Suanlung Sub-district, Suanluang District, Bangkok, Thailand	BAHT 25,750,000	Agent and sales of information products
WPG C&C Limited	2002/7/19	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 6,500,000	Sales of electronic /electrical components
WPI International Trading (Shanghai) Ltd.	2005/1/13	No.3688, Jindu Road, Xinzhuang Industrial Zone, Shanghai	USD 6,650,000	Sales of electronic /electrical components
AIO Components Company Limited	1992/10/15	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 1,362,000	Sales of electronic /electrical components
AIO (Shanghai) Components Company Limited	2002/10/21	Section L2, 8th floor, Building 2, No. 115, Futexi First Road, Shanghai Free Trade Zone	USD 200,000	Sales of electronic /electrical components
Long-Think International Co., Ltd	2010/3/19	5F., No.76, Sec. 1, Chenggong Rd., Nangang Dist., Taipei City	40,000	Sales of electronic /electrical components
Longview Technology GC Limited	2012/5/10	Commence Chambers, P.O Box 2208, Road Town, Tortola, British Virgin Islands	USD 11,300,000	Holding company
Long-Think International (Hong Kong) Limited	1991/5/14	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 10,000,000	Sales of electronic /electrical components
Long-Think International (Shanghai) Limited	2002/10/21	Part H2, 5th Floor, Building 2, No.115, FuTe west 1 Road, Waigaoqiao Free Trade Zone, Shanghai	USD 400,000	Sales of electronic /electrical components

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Silicon Application (BVI) Corp.	1997/6/17	Citco Building, P.O. Box 662, Road Town, Tortola, British Virgin Islands	USD 22,000,000	Holding company
Silicon Application Company Limited	2000/2/14	Units07-11 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 100,000,000	Sales of computer software and electronic product
Dstar Electronic Company Limited	2000/9/4	Units07-11 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 6,000,000	Sales of computer software and electronic product
Win-Win Systems Ltd.	2000/6/20	The premises of Commonwealth trust Limited, Sealight House, Tortola, British Virgin Islands	USD 765,000	Holding company
SAC Components (South Asia) Pte. Ltd.	2012/4/25	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 3,500,000	Sales of computer software and electronic product
Pernas Enterprise Limited	1984/2/14	11F., No.258, Liancheng Rd., Zhonghe Dist., New Taipei City	735,000	Sales of electronic /electrical components
Everwiner Enterprise Co., Ltd.	1998/3/31	11F., No.268, Liancheng Rd., Zhonghe Dist., New Taipei City	280,000	Sales of electronic /electrical components
Apache Communication Inc.	1998/3/9	7F., No.431, Ruiguang Rd., Neihu Dist., Taipei City	1,570,000	Sales of electronic / electrical components
Henshen Electric Trading Co., Ltd.	1978/7/7	2F., No.441, Ruiguang Rd., Neihu Dist., Taipei City	100,000	Sales of electronic / electrical components

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Frontek Technology Corporation	1985/12/10	7F., No.435, Ruiguang Rd., Neihu Dist., Taipei City	2,145,634	Sales of electronic / electrical components
Fame Hall International Co., Ltd.	1998/12/7	Plam Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD 4,703,000	Investment company
Frontek International Limited	2002/6/4	Jipfa Building, 3rd Floor, 142 Main Street, Road Town, Tortola, British Virgin Islands	USD 2,970,000	Investment company
AITG Electronic Limited	2002/8/9	Unit 1501-3, Far East Consortium Building, No.121, Des Voeux Road Center, Central District, Hong Kong	HKD 22,800,000	Sales of electronic / electrical components
AIT Japan Inc.	2005/3/7	7F., Shinagawa-Gotenyama Bldg.3-6-6, Kita Shinagawa, Shinagawa-ku, Tokyo 140-0001, Japan	JPY 300,050,000	Sales of electronic / electrical components
RichPower Electronic Devices Co., Ltd.	2005/1/13	4F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	850,000	Sales of electronic / electrical components
Sertek Incorporated	1983/3/23	2F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	948,281	Sales of electronic / electrical components
Sertek Limited	1988/12/2	Room 901 Yip Fung Building,2-12 D'Aguilar Street, Central, Hong Kong	HKD19,500,000	Sales of electronic / electrical components
Suntop Investments Limited	1997/7/18	3rd Floor, Harbour Centre. P.O. Box 613, George Town, Grand Cayman, Cayman Island, British West Indies	USD 50,700,000	Investment company
Mec Technology Co., Ltd.	1999/4/19	5F., No.489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City	243,000	Sales of electronic / electrical components
Richpower Electronic Devices Co.,Limited	1998/5/27	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 8,125,000	Sales of electronic / electrical components

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Mec Technology Co., Limited	2004/7/13	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 32,000	Sales of electronic / electrical components
Richpower Electronic Devices Pte., Ltd.	2004/8/6	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 61,000	Sales of electronic / electrical components
Yosun Hong Kong Corp.Ltd.	1995/4/13	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD303,220,000	Sales of electronic / electrical components
Yosun Singapore Pte Ltd.	1991/2/14	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 12,475,000	Sales of electronic / electrical components
Yosun Industrial (Malaysia) Sdn. Bhd.	1991/12/3	Suite S-21-H,21st Floor, Menara Northam,55 Jalan Sultan Ahmad Shah,10050 Penang ,Malaysia	MYR 400,000	Sales of electronic / electrical components
Yosun India Private Ltd.	2008/12/19	No.26, 2nd Floor, Okhla Industrial Estate, Phase-III, NEW Delhi-110020, India.	INR 2,248,000	Sales of electronic / electrical components
Giatek Corp. Ltd.	2004/10/5	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	HKD 39,000,000	Sales of electronic / electrical components
Yosun Shanghai Corp. Ltd.	2002/4/24	Room 02, 6th Floor, Building 2, No. 115, Fuxi Xiyi Road, China (Shanghai) Pilot Free Trade Zone	USD7,700,000	Warehouse business and sales of electronic components
Yosun South China Corp. Ltd.	1999/10/12	Unit 903 and 904, 9F, Block 2, Kai Da Er Building, No.168 TongSha Road, XiLi Town, Nanshan, Shenzhen	USD4,300,000	Sales of electronic / electrical components
Apache Communication Inc.(B.V.I.)	2000/1/4	2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands	USD 2,795,000	Investment company

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Apache Korea Corp.	2003/8/8	(Pangyo Innovalley)B-301,253, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, 463-400, Korea	KRW 1,054,910,000	Sales of electronic / electrical components
WPG International (Hong Kong) Limited	2007/6/5	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 66,333,000	Holding company
WPG Americas Inc.	2006/5/16	5285 Hellyer Ave Suite 150, San Jose, CA 95138	USD66,100,000	Sales of electronic /electrical components
WPG Cloud Service Limited	2012/9/4	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD2,157,000	General trading
WPG Gain Tune Limited	1986/2/18	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	US\$1,000,000	Sales of electronic /electrical components
WPG Electronics (Hong Kong) Limited	1997/6/6	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD4,057,000	Sales of electronic /electrical components
WPG China Inc.	1995/3/16	Part B, 6F., Jialisi Building, No.191, Rijing Road, Waigaoqiao Free Trade Zone, Shanghai	USD58,280,000	Sales of electronic /electrical components
WPG China (SZ) Inc.	2000/7/7	1-8, 12-14F, Block 2, Kai Da Er Building, No.168 TongSha Road, XiLi Town, Nanshan, Shenzhen	HKD 37,000,000	Sales of computer software and electronic product
WPG South Asia Pte. Ltd.	2006/9/20	No. 10 Upper Aljunied Link #06-07, Singapore 367904	USD 15,650,000	Sales of electronic / electrical components
WPG Malaysia Sdn Bhd	1995/10/18	25-4 & 27-4, Block D1, Dataran Prima, Jalan PJU 1/41, 47301 Petaling Jaya, Selangor, Malaysia.	MYR 1,011,000	Sales of electronic /electrical components

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
WPG (Thailand) Co., Ltd.	1995/11/28	No. 9/302-4 UM Tower, 30th Floor, Ramkhamhaeng Road, Suanlung Sub-district, Suanluang District, Bangkok, Thailand	BAHT 10,372,000	Sales of electronic /electrical components
WPG India Electronics Pvt Ltd	2011/3/4	No.26, 2nd Floor, Okhla Industrial Estate, Phase-III, New Delhi-110020, India.	INR 159,100,000	Sales of electronic /electrical components
WPG Electronics (Philippines) Inc.	1999/9/2	Unit 501 Richville Corporate Centre, #1314 Commerce Ave. Ext., Madrigal Business Park, Ayala Alabang, Muntinlupa, 1780 Philippines	PHP 1,000,000	Sales of electronic /electrical components
WPG SCM Limited	2001/12/12	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 1,641,000	Sales of electronic /electrical components
Teco Enterprise Holding (BVI) Co., Ltd.	2002/4/19	Commence Chambers P.O.Box 2208 Road	USD 12,610,000	Investment company
AECO Electronic Co., Ltd.	2002/5/2	Units 07-11, 15th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	USD 12,600,000	Distribution of semiconductor products
HOBAN INC.	1999/4/10	3F., No.36, Ln. 66, Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	80,000	Investment and food goods selling
Genuine C&C Holding Inc. (Seychelles)	2011/6/22	No.24, Lesperance, Providence Industrial Estate, MAHE Seychelles	USD6,500,000	Holding company
TaiBauNet Co., Ltd	2013/1/22	3F., No.36, Ln. 66, Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	40,000	Food goods selling
GENUINE TRADING (HONG KONG) COMPANY LIMITED	2012/8/1	12F Jin Sheng Building, No.255-257 Des Voeux Road Central, Hong Kong	HKD38,000,000	Holding company

Company	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Peng Yu (Shanghai) Digital Technology Co., Ltd.	2014/5/30	Room A63, Floor 3, No.473, Fute West 1st Road, Free Trade Testing Zone(Shanghai), China	RMB22,500,000	Electronic product selling
Trigold Holdings (Hong Kong) Co., Ltd.	2017/11/6	UNITS 07-11, 15/F CDW BLDG 388 CASTLE PEAK RD TSUEN WAN HONG KONG	HKD200,000	Holding company
Genuine Co., Ltd.	1988/11/30	No.36, Ln. 66, Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	795,695	Computer and peripheral equipment industry
Peng Yu International Limited	2017/3/28	UNITS 07-11, 15/F CDW BLDG 388 CASTLE PEAK RD TSUEN WAN HONG KONG	USD10,000	Electronic product selling

8.1.3 **Shareholders in Common of WPG Holdings Limited and Its Subsidiaries with Deemed Control and Subordination:** None.

8.1.4 **Business Scope of WPG Holdings Limited and Its Subsidiaries**

The Company and its subsidiaries are mainly engaged in the sales of electronic / electrical components, holding company, Investment and software design services.

8.1.5 **Rosters of Directors, Supervisors, and Presidents of Affiliates**

Dec. 31, 2017

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
World Peace Industrial Co., Ltd.	Chairman	Chang Jung Kang (Representative of WPG Holdings Limited)	WPG Holdings Limited holds 1,097,252,407 shares	100.00%
	Chairman & CEO	Hsu Chu Hung (Representative of WPG Holdings Limited)		
	Director	Huang Wei-Hsiang (Representative of WPG Holdings Limited)		
	Director	Hsu Ying Che (Representative of WPG Holdings Limited)		
	Director	Yeh Fu-Hai (Representative of WPG Holdings Limited)		
	Supervisor	Yuan Hsing-Wen (Representative of WPG Holdings Limited)		
Silicon Application Corporation	Chairman	Chen Kou Yuan (Representative of WPG Holdings Limited)	WPG Holdings Limited holds 406,570,000 shares	100.00%
	Director	Huang Wei-Hsiang (Representative of WPG Holdings Limited)		
	Director and CEO	Chen Ming Chih (Representative of WPG Holdings Limited)		
	Director	Yeh Fu-Hai (Representative of WPG Holdings Limited)		
	Executive Officer	Wang Yung-I (Representative of WPG Holdings Limited)		
	Supervisor	Yuan Hsing-Wen (Representative of WPG Holdings Limited)		

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
Asian Information Technology Inc.	Chairman	Hsu Ming-Jen (Representative of WPG Holdings Limited)	WPG Holdings Limited holds 346,812,367 shares	100.00%
	Director	Yeh Fu-Hai (Representative of WPG Holdings Limited)		
	Director	Hsu Yu-Kun (Representative of WPG Holdings Limited)		
	Director	Huang Wei-Hsiang (Representative of WPG Holdings Limited)		
	Director	Huang Kuo-Chen (Representative of WPG Holdings Limited)		
	Supervisor	Yuan Hsing-Wen (Representative of WPG Holdings Limited)		
Yosun Industrial Corp.	Chairman	Tsung Kuo Tung (Representative of WPG Holdings Limited)	WPG Holdings Limited holds 512,074,400 shares	100.00%
	Director	Huang Wei-Hsiang (Representative of WPG Holdings Limited)		
	Director and CEO	Huang Chiao Kou (Representative of WPG Holdings Limited)		
	Director	Lin Da Sen (Representative of WPG Holdings Limited)		
	Director	Yeh Fu-Hai (Representative of WPG Holdings Limited)		
	Supervisor	Yuan Hsing-Wen (Representative of WPG Holdings Limited)		

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
WPG Electronic Ltd.	Chairman Director Director Supervisor	Huang Wei-Hsiang (Representative of WPG Holdings Limited) Yang Chung-Bo (Representative of WPG Holdings Limited) Yeh Fu- Hai (Representative of WPG Holdings Limited) Yuan Hsing-Wen (Representative of WPG Holdings Limited)	WPG Holdings Limited holds 3,920,000 shares	100.00%
WPG Korea Co., Ltd.	Representative Director Director Director Supervisor	Kwak, Choong-Pyo Huang, Wei-Hsiang Chai Kim Yin Yuan, Hsing-Wen	WPG Holdings Limited holds 1,087,794 shares	100.00%
WPG International (CI) Limited	Director Director	Huang Wei-Hsiang Yuan Hsing-Wen	WPG Holdings Limited holds 124,442,727 shares	100.00%
WPG Investment Co., Ltd.	Chairman Director Director Supervisor	Huang Wei-Hsiang (Representative of WPG Holdings Limited) Yuan Hsing-Wen (Representative of WPG Holdings Limited) Tai Ru-Fang (Representative of WPG Holdings Limited) Li Yi-Qun (Representative of WPG Holdings Limited)	WPG Holdings Limited holds 50,000,000 shares	100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
Trigold Holdings Investment Co., Ltd.	Chairman and CEO	Huangwei Xiang (Representative of World Peace Industrial Co., Ltd.)	WPG Holdings Limited holds 48,139,319 shares	60.50%
	Director	Ye Qi dong		
	Director	Tseng Kuo-Dong (Representative of WPG Holdings Limited)		
	Director	Lin Tsai Lin (Representative of WPG Holding Co., Ltd.)		
	Director	Lin Tsai Lin (Representative of WPG Holding Co., Ltd.)		
	Independent director	Chen Kuo-Yuan (Representative of WPG Holdings Limited)		
	Independent director	Chen Shi-Jie		
	Supervisor	Chen Wei-Shen		
	Supervisor	Yuan Hsing-Wen		
		Dai Ru-Fang (HsuWei Investment Co. Ltd.)		
AECO Technology Co., Ltd	Chairman	Hsu Chu Hung (Representative of World Peace Industrial Co., Ltd.)	World Peace Industrial Co., Ltd. holds 94,600,000 shares	100.00%
	Director	Chang Jung Kang (Representative of World Peace Industrial Co., Ltd.)		
	Director	Hsu Ying Che (Representative of World Peace Industrial Co., Ltd.)		
	Supervisor	Yao Su-Mei (Representative of World Peace Industrial Co., Ltd.)		

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
WPI Investment Holding (BVI) Company Ltd.	Director Director	World Peace Industrial Co., Ltd. Chang Jung Kang	World Peace Industrial Co., Ltd. holds 83,179,435 shares	100.00%
World Peace International (BVI) Ltd.	Director	Chang Jung Kang	World Peace Industrial Co., Ltd. holds 34,196,393 shares	100.00%
Longview Technology Inc.	Director and CEO Director Director Supervisor	Hsu Chu Hung (Representative of World Peace Industrial Co., Ltd.) Hsu Ying Che (Representative of World Peace Industrial Co., Ltd.) Yu Cheng Chang (Representative of World Peace Industrial Co., Ltd.) Yao Su-Mei (Representative of World Peace Industrial Co., Ltd.)	World Peace Industrial Co., Ltd. holds 33,900,000 shares	100.00%
World Peace International (Asia) Limited	Director Director Director	Chang Jung Kang Hsu Chu Hung Hsu Ying Che	WPI Investment holds 10,000 shares	100.00%
WPI International (Hong Kong) Limited	Director Director Director	Chang Jung Kang Hsu Chu Hung Hsu Ying Che	WPI Investment holds 4,087,084,000 shares	100.00%
Prime Future Technology Limited	Director	Chang Jung Kang	World Peace Int'l (BVI) holds 36,448,096 shares	100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
World Peace International Pte Ltd	Director Director	Chai Kim Yin Chang Jung Kang	Prime Future Tech. holds 248,632,599 shares	100.00%
Genuine C&C (Indochina) Pte. Ltd.	Director Director Director	Tan Yew Teck Tan Sze Chuarn Chai Kim Yin	World Peace Int'l holds 5,359,370 shares	80.00%
World Peace International (South Asia) Pte Ltd	Director Director Director	Tan Yew Teck Chai Kim Yin Chang Jung Kang	World Peace Int'l holds 34,314,692 shares	100.00%
World Peace International (India) Pvt., Ltd.	Director Director Director Director	Chai Kim Yin Rick Tan Jason Saw Kashinath Karekar	World Peace Int'l (SA) holds 3,575,058 shares	100.00%
WPG C&C Computers and Peripheral (India) Private Limited	Director Director Director	Tan Sze Chuarn Rajeev Bajpai Chai Kim Yin	World Peace Int'l SA holds 48,420,000 shares World Peace Int'l holds 5,000 shares	99.00% 1.00%
WPG C&C (Malaysia) Sdn Bhd	Director Director Director Director	Tan Sze Chuarn Chai Kim Yin Wendy Tiong Siew Ling Hia Bun Ching	World Peace Int'l SA holds 11,250,000 shares	100%
WPG C&C (Thailand) Co., Ltd.	Director Director Director	Chai Kim Yin Tan Sze Chuarn	1,000 shares 1,000 shares	0.10% 0.10%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
		Sopananarat Sintavanon	360,000 shares World Peace Intl SA holds 488,000 shares	36.00% 48.80%
WPG C&C Limited	Director Director Director	Chang Jung Kang Hsu Chu Hung Hsu Ying Che	WPI International (Hong Kong) Limited holds 6,500,000 shares	100.00%
WPI International Trading (Shanghai) Ltd.	Director and authorized Representative Director Director Supervisor	Ho, Hsiang-Chou Shen, Wei-Chung Chen, Ting-Tsung Chung Pei-Yuan	— (Note 1)	WPI International (Hong Kong) Limited holds 100.00%
AIO Components Company Limited	Director Director Director	Yao Su-Mei HSU Chu Hung YU Cheng Chang	WPI International (Hong Kong) Limited holds 1,361,688 shares	100.00%
AIO (Shanghai) Components Company Limited	Director and authorized Representative	Shen, Wei-Chung	— (Note 1)	AIO Components Company Limited holds 100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
Long-Think International Co., Ltd	Chairman Director Director Supervisor	Hsu Chu Hung (Representative of Longview Technology Inc.) Yu Cheng Chang (Representative of Longview Technology Inc.) Hsu Ying Che (Representative of Longview Technology Inc.) Yao Su-Mei (Representative of World Peace Industrial Co., Ltd.)	Longview Technology GC holds 4,000,000 shares	100.00%
Longview Technology GC Limited	Director	Hsu Chu Hung	Longview Technology GC holds 11,300,000 shares	100.00%
Long-Think International (Hong Kong) Limited	Director Director Director	Hsu Chu Hung Hsu Ying Che Yu Cheng Chang	Longview Technology GC holds 780,000,000 shares	100.00%
Long-Think International (Shanghai) Limited	Director and authorized Representative Director Director Supervisor	Shen, Wei-Chung Tour Zhen Chang Chen Chun Hong Chung Pei-Yuan	— (Note 1)	Long-Think International (Hong Kong) Limited holds 100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
Silicon Application (BVI) Corp.	Chairman	Chen Kou Yuan	Silicon Application Corp. holds 22,000,000 shares	100.00%
Silicon Application Company Limited	Director Director Director	Chen Kou Yuan Su Tein Jye Chen Ming-Chih	Silicon Application (BVI) Corp. holds 100,000,000 shares	100.00%
Dstar Electronic Company Limited	Director Director Director	Chen Kou Yuan Su Tein Jye Chen Ming-Chih	Silicon Application Company Limited holds 6,000,000 shares	100.00%
Win-Win Systems Ltd.	Chairman	Chen Kou Yuan	Silicon Application Corp. holds 765,000 shares	100.00%
SAC Components (South Asia) Pte. Ltd.	Director Director Director Director	Chen Kou Yuan Chen Ming Chih Tan Yew Teck Chai Kim Yin	Silicon Application Corp. holds 3,500,000 shares	100.00%
Pernas Electronics Co., Ltd.	Chairman Director Director Supervisor CEO	Chen Kou Yuan (Representative of Silicon Application Corp.) Chen Ming Chih (Representative of Silicon Application Corp.) Wang Yung-I (Representative of Silicon Application Corp.) Ting, Tzu Hsin (Representative of Silicon	Silicon Application Corp. holds 73,500,000 shares	100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
		Application Corp.) Wu Yong Chang		
Everwiner Enterprise Co., Ltd.	Chairman	Chen Kou Yuan (Representative of Pernas Electronics Co., Ltd.)	Pernas Electronics Co., Ltd. holds 28,000,000 shares	100.00%
	Director	Chen Ming Chih (Representative of Pernas Electronics Co., Ltd.)		
	Director	Wang Yung-I (Representative of Pernas Electronics Co., Ltd.)		
	Supervisor	Ting, Tzu Hsin (Representative of Pernas Electronics Co., Ltd.)		
	CEO	Wu Yong Chang		
Eubo Technology Co., Ltd.	Chairman	Yeh Fu-Hai (Representative of Asian Information Technology Inc.)	Asian Information Technology holds 157,000,000 shares	100.00%
	Director	Hsu Ming-Jen (Representative of Asian Information Technology Inc.)		
	Director	(in short) (Representative of Asian Information Technology Inc.)		
	Supervisor	Huang Shu-Ping (Representative of Asian Information Technology Inc.)		

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
AIT Group	Chairman	Yeh Fu-Hai (Representative of Asian Information Technology Inc.)	Asian Information Technology holds 10,000,000 shares	100.00%
	Director	Hsu Ming-Jen (Representative of Asian Information Technology Inc.)		
	Director	(in short) (Representative of Asian Information Technology Inc.)		
	Supervisor	Huang Shu-Ping (Representative of Asian Information Technology Inc.)		
Frontek Technology Corporation	Chairman	Hsu Ming-Jen (Representative of Asian Information Technology Inc.)	Asian Information Technology holds 214,563,352 shares	100.00%
	Director	Yeh Fu-Hai (Representative of Asian Information Technology Inc.)		
	Director	(in short) (Representative of Asian Information Technology Inc.)		
	Supervisor	Huang Shu-Ping (Representative of Asian Information Technology Inc.)		
Fame Hall International Co., Ltd	Director	Yeh Fu-Hai	Asian Information Technology holds 4,703,107 shares	100.00%
	Director	Huang Shu-Ping		
Frontek International Limited	Director	Yeh Fu-Hai	Frontek Technology holds 2,970,000 shares	100.00%
	Director	Huang Shu-Ping		

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
Asian Electronics Inc.	Director	Yeh Fu-Hai	1 share	—
	Director	Hsu Ming-Jen	Frontek International holds 22,799,999 shares	100.00%
	Director	(in short)		
AIT Japan Inc.	Chairman	Huang Guo Chen	Fame Hall International holds 6,001 shares	100.00%
	Chairman	Masafumi Nakano		
	Director	Yeh Fu-Hai		
	Director	Hsu Ming-Jen		
	Supervisor	Huang Shu-Ping		
RichPower Electronic Devices Co., Ltd.	Chairman and	Tsung Kuo Tung (Representative of Yosun Industrial Corp.)	Yosun holds 85,000,000 shares	100.00%
	CEO	Chang Chi-Wen (Representative of Yosun Industrial Corp.)		
	Director	Huang, Chiao-Kou (Representative of Yosun Industrial Corp.)		
	Director	Liu Hung-An (Representative of Yosun Industrial Corp.)		
	Supervisor			
Sertek Inc.	Chairman	Tsung Kuo Tung (Representative of Yosun Industrial Corp.)	Yosun holds 94,828,100 shares	100.00%
	Director	Jiang Junhui (Representative of Yosun Industrial Corp.)		
	Director and CEO	Huang, Chiao-Kou (Representative of		
	Supervisor			

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
		Yosun Industrial Corp.) Liu Hung-An (Representative of Yosun Industrial Corp.)		
Sertek (Hong Kong) Inc.	Director Director	Tsung Kuo Tung Huang, Chiao-Kou	Sertek holds 19,500,000 shares	100.00%
Suntop Investments Limited	Director	Tsung Kuo Tung (Representative of Yosun Industrial Corp.)	Yosun holds 50,700,000 shares	100.00%
Mec Technology Co., Ltd.	Chairman Director Director Supervisor	Huang, Chiao-Kou (Representative of RichPower Electronic Devices Co., Ltd.) Liu Hung-An (Representative of RichPower Electronic Devices Co., Ltd.) Chen Wei-Guang (Representative of RichPower Electronic Devices Co., Ltd.) Lin Da-Sen (Representative of RichPower Electronic Devices Co., Ltd.)	RichPower holds 24,300,000 shares	100.00%
RichPower International Co., Limited	Director Director	Huang, Chiao-Kou He Peng-Hsiung	RichPower holds 63,000,000 shares	100.00%
Mec Technology Co., Limited.	Director Director	Huang, Chiao-Kou He Peng-Hsiung	Hanmark holds 25,000 shares	100.00%
Richpower Electronic Devices Pte., Ltd.	Director Director	Huang, Chiao-Kou Ho, Peng-Hsiung	Hanmark holds 10,000 shares	100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
	Director	Chai Kim Yin		
Yosun Hong Kong Corp. Ltd.	Director Director	Tsung Kuo Tung Huang, Chiao-Kou	Suntop Investments holds 295,270,000 shares	100.00%
Yosun Singapore Pte Ltd.	Director Director Director Director	Tsung Kuo Tung Huang, Chiao-Kou Chai Kim Yin Tan Yew Teck	Suntop Investments holds 20,600,000 shares	100.00%
Yosun Industrial (Malaysia) Sdn. Bhd.	Director and CEO Director Director	Tan Yew Teck Chai Kim Yin Wong Boon Hee	Yosun Singapore holds 400,000 shares	100.00%
Yosun India Private Ltd.	Director and CEO Director Director	Tan Yew Teck Chai Kim Yin Rakesh Arora	Yosun Singapore holds 224,812 shares Yosun Industrial (Malaysia) holds 1 share	100.00%
Giatek Corp. Ltd.	Director	Tsung Kuo Tung	Yosun HK holds 39,000,000 shares	100.00%
Yosun Electronics (Shanghai) Co., Ltd.	Chairman and authorized Representative Director Director	Cheng Kun-Mao Chen Jian Zhong Chen Hang-Chi	— (Note 1)	Yosun HK holds 100.00%
Yosun Technology (Shenzhen) Co., Ltd.	Chairman and	Ou Dong Guan	— (Note 1)	Yosun HK holds 100.0

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
	authorized Representative Director Director	Liang Kuo-Chen Lee Tao-Jui		0%
Apache Communication Inc.(B.V.I.)	Director	WPG Korea Co., Ltd.	WPG Korea holds 2,795,000 shares	100.00%
Apache Korea Corp.	Representative director Director Director Supervisor	CP Kwak Peter Chang James Park Olivia Ko	Apache Communication Inc. holds 210,982 shares	100.00%
WPG International (Hong Kong) Limited	Director Director	Huang Wei-Hsiang Yuan Hsing-Wen	WPG International (CI) holds 514,796,483 shares	100.00%
WPG Americas Inc.	Director Director Director Director Director	Yao Su-Mei Chang Jung Kang Huang Wei-Hsiang Hsu Ying-Che Richard J. Davis	World Peace Int'l holds 6,100,000 shares WPI International (H.K.) holds 4,000,000 shares WPG International (CI) holds 224,000,000 shares	2.60% 1.71% 95.69%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
WPG Cloud Service Limited	Director Director Director	Huang Wei-Hsiang Chang Jung Kang Yeh Fu-Hai	WPG International (CI) holds 2,157,130 shares	100.00%
WPG Gain Tune Limited	Director Director Director	Chang Jung Kang Yeh Fu-Hai Yuan Hsing-Wen	WPG International (CI) Ltd holds 77,500,000 shares	100.00%
WPG Electronics (Hong Kong) Limited	Director Director Director	Huang Wei-Hsiang Jaw Shih-Wei Yeh Fu-Hai	WPG International (HK) holds 31,640,000 shares	100.00%
WPG China Inc.	Director and authorized Representative Director Supervisor	Jaw Shih-Wei Huang Wei-Hsiang Yeh Fu-Hai Yuan Hsing-Wen	— (Note 1)	WPG International (HK) holds 100%
WPG China (SZ) Inc.	Director and authorized Representative Director Director Supervisor	Jaw Shih-Wei Huang Wei-Hsiang Yeh Fu-Hai Yuan Hsing-Wen	— (Note 1)	WPG International (HK) holds 100%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
WPG South Asia Pte. Ltd.	Director Director Director	Tan Say Chong Chai Kim Yin Huang Wei-Hsiang	WPG International (CI) holds 21,133,600 shares	100.00%
WPG Malaysia Sdn Bhd	Director Director Director Director	Chai Kim Yin Hia Bun Ching Tan Say Chong Wong Boon Hee	WPG South Asia holds 1,010,800 shares	100.00%
WPG (Thailand) Co., Ltd.	Director Director	Chai Kim Yin Sopananarat Sintavanon	WPG South Asia holds 40,451 shares	100.00%
WPG India Electronics Pvt Ltd	Director Director Director	Chai Kim Yin Tan Say Chong Karekar Kashinath Arvind	WPG South Asia holds 15,909,990 shares WPG Malaysia Sdn. Bhd. holds 10 shares	99.99% 0.01%
WPG Electronics (Philippines) Inc.	Director Director Director Director Director	Tan Say Chong Nelissa Senido Eulalio R. Villanueva Aquino, Eduardo Jr. Chai Kim Yin	100 shares 2,000 shares 2,000 shares 2,000 shares 100 shares WPG South Asia holds 3,800 shares	1.00% 20.00% 20.00% 20.00% 1.00% 38.00%
WPG SCM Limited	Director Director	Chai Kim Yin Chang Jung Kang	WPG South Asia Pte. Ltd holds 12,800,000 shares	100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
Teco Enterprise Holding (BVI) Co., Ltd.	Director	Hsu Chu Hung	Dah Chwan Digital Technology holds 12,610,000 shares	100.00%
AECO Electronic Co., Ltd.	Director Director	Hsu Chu Hung Chung Pei-Yuan	Teco Enterprise Holding(BVI) holds 98,279,999 shares	100.00%
HOBAN INC.	Chairman Director Director Supervisor	Ye Qi Dong (Representative of GENUINE C&C INC.) Chuang Chong-Lin (Representative of GENUINE C&C INC.) Xie Ming Shan (Representative of GENUINE C&C INC.) Cao Jun Jie (Representative of GENUINE C&C INC.)	GENUINE C&C INC. holds 8,000,000 shares	100.00%
GENUINE C&C HOLDING INC (Seychelles)	Director Director	Huang Wei-Hsiang Ye Qi Dong	Trigold Holdings holds 6,500,000 shares	100.00%
TaiBauNet Co., Ltd	Liquidator Supervisor	Cao Jun Jie (Representative of GENUINE C&C INC.) Guo Shi Tsun (Representative of GENUINE C&C INC.)	GENUINE C&C INC. holds 4,000,000 shares	100.00%
GENUINE TRADING (HONG KONG) COMPANY LIMITED	Director Director Director	Ye Qi Dong Wu Zi Qiang Wang Peng-Cheng	GENUINE C&C INC. holds 51,704,433 shares	100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
Peng Yu (Shanghai) Digital Technology Co., Ltd.	Chairman Director Director Supervisor	Wu Zi Qiang (Representative of GENUINE C&C HOLDING INC.(Seychelles)) Huang Wei-Hsiang (Representative of GENUINE C&C HOLDING INC.(Seychelles)) Cao Tai Sun (Representative of Meridian Line Co., Ltd(Seychelles)) Chen Jian Li (Representative of GENUINE C&C HOLDING INC.(Seychelles))	— (Note 1)	Meridian Line Co., Ltd (Seychelles) holds 45% Trigold Holdings (Hong Kong) holds 55%
Trigold Holdings (Hong Kong) Co., Ltd.	Director	Huang Wei-Hsiang	Trigold Holdings holds 200,000 shares	100.00%
GENUINE C&C INC.	Chairman and CEO Director Director Director Director Supervisor	Representative of Trigold Holdings Co., Ltd.: Ye Qi Dong Representative of Trigold Holdings Co., Ltd.: Huang Wei-Hsiang Representative of Trigold Holdings Co., Ltd.: Gao Hsiao-Long Representative of Trigold Holdings Co., Ltd.: Ye Gong-Dong Representative of Trigold Holdings Co., Ltd.: Guo Shi-Cun	Trigold Holdings holds 79,569,450 shares	100.00%

Company	Title	Name or Representative	Shareholding	
			Shares	Investment Holding%
		Representative of Trigold Holdings Co., Ltd.: Peng Fan-Ling		
Peng Yu International Limited	Director	Ye Chi-Shu	Peng Yu Digital Technology (Shanghai) Co. Limited holds 10,000 shares	100.00%

Note 1 : Not applicable. Limited company do not issue shares.

8.1.6 Operational Highlights of Subsidiaries

Dec. 31, 2017 Unit: NT\$ thousand

Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
World Peace Industrial Co., Ltd.	NTD	10,972,524	54,195,332	32,542,697	21,652,636	100,301,373	1,750,963	3,551,378	3.24
Silicon Application Corporation	NTD	4,065,700	26,006,227	19,878,977	6,127,250	68,239,401	1,002,286	806,996	1.98
Asian Information Technology Inc.	NTD	3,468,124	13,821,224	8,912,713	4,908,510	35,724,035	654,073	1,147,823	3.31
Yosun Industrial Corp.	NTD	5,120,744	19,396,200	9,143,727	10,252,473	30,693,583	68,716	998,105	1.95
WPG Electronic Ltd.	NTD	39,200	89,771	41,060	48,711	0	(147,388)	9,593	2.45
WPG Korea Co., Ltd	NTD	152,944	1,668,710	1,233,956	434,753	4,838,523	96,052	41,223	20.61
WPG International (CI) Limited	NTD	3,703,416	4,439,264	45,444	4,393,820	0	(163)	827,301	4.14
WPG Investment Co., Ltd.	NTD	500,000	422,141	134	422,007	0	(2,837)	(34,186)	(0.68)
Trigold Holdings Investment Co., Ltd.	NTD	795,695	1,128,492	17,892	1,045,200	462,246	6,819	32,265	0.34
AECO Technology Co., Ltd.	NTD	946,000	1,133,047	87,847	3,573,958	127,531,801	(35,619,731)	7,412,151	0.08
TECO Enterprise Holding (BVI) CO., Ltd.	NTD	375,274	782,652	33,429	749,223	33,824	(988)	26,792	2.12
AECO Electronic Co., Ltd.	NTD	374,976	782,531	33,429	749,102	33,824	(988)	31,512	0.21
WPI Investment Holding (BVI) Company Ltd.	NTD	2,475,420	14,360,900	464	14,360,436	0	(172)	1,924,773	9.62
World Peace International (BVI) Ltd.	NTD	3,006,778	10,227,149	4,935,297	5,291,853	28,441,813	245,026	231,871	2.90
Longview Technology Inc.	NTD	339,000	1,041,268	469,853	571,415	1,828,736	51,984	92,340	2.72

Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
World Peace International (Asia) Limited	NTD	38	0	84	(84)	0	(9)	(9)	(0.09)
WPI International (Hong Kong) Limited	NTD	2,545,830	35,782,780	21,476,862	14,305,918	145,446,350	2,638,961	1,921,090	0.47
Prime Future Technology Limited	NTD	1,989,093	9,233,538	4,935,297	4,298,241	28,441,713	245,137	231,977	2.90
World Peace International Pte Ltd	NTD	904,398	8,141,349	4,935,297	3,206,052	28,441,713	245,233	231,162	2.89
Genuine C&C (IndoChina) Pte. Ltd.	NTD	148,800	210,922	32,886	178,036	638,802	7,693	7,591	1.13
World Peace International (South Asia) Pte Ltd	NTD	647,992	7,973,555	5,086,773	2,886,782	28,007,308	237,091	216,876	6.32
World Peace International (India) Pvt., Ltd.	NTD	1,662	67,167	63,593	3,574	127,532	(35,620)	7,412	2.07
WPG C&C Computers and Peripheral (India) Private Limited	NTD	225,065	852,214	597,170	255,044	2,496,498	63,172	36,848	0.76
WPG C&C (Malaysia) Sdn Bhd	NTD	82,402	74,201	30,747	43,455	477,188	5,212	7,394	0.37
WPG C&C (Thailand) Co., Ltd.	NTD	23,471	50,788	33,971	16,817	206,839	4,808	4,445	4.45
WPG C&C Limited	NTD	193,440	1,366,758	1,176,606	190,152	7,414,170	36,926	22,669	1.77
WPI International Trading (Shanghai) Ltd.	NTD	211,931	958,046	703,088	254,958	6,073,137	19,515	12,826	0.00
AIO Components Company Limited	NTD	5,206	155,065	7,424	147,641	1,912	(4,180)	(8,720)	(6.40)
AIO (Shanghai) Components Company Limited	NTD	7,557	11,229	3,410	7,819	0	(17)	233	0.00

Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
Long-Think International Co., Ltd	NTD	40,000	136,055	83,622	52,433	315,150	12,321	9,766	2.44
Longview Technology GC Limited	NTD	336,288	380,313	0	380,313	0	(111)	40,978	3.63
Long-Think International (Hong Kong) Limited	NTD	297,600	527,622	147,854	379,768	1,526,404	53,760	41,088	0.05
Long-Think International (Shanghai) Limited	NTD	15,115	96,305	23	96,282	0	(462)	(2,478)	0.00
Silicon Application (BVI) Corp.	NTD	654,720	3,155,462	107,863	3,047,599	79,342	(102,035)	45,656	2.08
Silicon Application Company Limited	NTD	381,538	1,814,157	107,863	1,706,294	79,342	(102,035)	27,978	0.28
Dstar Electronic Company Limited	NTD	22,981	45,365	1,865	43,500	32,964	2,158	1,666	0.28
Win-Win Systems Ltd.	NTD	22,766	24,474	0	24,474	0	0	258	0.34
SAC Components (South Asia) Pte. Ltd.	NTD	104,160	136,155	28,230	107,924	386,911	1,323	1,301	0.37
Pernas Electronics Co., Ltd.	NTD	735,000	4,653,757	3,581,830	1,071,927	7,034,619	115,282	164,453	2.24
Everwiner Enterprise Co., Ltd.	NTD	280,000	1,933,162	1,391,774	541,388	4,395,264	122,094	86,263	3.08
Apache Communication Inc.	NTD	1,570,000	4,072,173	2,389,501	1,682,672	22,393,292	132,955	93,079	0.59
Henshen Electric Trading Co., Ltd.	NTD	100,000	261,202	140,561	120,641	856,160	17,274	10,566	1.06
Frontek Technology Corporation	NTD	2,145,634	8,103,037	5,654,938	2,448,099	20,360,091	505,617	392,633	1.83
Fame Hall International Co., Ltd.	NTD	139,964	303,951	7	303,944	0	(67)	13,304	2.83
Frontek International Limited	NTD	88,387	117,521	7	117,514	0	(65)	1,505	0.51

Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
AITG Electronic Limited	NTD	86,999	108,145	491	107,654	0	(45)	1,458	0.06
AIT Japan Inc.	NTD	79,273	782,185	512,546	269,639	2,721,864	8,472	12,905	2,150.43
Richpower Electronic Devices Co., Ltd.	NTD	850,000	4,533,415	2,295,811	2,237,604	7,433,433	69,562	392,941	4.62
Sertek Inc.	NTD	948,281	3,675,462	2,220,987	1,454,475	13,515,187	256,032	213,935	2.26
Sertek (Hong Kong) Inc.	NTD	74,400	424,607	20	424,587	0	(8)	8,393	0.43
Suntop Investments Limited	NTD	1,508,832	4,856,799	0	4,856,799	0	(134,)	291,166	5.74
Mec Technology Co., Ltd.	NTD	243,000	492,287	151,359	340,928	1,576,389	28,273	17,301	0.71
RichPower International Co., Ltd.	NTD	241,799	3,256,364	1,334,056	1,922,308	8,529,446	413,693	352,101	5.59
Mec Technology Co., Limited	NTD	957	6,618	1	6,617	0	(92)	(80)	(3.21)
Richpower Electronic Devices Pte Ltd	NTD	1,821	210,454	634	209,819	0	(225)	4,296	429.61
Yosun Hong Kong Corp.Ltd.	NTD	1,156,902	9,461,474	4,950,431	4,511,046	33,170,918	265,837	208,826	0.71
Yosun Singapore Pte Ltd.	NTD	371,268	1,617,993	1,341,051	276,943	4,987,590	108,769	82,474	4.00
Yosun Industrial (Malaysia) Sdn. Bhd.	NTD	2,930	4,149	80	4,069	0	(25)	(169)	(0.42)
Yosun India Private Ltd.	NTD	1,045	1,265	17	1,248	0	(238)	(527)	(-2.35)
Giatek Corp. Ltd.	NTD	148,473	163,678	843	162,835	0	(129)	14,708	0.38
Yosun Electronics (Shanghai) Co., Ltd.	NTD	286,755	366,968	518	366,450	55	(81)	5,887	0.00
Yosun Technology (Shenzhen) Co., Ltd.	NTD	146,393	211,417	4,904	206,513	0	(158)	3,567	0.00

Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
Apache Communication Inc.(B.V.I.)	NTD	79	84	0	84	21	0	0	0
Apache Korea Corp.	NTD	29,664	77,686	334	77,352	23,692	141	548	0.00
WPG International (Hong Kong) Limited	NTD	1,974,060	11,817,362	8,474,478	3,342,884	22,378,045	(1,972,583)	488,666	2.44
WPG Americas Inc.	NTD	1,967,136	5,184,639	4,929,027	255,612	19,240,736	313,995	264,515	1.13
WPG Cloud Service Limited	NTD	64,196	44,919	405	44,514	0	(1,302)	(1,648)	(0.76)
WPG Gain Tune Limited	NTD	29,760	29,434	60	29,374	0	(1,135)	(752)	(0.01)
WPG Electronics (Hong Kong) Limited	NTD	120,738	2,742,204	2,614,445	127,759	8,066,615	(34,541)	17,401	0.55
WPG China Inc.	NTD	1,727,611	5,133,401	2,770,898	2,362,503	7,518,576	(867,900)	226,166	0.00
WPG China (SZ) Inc.	NTD	153,312	3,832,099	3,142,604	689,438	7,166,799	(1,216,702)	157,362	0.00
WPG South Asia Pte. Ltd.	NTD	465,751	3,658,735	2,880,456	778,279	8,637,949	56,155	88,404	4.18
WPG Malaysia Sdn Bhd	NTD	7,404	26,028	12,026	14,002	45,742	2,626	1,756	1.74
WPG (Thailand) Co., Ltd.	NTD	9,454	24,335	6,318	18,017	30,469	1,272	736	7.10
WPG India Electronics Pvt Ltd	NTD	73,952	83,854	6,644	77,210	34,556	13,561	12,787	0.80
WPG Electronics (Philippines) Inc.	NTD	595	2,467	1,070	1,397	0	(3,842)	14	1.40
WPG SCM Limited	NTD	48,833	2,834,925	2,376,038	458,886	8,035,976	76,106	56,013	1.12
HOBAN INC.	NTD	80,000	30,851	10,434	20,418	25,775	(11,210)	(11,158)	(1.39)
Genuine C&C Holding Inc. (Seychelles)	NTD	193,440	127,235	1,881	125,354	0	(43)	11,318	1.74

Company	Currency	Paid-in Capital	Assets	Liabilities	Net Assets	Revenue	Operating Income (Loss)	Profit After tax (Loss)	Earnings (Loss) Per Share
TaiBauNet Co., Ltd.	NTD	40,000	14,003	20	13,983	0	(108)	17	0.42
GENUINE TRADING (HONG KONG) COMPANY LIMITED	NTD	1,130,880	174,679	155	22,190	0	(1,157)	(428)	(0.01)
Peng Yu (Shanghai) Digital Technology Co., Ltd.	NTD	102,713	314,319	176,704	137,615	1,581,331	47,402	30,663	0.00
Trigold Holdings (Hong Kong) Co.	NTD	763	76,722	74,429	2,292	0	(71)	364	1.82
GENUINE Co., Ltd.	NTD	795,695	2,809,070	1,691,374	1,117,696	8,190,623	132,746	117,786	1.48
Peng Yu International Co., Ltd.	NTD	298	153,458	152,658	800	212,300	870	513	51.3

Note 1 : Not applicable. Limited company do not issue share

Note 2 : Amounts are based on the latest audited or reviewed financial statements.

Note 3 : Foreign exchange rates are according to Bank of Taiwan. Foreign exchange rates as of Dec. 31th, 2017, for balance sheet amounts are as follows:

\$1 USD = \$29.76 NT, \$1 HKD = \$3.807 NT, \$1 KRW = \$0.02812 NT, \$1 USD = \$6.519168 RMB

Foreign exchange rates in 2016 for income statement amounts are as follows:

\$1 USD = \$30.4098, NT, \$1 HKD = \$3.90151 NT, \$1 KRW = \$0.02712826 NT, \$1 USD = \$6.74833 RMB

8.1.7 Financial Statements of Affiliates: please refer to page 129-270.

8.1.8 Affiliation Report: Not applicable. WPG Holdings Limited do not conforms to the definition of a subordinate company.

8.2 Private Placement Securities in 2016 and as of the Date of this Annual Report (shall report approval dates of shareholders' meeting or the board of directors, the quantity approved, the basis and reasonableness of the private placement price, the method for selecting the specific persons, the reasons for the necessity of conducting the private placement and the status of utilization of the funds and plan implementation progress): None.

8.3 Status of WPG Holdings Limited Common Shares Acquired, Disposed of, and Held by Subsidiaries in 2015 and as of the Date of this Annual Report: 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' equity or Security Prices as Stated in Item 2 Paragraph 3 of Article 36 of Securities and Exchange Law of Taiwan:

Please refer to the important resolution approved by shareholder meetings and Board of Directors in 2015 and as of the Date of this Annual Report: Please refer to page 64 of this Annual Report.