

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2017 AND 2016

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The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT
English Translation of a Report Originally Issued in Chinese

To: Kinpo Electronics, Inc.

We have reviewed the accompanying consolidated balance sheets of Kinpo Electronics, Inc. (the "Company") and subsidiaries as of June 30, 2017 and 2016, the related consolidated statements of comprehensive income for the three-month and six-month period ended June 30, 2017 and 2016 and consolidated statements of changes in equity and cash flows for the six-month period ended June 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue the reviewd report based on our reviews. We did not review the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NTD 1,121,483 thousand and NTD 32,516,233 thousand, constituting 1.21% and 37.65% of consolidated total assets as of June 30, 2017 and 2016, respectively, and total operating revenues of NTD 228,225 thousand, NTD 479,279 thousand, NTD 13,924,404 thousand, and NTD 25,728,068 thousand, constituting 0.81%, 0.84%, 42.28% and 42.02% of consolidated operating revenues for the three-month and six-month period ended June 30, 2017 and 2016, respectively. Those financial statements were reviewed by other independent accountant, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reviewed reports of the other independent accountant. We did not review the financial statements of certain investments accounted for using equity method whose statements are based solely on the reports of other independent accountant. These investments accounted for using equity method amounted to NTD 1,819,458 thousand and NTD 1,953,612 thousand, representing 1.96% and 2.26% of consolidated total assets as of June 30, 2017 and 2016, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NTD 19,327 thousand, NTD 31,956 thousand, NTD 32,711 thousand, and NTD 69,718 thousand, representing 4.58%, 3.47%, 4.29% and 4.23% of the consolidated net income before tax for the three-month and six-month period ended June 30, 2017 and 2016, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NTD 7,948 thousand, NTD (7,806) thousand, NTD (12,040) thousand, and NTD (3,193) thousand, representing 3.41%, 7.16%, 1.98% and 0.46% of the consolidated other comprehensive income for the three-month and six-month period ended June 30, 2017 and 2016, respectively.

Except for below, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 “Review of Financial Statements”. A review is limited primarily to applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Footnote 4.(3), we did not review the financial statements of certain subsidiaries mentioned in the first paragraph, it relates to the total assets amounted to NTD 11,497,504 thousand and NTD 7,668,981 thousand, representing 12.41% and 8.88% of the total consolidated assets, total liabilities amounted to NTD 5,913,522 thousand and NTD 2,640,703 thousand, representing 9.02% and 4.48% of the total consolidated liabilities as of June 30, 2017 and 2016, and comprehensive income amounted to NTD (28,526) thousand, NTD (246,594) thousand, NTD (109,318) thousand, and NTD 31,648 thousand, representing (5.33)%, (43.50)%, 209.21% and 7.22% of the total consolidated comprehensive income for the three-month and six-month period ended June 30, 2017 and 2016, respectively. As described in Footnote 6.(10), investments accounted for using equity method were stated according to unreviewed financial statements, and it relates to the investments accounted for under the equity method balances of NTD 1,420,311 thousand and NTD 1,398,287 thousand as of June 30, 2017 and 2016, respectively. The related share of income of subsidiaries, associates and joint ventures accounted for using equity method in the amount of NTD (4,989) thousand, NTD (4,591) thousand, NTD 7,604 thousand and NTD 8,959 thousand for the three-month and six-month period ended June 30, 2017 and 2016, respectively, and the related share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method in the amount of NTD (14,880) thousand, NTD (53,591) thousand, NTD 3,976 thousand and NTD (67,605) thousand for the three-month and six-month period ended June 30, 2017 and 2016, respectively. The information of subsidiaries and investee companies described in Footnote 13 was not reviewed, either.

Based on our reviews and the reports of other independent accountants, except for the effect on the consolidated financial statements of the matter described above, we are not aware of any material modifications or adjustments that should be made to the consolidated financial statements referred to above in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34, "Interim Financial Reporting" which is endorsed and become effective by Financial Supervisory Commission of the Republic of China.

Ernst & Young
Ernst & Young

August 11, 2017

Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

June 30, 2017, December 31, 2016 and June 30, 2016

(June 30, 2017 and 2016 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of					
		June 30, 2017	%	December 31, 2016	%	June 30, 2016	%
Current assets							
Cash and cash equivalents	4,6	\$12,293,968	14	\$6,441,055	8	\$7,854,376	9
Current financial assets at fair value through profit or loss	4,6	4,852	-	8,612	-	146,853	-
Current available-for-sale financial assets, net	4,6	334,186	-	245,352	-	363,548	-
Current investments in debt instrument without active market	4,6	188,051	-	182,241	-	150,000	-
Notes receivable, net	4,6	16,210	-	22,960	-	44,888	-
Accounts receivable, net	4,6	23,426,824	26	23,000,909	28	21,726,964	25
Accounts receivable due from related parties, net	4,6,7	243,693	-	272,770	-	190,968	-
Other receivables, net	4	1,041,722	1	987,128	1	1,653,313	2
Other receivables due from related parties, net	4,7	376,960	-	9	-	387,185	-
Current tax assets	4	6,123	-	4,474	-	10,078	-
Inventories	4,6	16,711,305	18	14,806,803	18	14,477,094	17
Prepayments		415,719	-	499,498	1	529,951	1
Other current assets	4,6	958,525	1	967,486	1	1,284,351	2
Total current assets		<u>56,018,138</u>	<u>60</u>	<u>47,439,297</u>	<u>57</u>	<u>48,819,569</u>	<u>56</u>
Non-current assets							
Non-current available-for-sale financial assets, net	4,6	4,287,031	5	4,109,663	5	4,154,917	5
Non-current financial assets at cost, net	4,6	547,846	1	488,995	1	517,372	1
Non-current investments in debt instrument without active market	4,6	150,000	-	300,000	-	300,000	-
Investments accounted for using equity method, net	4,6	3,239,769	3	3,468,495	4	3,351,899	4
Property, plant and equipment	4,6	23,533,481	26	23,261,744	28	23,847,490	28
Investment property, net	4,6	202,041	-	160,386	-	166,897	-
Intangible assets	4,6	352,665	-	299,404	-	273,497	-
Deferred tax assets	4,6	2,377,271	3	2,321,471	3	2,481,273	3
Other non-current assets	6	1,914,306	2	1,837,613	2	2,455,918	3
Total non-current assets		<u>36,604,410</u>	<u>40</u>	<u>36,247,771</u>	<u>43</u>	<u>37,549,263</u>	<u>44</u>
Total assets		<u>\$92,622,548</u>	<u>100</u>	<u>\$83,687,068</u>	<u>100</u>	<u>\$86,368,832</u>	<u>100</u>

The accompanying notes are an integral part of financial statements.

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
June 30, 2017, December 31, 2016 and June 30, 2016
(June 30, 2017 and 2016 are unaudited)
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of					
		June 30, 2017	%	December 31, 2016	%	June 30, 2016	%
Current liabilities							
Short-term borrowings	4,6	\$21,056,143	23	\$14,285,990	17	\$15,042,784	17
Short-term notes and bills payable	6	915,575	1	1,799,813	2	1,259,841	1
Current financial liabilities at fair value through profit or loss	4,6	6,679	-	63,056	-	518,137	1
Notes payable		6,832	-	11,588	-	4,718	-
Accounts payable		21,477,078	23	22,475,433	27	22,121,165	26
Accounts payable to related parties	7	67,574	-	104,051	-	146,593	-
Other payables	6	3,310,869	4	3,456,869	4	3,312,601	4
Other payables to related parties	7	292	-	526	-	225	-
Current tax liabilities		394,741	-	391,838	1	365,075	-
Current provisions	4,6	42,976	-	63,570	-	19,615	-
Other current liabilities		813,984	1	708,021	1	1,541,770	2
Long-term liabilities, current portion	4,6	3,005,700	3	2,396,310	3	3,120,864	4
Total current liabilities		<u>51,098,443</u>	<u>55</u>	<u>45,757,065</u>	<u>55</u>	<u>47,453,388</u>	<u>55</u>
Non-current liabilities							
Long-term borrowings	4,6	11,574,125	13	8,476,965	10	8,669,015	10
Deferred tax liabilities	4	1,792,237	2	1,725,104	2	2,099,549	2
Other non-current liabilities		411,398	-	2,399	-	805	-
Net defined benefit liability, non-current	4	717,755	1	709,206	1	713,227	1
Total non-current liabilities		<u>14,495,515</u>	<u>16</u>	<u>10,913,674</u>	<u>13</u>	<u>11,482,596</u>	<u>13</u>
Total liabilities		<u>65,593,958</u>	<u>71</u>	<u>56,670,739</u>	<u>68</u>	<u>58,935,984</u>	<u>68</u>
Equity attributable to owners of parent							
Share capital	4,6						
Ordinary share		14,556,572	16	14,556,572	17	14,556,572	17
Capital surplus	6	660,057	1	600,097	1	511,327	1
Retained earnings	6						
Legal reserve		251,551	-	133,902	-	133,902	-
Special reserve		255,058	-	255,058	-	255,058	-
Unappropriated retained earnings		1,819,641	2	1,932,699	2	1,621,757	2
Total other equity interest	6	40,908	-	118,933	-	877,053	1
Treasury shares	4,6	(1,280,591)	(1)	(1,280,591)	(1)	(1,467,765)	(2)
Total equity attributable to owners of parent		<u>16,303,196</u>	<u>18</u>	<u>16,316,670</u>	<u>19</u>	<u>16,487,904</u>	<u>19</u>
Non-controlling interests	6	10,725,394	11	10,699,659	13	10,944,944	13
Total equity		<u>27,028,590</u>	<u>29</u>	<u>27,016,329</u>	<u>32</u>	<u>27,432,848</u>	<u>32</u>
Total liabilities and equity		<u>\$92,622,548</u>	<u>100</u>	<u>\$83,687,068</u>	<u>100</u>	<u>\$86,368,832</u>	<u>100</u>

The accompanying notes are an integral part of financial statements.

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the three-month and six-month period ended June 30, 2017 and 2016
 (Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the three-month period ended				For the six-month period ended			
		June 30, 2017	%	June 30, 2016	%	June 30, 2017	%	June 30, 2016	%
Operating revenue	4,6,7	\$28,161,913	100	\$32,932,258	100	\$57,096,854	100	\$61,221,485	100
Operating costs	6,7	(26,209,689)	(93)	(30,977,865)	(94)	(53,284,392)	(93)	(57,538,964)	(94)
Gross profit from operations		1,952,224	7	1,954,393	6	3,812,462	7	3,682,521	6
Operating expenses	6,7								
Selling expenses		(293,378)	(1)	(274,892)	(1)	(557,117)	(1)	(565,933)	(1)
Administrative expenses		(687,977)	(2)	(631,373)	(2)	(1,208,207)	(2)	(1,195,218)	(2)
Research and development expenses		(600,791)	(2)	(612,904)	(2)	(1,153,002)	(2)	(1,335,622)	(2)
Total operating expenses		(1,582,146)	(5)	(1,519,169)	(5)	(2,918,326)	(5)	(3,096,773)	(5)
Net operating income		370,078	2	435,224	1	894,136	2	585,748	1
Non-operating income and expenses	6,7								
Other income		295,792	1	436,593	1	567,237	1	2,288,439	4
Other gains and losses, net		(70,975)	-	(3,328)	-	(232,316)	-	(1,004,923)	(2)
Finance costs, net		(187,270)	(1)	(146,164)	-	(336,758)	(1)	(300,741)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method, net		14,338	-	40,315	-	27,365	-	78,677	-
Total non-operating income and expenses		51,885	-	327,416	1	25,528	-	1,061,452	2
Profit (loss) before tax		421,963	2	762,640	2	919,664	2	1,647,200	3
Total tax expense	4,6	(119,465)	(1)	(206,050)	-	(243,796)	(1)	(515,641)	(1)
Profit		302,498	1	556,590	2	675,868	1	1,131,559	2
Other comprehensive income, net	6								
Components of other comprehensive income that will be reclassified to profit or loss:									
Exchange differences on translation		324,946	1	(483,188)	(1)	(384,798)	-	(879,664)	(1)
Unrealised gains (losses) on valuation of available-for-sale financial assets		(56,233)	-	(171,761)	(1)	267,475	-	111,060	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(6,932)	-	(8,064)	-	(61,397)	-	(70,798)	-
Other components of other comprehensive income that will be reclassified to profit or loss		(289)	-	(41)	-	776	-	9,749	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(28,331)	-	54,211	-	68,941	-	136,230	-
Other comprehensive income, net		233,161	1	(608,843)	(2)	(109,003)	-	(693,423)	(1)
Total comprehensive income		\$535,659	2	\$(52,253)	-	\$566,865	1	\$438,136	1
Profit, attributable to:									
Profit, attributable to owners of parent		\$216,392	1	\$422,015	2	\$434,960	1	\$869,766	2
Profit, attributable to non-controlling interests		86,106	-	134,575	-	240,908	-	261,793	-
Total		\$302,498	1	\$556,590	2	\$675,868	1	\$1,131,559	2
Comprehensive income attributable to:									
Comprehensive income, attributable to owners of parent		\$323,022	1	\$(39,525)	-	\$356,935	1	\$309,351	1
Comprehensive income, attributable to non-controlling interests		212,637	1	(12,728)	-	209,930	-	128,785	-
Total		\$535,659	2	\$(52,253)	-	\$566,865	1	\$438,136	1
Earnings per share	6								
Basic earnings per share		\$0.16		\$0.31		\$0.32		\$0.65	
Diluted earnings per share		\$0.16		\$0.31		\$0.32		\$0.64	

The accompanying notes are an integral part of financial statements.

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the six-month period ended June 30, 2017 and 2016
 (Expressed in Thousands of New Taiwan Dollars)

Summary	Equity attributable to owners of the parent									Non-controlling interests	Total equity	
	Share capital	Capital surplus	Retained earnings			Other equity			Treasury shares			Total equity attributable to owners of parent
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on available-for-sale financial assets	Others				
Balance on January 1, 2016	\$14,581,132	\$426,996	\$-	\$255,058	\$1,310,262	\$588,932	\$885,539	\$(37,003)	\$(1,312,714)	\$16,698,202	\$530,357	\$17,228,559
Appropriation and distribution of 2015 retained earnings:												
Legal reserve appropriated	-	-	133,902	-	(133,902)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(424,369)	-	-	-	-	(424,369)	-	(424,369)
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	22,861	-	-	-	-	-	-	-	22,861	-	22,861
Profit for the six-month period ended June 30, 2016	-	-	-	-	869,766	-	-	-	-	869,766	261,793	1,131,559
Other comprehensive income for the six-month period ended June 30, 2016	-	-	-	-	-	(643,710)	63,579	19,716	-	(560,415)	(133,008)	(693,423)
Total comprehensive income for the six-month period ended June 30, 2016	-	-	-	-	869,766	(643,710)	63,579	19,716	-	309,351	128,785	438,136
Purchase of treasury share	-	-	-	-	-	-	-	-	(172,700)	(172,700)	-	(172,700)
Retirement of treasury share	(24,560)	6,911	-	-	-	-	-	-	17,649	-	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	18,883	-	-	-	-	-	-	-	18,883	-	18,883
Share-based payments	-	35,676	-	-	-	-	-	-	-	35,676	440	36,116
Others	-	-	-	-	-	-	-	-	-	-	10,285,362	10,285,362
Balance on June 30, 2016	\$14,556,572	\$511,327	\$133,902	\$255,058	\$1,621,757	\$(54,778)	\$949,118	\$(17,287)	\$(1,467,765)	\$16,487,904	\$10,944,944	\$27,432,848
Balance on January 1, 2017	\$14,556,572	\$600,097	\$133,902	\$255,058	\$1,932,699	\$(705,155)	\$844,879	\$(20,791)	\$(1,280,591)	\$16,316,670	\$10,699,659	\$27,016,329
Appropriation and distribution of 2016 retained earnings:												
Legal reserve appropriated	-	-	117,649	-	(117,649)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(430,369)	-	-	-	-	(430,369)	-	(430,369)
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	(9,446)	-	-	-	-	-	-	-	(9,446)	-	(9,446)
Profit for the six-month period ended June 30, 2017	-	-	-	-	434,960	-	-	-	-	434,960	240,908	675,868
Other comprehensive income for the six-month period ended June 30, 2017	-	-	-	-	-	(379,168)	289,869	11,274	-	(78,025)	(30,978)	(109,003)
Total comprehensive income for the six-month period ended June 30, 2017	-	-	-	-	434,960	(379,168)	289,869	11,274	-	356,935	209,930	566,865
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	18,883	-	-	-	-	-	-	-	18,883	-	18,883
Share-based payments	-	50,523	-	-	-	-	-	-	-	50,523	6,286	56,809
Others	-	-	-	-	-	-	-	-	-	-	(190,481)	(190,481)
Balance on June 30, 2017	\$14,556,572	\$660,057	\$251,551	\$255,058	\$1,819,641	\$(1,084,323)	\$1,134,748	\$(9,517)	\$(1,280,591)	\$16,303,196	\$10,725,394	\$27,028,590

The accompanying notes are an integral part of financial statements.

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the six-month period ended June 30, 2017 and 2016
 (Expressed in Thousands of New Taiwan Dollars)

Item	For the six-month period ended June 30,	
	2017	2016
Cash flows from operating activities:		
Profit before tax	\$919,664	\$1,647,200
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	1,387,525	1,418,957
Amortization expenses	36,470	11,155
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(52,617)	407,266
Interest expense	257,036	238,310
Interest income	(25,786)	(66,110)
Dividend income	(184,827)	(185,949)
Share-based payments	56,809	36,116
Share of loss (profit) of associates and joint ventures accounted for using equity method	(27,365)	(78,677)
Loss (gain) on disposal of property, plant and equipment	(4,307)	3,185
Loss (gain) on disposal of investments	1,076	406
Loss (gain) on disposal of investments accounted for using equity method	-	867,033
Impairment loss on non-financial assets	-	255,507
Gain on bargain purchase	-	(1,934,380)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivables	6,750	(14,700)
Decrease (increase) in accounts receivable	(425,915)	8,628,617
Decrease (increase) in accounts receivable due from related parties	29,077	79,801
Decrease (increase) in other receivable	(52,123)	666,018
Decrease (increase) in other receivable due from related parties	-	(3,374)
Decrease (increase) in inventories	(1,904,502)	1,110,399
Decrease (increase) in prepayments	82,517	(353,198)
Decrease (increase) in other current assets	8,967	(48,196)
Decrease (increase) in other financial assets	(6)	42,980
Increase (decrease) in note payable	(4,756)	1,679
Increase (decrease) in accounts payable	(998,355)	(2,604,327)
Increase (decrease) in accounts payable to related parties	(36,477)	(86,425)
Increase (decrease) in other payable	(697,889)	(177,142)
Increase (decrease) in other payable to related parties	(234)	(74,094)
Increase (decrease) in provisions	(20,594)	(977)
Increase (decrease) in other financial liabilities	2,549	-
Increase (decrease) in other current liabilities	103,414	409,434
Increase (decrease) in net defined benefit liability	8,549	8,847
Cash inflow generated from operations:	(1,535,350)	10,205,361
Interest received	26,151	66,379
Interest paid	(262,228)	(239,456)
Income tax paid	(155,946)	(117,351)
Net cash flows from (used in) operating activities	<u>(1,927,373)</u>	<u>9,914,933</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of available-for-sale financial assets	1,842	2,901
Proceeds from maturity of debt investments without active markets	150,000	150,000
Acquisition of financial assets at cost	(68,498)	-
Proceeds from capital reduction of financial assets at cost	-	1,342
Acquisition of investments accounted for using equity method	-	(196,500)
Proceeds from disposal of investments accounted for using equity method	-	2,308
Increase in prepayments for investment	-	(647,825)
Acquisition of property, plant and equipment	(1,687,405)	(2,132,113)
Proceeds from disposal of property, plant and equipment	298,915	302,800
Acquisition of intangible assets	(65,716)	(18,024)
Net cash inflows from business combination	-	3,766,471
Acquisition of investment properties	(56,175)	(20,699)
Increase in other financial assets	-	(13,921)
Decrease in other financial assets	4,478	-
Increase in other non-current assets	(183,570)	(27,871)
Increase in prepayments for business facilities	(110,902)	(156,891)
Net cash flows from (used in) investing activities	<u>(1,717,031)</u>	<u>1,011,978</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	9,604,343	3,525,546
Decrease in short-term loans	(2,752,611)	(7,915,778)
Decrease in short-term notes and bills payable	(885,493)	(255,000)
Proceeds from long-term debt	7,512,821	4,816,359
Repayments of long-term debt	(3,498,764)	(5,894,450)
Decrease in other non-current liabilities	(5,574)	(12)
Payments to acquire treasury shares	-	(172,700)
Change in non-controlling interests	(189,076)	177,085
Net cash flows from (used in) financing activities	<u>9,785,646</u>	<u>(5,718,950)</u>
Effect of exchange rate changes on cash and cash equivalents	(288,329)	(728,372)
Net increase (decrease) in cash and cash equivalents	5,852,913	4,479,589
Cash and cash equivalents at the beginning of period	6,441,055	3,374,787
Cash and cash equivalents at the end of period	<u>\$12,293,968</u>	<u>\$7,854,376</u>

The accompanying notes are an integral part of financial statements.

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the six-month period ended June 30, 2017 and 2016
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

Kinpo Electronics, Inc. (the “Company”), was established on April 24, 1973 under the Company Act of the Republic of China (“ROC”). On November 7, 1989, the Company’s shares were listed on the Taiwan Stock Exchange. The Company primarily engages in trading consuming electronic products, computer and peripheral computer equipment, network communication equipment and image products. The Company’s registered address and main operating site are located at 10F., No.99, Nanjing E. Rd., Sec. 5, Songshan Dist., Taipei City and No.147, Beishen Rd., Sec. 3, Shenkeng Dist., New Taipei City, respectively.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Group for the six-month period ended June 30, 2017 and 2016 were authorized for issue by the Board of Directors on August 11, 2017.

3. Newly issued or revised standards and interpretations

(1) The Group applied for International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2017. The nature and the impact of each new standard and amendment have no material effect on the Group.

(2) Standards or interpretations issued, revised or amended, which are endorsed by FSC, but not yet adopted by the Group at the date of issuance of the Group’s financial statements are listed below.

(a) *IFRS 15 “Revenue from Contracts with Customers”*

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the company 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 the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after January 1, 2018.

(b) *IFRS 9 “Financial Instruments”*

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 *Financial Instruments* (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that 'own credit risk' adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after January 1, 2018. Consequential amendments on the related disclosures also become effective for annual periods beginning on or after 1 January 2018.

(c) *IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

(d) *IAS 12 "Income Taxes" — Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify how to account for deferred tax assets for unrealized losses. The amendments are effective for annual periods beginning on or after January 1, 2017.

(e) *Disclosure Initiative — Amendment to IAS 7 "Statement of Cash Flows":*

The amendments relate to changes in liabilities arising from financing activities and to require a reconciliation of the carrying amount of liabilities at the beginning and end of the period. The amendments are effective for annual periods beginning on or after January 1, 2017.

(f) *IFRS 15 "Revenue from Contracts with Customers" — Clarifications to IFRS 15*

The amendments clarify how to identify a performance obligation in a contract, determine whether an entity is a principal or an agent, and determine whether the revenue from granting a licence should be recognized at a point in time or over time. The amendments are effective for annual periods beginning on or after January 1, 2018.

(g) *IFRS 2 "Share-Based Payment" — Amendments to IFRS 2*

The amendments contain (1) clarifying that vesting conditions (service and non-market performance conditions), upon which satisfaction of a cash-settled share-based payment transaction is conditional, are not taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, these are taken into account by adjusting the number of awards included in the measurement of the liability

arising from the transaction, (2) clarifying if tax laws or regulations require the employer to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment, such transactions will be classified in their entirety as equity-settled share-based payment transactions if they would have been so classified in the absence of the net share settlement feature, and (3) clarifying that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date and is recognised in equity, on the modification date, to the extent to which goods or services have been received. The liability for the cash-settled share-based payment transaction as at the modification date is derecognised on that date. Any difference between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2018.

(h) *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — Amendments to IFRS 4*

The amendments help to resolve issues arising from the different effective dates for IFRS 9 “Financial Instruments” (January 1, 2018) and the new insurance contracts standard about to be issued by the IASB (still to be decided, but not before January 1, 2020). The amendments allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 “Financial Instruments” before the IASB’s new insurance contracts standard becomes effective. The amendments introduce two approaches: an overlay approach and a temporary exemption. The overlay approach allows an entity applying IFRS 9 to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before the new insurance contracts standard is applied. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until 2021 (these entities that defer the application of IFRS 9 will continue to apply IAS 39).

(i) *Transfers of Investment Property — Amendments to IAS 40*

The amendments relate to the transfers of investment property. The amendments clarify that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use, the entity should transfer property into and out of investment property accordingly. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after January 1, 2018.

(j) *Improvements to International Financial Reporting Standards (2014-2016 cycle):*

IFRS 1 “First-time Adoption of International Financial Reporting Standards”

The amendments revise and amend transition requirements relating to certain standards and delete short-term exemptions under Appendix E for first-time adopter. The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 12 “Disclosure of Interests in Other Entities”

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity’s interests that are classified as held for sale or discontinued operations. The amendments are effective for annual periods beginning on or after January 1, 2017.

IAS 28 “Investments in Associates and Joint Ventures”

The amendments clarify that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and other qualifying entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9 “Financial Instruments” on an investment-by-investment basis. Besides, if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries on an investment-by-investment basis. The amendments are effective for annual periods beginning on or after January 1, 2018.

(k) *IFRIC 22 “Foreign Currency Transactions and Advance Consideration”*

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 “The Effects of Changes in Foreign Exchange Rates”, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after January 1, 2018.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2018. As the Group is still currently determining the potential impact of the standards and interpretations listed under a~b, e~f and i~k, the Group plans to complete the valuation of the potential impact to be approved by the competent authority before the end of the fourth quarter of 2017. The other newly issued or amended standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Group's financial statements are listed below.

(a) *IFRS 16 "Leases"*

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease. The Standard is effective for annual periods beginning on or after 1 January 2019.

(b) *IFRIC 23 "Uncertainty Over Income Tax Treatments"*

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after 1 January 2019.

(c) *IFRS 17 "Insurance Contracts"*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

- (1) estimates of future cash flows;
- (2) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- (3) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts. IFRS 17 is effective for annual periods beginning on or after 1 January 2021.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under a~b, it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the six-month period ended June 30, 2017 and 2016 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and IAS 34 "Interim Financial Reporting" which is endorsed and become effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

The same principles of consolidation have been applied in the Company's consolidated financial statements as those applied in the Company's consolidated financial statements for the year ended December 31, 2016. For the principles of consolidation, please refer to the Company's consolidated financial statements for the year ended December 31, 2016.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			June 30, 2017	December 31, 2016	June 30, 2016
The Company	Kinpo International (Singapore) Pte. Ltd.	Reinvestment on domestic and overseas business	100.00%	100.00%	100.00%
The Company	Kinpo International Ltd.	Reinvestment on domestic and overseas business	100.00%	100.00%	100.00%
The Company	Forward International Ltd.	Reinvestment on domestic and overseas business; purchases and sales of marketable securities; manufacturing and sales of calculators	100.00%	100.00%	100.00%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			June 30, 2017	December 31, 2016	June 30, 2016
The Company	Jipo Investment Co., Ltd.	General investment	100.00%	100.00%	100.00%
The Company	Cal-Comp Biotech Co., Ltd.	Cultivation and retail of agricultural products	100.00%	100.00%	100.00%
The Company	Kinpo Electronics (Philippines), Inc. (Note 12)	Manufacturing and sales products of other companies' electronic products	-	100.00%	100.00%
The Company	Lipo Holding Co., Ltd.	Reinvestment on domestic and overseas business	51.00%	51.00%	51.00%
The Company	Crownpo Technology Inc.	Manufacturing and sales of chip diodes, etc.	51.61%	51.61%	51.61%
The Company	XYZprinting, Inc. (Note 1)	Trading 3D printer	44.74%	44.74%	44.74%
The Company	Cal-Comp Electronics (Thailand) Public Company Limited (Note 2)	Manufacturing of computers and peripheral devices, telecommunication products and automatic equipment	40.41%	40.41%	40.41%
The Company	CastleNet Technology Inc. (Note 3)	Development, manufacturing and sales of products including cable modem, powerline communication and digital home applications	31.89%	21.05%	15.73%
The Company	Cal-Comp Big Data, Inc. (Note 4)	Medical equipment, data processing and provision service	50.00%	50.00%	-
Kinpo International (Singapore) Pte. Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited (Note 2)	Manufacturing of computers and peripheral devices, telecommunication products and automatic equipment	6.61%	6.61%	6.61%
Kinpo International (Singapore) Pte. Ltd.	Kinpo Electronics (Philippines), Inc. (Note 12)	Manufacturing and sales products of other companies' electronic products	100.00%	-	-
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Manufacturing and sales products of other companies' electronic products	100.00%	100.00%	100.00%
Kinpo International Ltd.	Dongguan Kaipo Electronics Co., Ltd.	Manufacturing and sales products of other companies' products	100.00%	100.00%	100.00%
Lipo Holding Co., Ltd.	LIZ Electronics (Kunshan) Co., Ltd.	Production and marketing chip resistor & chip diodes	88.13%	88.13%	88.13%
Lipo Holding Co., Ltd.	LIZ Electronics (Nantong) Co., Ltd. (Note 5)	R&D, manufacturing chip components; sales of products and provide after-sales service; wholesaling, importing and exporting electronic components, semiconductors special materials and spare parts	28.55%	28.55%	100.00%
LIZ Electronics (Kunshan) Co., Ltd.	LIZ Electronics (Nantong) Co., Ltd. (Note 5)	R&D, manufacturing chip components; sales of products and provide after-sales service; wholesaling, importing and exporting electronic components, semiconductors special materials and spare parts	71.45%	71.45%	-
Crownpo Technology Inc.	Ranashe International Ltd.	Reinvestment on domestic and overseas business	100.00%	100.00%	100.00%
Ranashe International Ltd.	LIZ Electronics (Kunshan) Co., Ltd.	Production and marketing chip resistor & chip diodes	11.87%	11.87%	11.87%
XYZprinting, Inc.	XYZprinting, Inc. (SAMOA)	Reinvestment on business in China	100.00%	100.00%	100.00%
XYZprinting, Inc.	XYZprinting, Inc. (USA)	Trading 3D printer	100.00%	100.00%	100.00%
XYZprinting, Inc.	XYZprinting Japan, Inc.	Trading 3D printer	100.00%	100.00%	100.00%
XYZprinting, Inc.	XYZprinting Netherlands, B.V.	Trading 3D printer	100.00%	100.00%	100.00%
XYZprinting, Inc.	XYZprinting (Thailand) Co., Ltd.	Trading 3D printer	100.00%	100.00%	100.00%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			June 30, 2017	December 31, 2016	June 30, 2016
XYZprinting, Inc. (SAMOA)	XYZprinting (Suzhou) Co., Ltd.	Trading 3D printer	100.00%	100.00%	100.00%
XYZprinting, Inc. (SAMOA)	XYZprinting (Shanghai) Cloud Technology Co., Ltd. (Note 6)	Internet technology development	100.00%	100.00%	-
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc. (Note 1, 2)	Trading 3D printer	44.74%	44.74%	44.74%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Optical Electronics (Suzhou) Co., Ltd. (Note 2)	Manufacturing	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics and Communications (Suzhou) Co., Ltd. (Note 2)	Manufacturing	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Technology (Suzhou) Co., Ltd. (Note 2)	Manufacturing	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd. (Note 2)	Dealer	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal Comp Malaysia SDN. BHD. (Note 2)	Manufacturing	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communications Co., Ltd. (Note 2)	Purchase of raw material, research and development	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd. (Note 2)	Manufacturing	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Singapore) Limited (Note 2)	Manufacturing and distribution	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited (Note 2)	Plastic Molding	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Technology (Philippines), Inc. (Note 2)	Manufacturing	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics de Mexico Co., S.A. de C.V. (Note 2)	Manufacturing	100.00%	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Holding (Brasil) S.A. (Note 2)	Holding company	99.99%	99.99%	99.99%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Electronica e Informatica Ltda. (Note 2)	Manufacturing	0.82%	0.82%	1.97%
Cal-Comp Electronics (Thailand) Public Company Limited	QBit Semiconductor Ltd. (Note 8, 13)	Design semiconductors	-	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Big Data Inc. (Note 4)	Medical equipment, data processing and provision service	50.00%	50.00%	-
Cal-Comp Electronics (Thailand) Public Company Limited	QBit Semiconductor Holding Ltd. (Note 9)	Holding Company	100.00%	100.00%	-

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			June 30, 2017	December 31, 2016	June 30, 2016
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp (India) Private Limited (Note 10)	Operating and designing electronic products	100.00%	-	-
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc. (Note 2)	Manufacturing	100.00%	100.00%	100.00%
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (Indiana), Inc. (Note 2)	Manufacturing	100.00%	100.00%	100.00%
Cal-Comp Precision (Thailand) Limited	Avaplas Precision Plastic (Shanghai) Co., Ltd. (Note 2)	Plastic Molding	100.00%	100.00%	100.00%
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Malaysia) SDN. BHD. (Note 2)	Plastic Molding	100.00%	100.00%	100.00%
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Wujiang) Co., Ltd. (Note 2)	Plastic Molding	100.00%	100.00%	100.00%
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Dongguan) Limited (Note 2)	Plastic Molding	100.00%	100.00%	100.00%
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Philippines), Inc. (Note 11)	Plastic Molding	100.00%	100.00%	-
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria de Semicondutores S.A. (Note 2)	Manufacturing	58.03%	58.03%	58.03%
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria e Comercio de Electronicae Informatica Ltda. (Note 2)	Manufacturing	99.18%	99.18%	98.03%
QBit Semiconductor Holding Ltd.	QBit Semiconductor Ltd. (Note 13)	Design semiconductors	100.00%	-	-
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc. (Note 3)	Investment holding company	100.00%	100.00%	100.00%
CastleNet Technology (BVI) Inc.	CastleNet Technology Inc. (Note 3)	Design and manufacture of modem, sale of self-production	100.00%	100.00%	100.00%
Cal-Comp Big Data, Inc.	Cal-Comp Big Data International Ltd. (Note 7)	Reinvestment on domestic and overseas business	100.00%	100.00%	-

Note 1: The Company determined that it has control over XYZprinting, Inc. due to the Company and its subsidiary Cal-Comp Electronics (Thailand) Public Company Limited have obtained over 50% of ownership interests. The company included it in the consolidated financial statements.

Note 2: Although the ownership interests in Cal-Comp Electronics (Thailand) Public Company Limited is less than 50%, the Company determined that it has control over Cal-Comp Electronics (Thailand) Public Company Limited. This is due to the fact that the Company has obtained control over half of the board of Cal-Comp Electronics (Thailand) Public Company Limited and the remaining ownership is dispersed. The Company could obtain proxies to achieve relative majority in the absence of a contractual arrangement. The Company is able to appoint or approve the key management personnel of Cal-Comp Electronics (Thailand) Public Company Limited who are capable of directing the related activities. The Company therefore incorporated Cal-Comp Electronics (Thailand) Public Company Limited and its subsidiaries into the consolidated financial statements.

- Note 3: Although the ownership interests in CastleNet Technology Inc. is less than 50%, the Company determined that it has control over CastleNet Technology Inc. This is due to the fact that the Company has obtained control over half of the board of CastleNet Technology Inc. and the remaining ownership is dispersed. The Company could obtain proxies to achieve relative majority in the absence of a contractual arrangement. The Company is able to appoint or approve the key management personnel of CastleNet Technology Inc. who are capable of directing the related activities. The Company therefore incorporated CastleNet Technology Inc. and its subsidiaries into the consolidated financial statements from May 11, 2016.
- Note 4: The Company and its subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, set up a joint venture, Cal-Comp Big Data Inc., and each acquired 50% shares of the joint venture. Cal-Comp Big Data Inc. was set up and completed registration in the third quarter of 2016. The Company was incorporated into the consolidated financial statements since then.
- Note 5: Lipo Holding Co., Ltd. and LIZ Electronics (Kunshan) Co. set up LIZ Electronics (Nantong) Co., Ltd. in the fourth quarter of 2015 and included it in the consolidated financial statements since then.
- Note 6: XYZprinting, Inc. (SAMOA) set up XYZprinting (Shanghai) Cloud Technology Co., Ltd. in the fourth quarter of 2016 due to operation expansion and included it in the consolidated financial statements since then.
- Note 7: Cal-Comp Big Data set up Cal-Comp Big Data International Ltd. in the third quarter of 2016 and included it in the consolidated financial statements since then.
- Note 8: Cal-Comp Electronics (Thailand) Public Company Limited set up Qbit Semiconductor Ltd. in the second quarter of 2016 and included it in the consolidated financial statements since then.
- Note 9: Cal-Comp Electronics (Thailand) Public Company Limited set up QBit Semiconductor Holding Ltd. in the third quarter of 2016 and included it in the consolidated financial statements since then.
- Note 10: Cal-Comp Electronics (Thailand) Public Company Limited set up Cal-Comp (India) Private Limited in the first quarter of 2017 and included it in the consolidated financial statements since then.
- Note 11: Cal-Comp Precision (Thailand) Limited set up Cal-Comp Precision (Philippines), Inc. in the second quarter of 2016, and included it in the consolidated financial statements since then.

Note 12: To work in line with the Group's long-term development, the Group adjusted its investment structure. Kinpo Electronics (Philippines), Inc., a wholly-owned subsidiary, will be directly invested by Kinpo International (Singapore) Pte. Ltd. in the second quarter of 2017.

Note 13: To work in line with the Group's long-term development, the Group adjusted its investment structure. QBit Semiconductor Ltd., a wholly-owned subsidiary by Cal-Comp Electronics (Thailand) Public Company Limited, will be directly invested by QBit Semiconductor Holding Ltd. in the second quarter of 2017.

The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by independent accountant. As of June 30, 2017 and 2016, the related total assets amounted to \$11,497,504 thousand and \$7,668,981 thousand and the total related liabilities amounted to \$5,913,522 thousand and \$2,640,703 thousand, respectively. The comprehensive income amounted to \$(28,526) thousand, \$(109,318) thousand, \$(246,594) thousand and \$31,648 thousand for the three-month and six-month period ended June 30, 2017 and 2016, respectively.

- (4) The same accounting policies have been applied in the Company's consolidated financial statements for the six-month period ended June 30, 2017 as those applied in the Company's consolidated financial statements for the year ended December 31, 2016 except for description below. For summary of other significant accounting policies, please refer to Note 4(4)~4(23) of the Company's consolidated financial statements for the year ended December 31, 2016.
 - A. Pension cost for an interim period is calculated on a year-to-date basis using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations, significant curtailments, settlements, or other significant one-off events occurred after prior financial year end.
 - B. Interim period income tax expense is accrued and disclosed using the tax rate that would be applicable to expected total annual earnings, that is, an estimated annual effective income tax rate is adopted to generate income tax expense from the pre-tax income of the interim period.

5. Significant accounting judgments, estimates and assumptions

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the six-month period ended June 30, 2017 and 2016 as those applied in the Company's consolidated financial statements for the year ended December 31, 2016. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's consolidated financial statements for the year ended December 31, 2016.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Petty cash / revolving funds	\$4,722	\$3,457	\$3,214
Cash in banks	10,895,969	5,020,685	6,594,266
Time deposit	1,333,277	1,333,908	1,251,896
Cash equivalents	60,000	83,005	5,000
Total	<u>\$12,293,968</u>	<u>\$6,441,055</u>	<u>\$7,854,376</u>

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

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Held for trading:			
Derivatives not designated as hedging instruments			
Financial assets			
Forward foreign exchange contracts	\$4,852	\$4,372	\$142,209
Equity securities	-	4,240	4,644
Total	<u>\$4,852</u>	<u>\$8,612</u>	<u>\$146,853</u>

Held for trading:

Derivatives not designated as hedging
instruments

Financial liabilities

Forward foreign exchange contracts	<u>\$6,679</u>	<u>\$63,056</u>	<u>\$518,137</u>
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A. Financial assets held for trading were not pledged.

B. Please refer to Note 12(7) for derivative investments held by the group.

(3) Available-for-sale financial assets

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Stocks	<u>\$4,621,217</u>	<u>\$4,355,015</u>	<u>\$4,518,465</u>

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Current	\$334,186	\$245,352	\$363,548
Non-current	4,287,031	4,109,663	4,154,917
Total	<u>\$4,621,217</u>	<u>\$4,355,015</u>	<u>\$4,518,465</u>

Available-for-sale financial assets were not pledged.

(4) Non-current financial assets at cost

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Available-for-sale financial assets			
Stocks	<u>\$547,846</u>	<u>\$488,995</u>	<u>\$517,372</u>

A. The above investments in the equity instruments of unlisted entities are measured at cost as the fair value of these investments are not reliably measurable due to the fact that the variability in the range of reasonable fair value measurements is significant for these investment and that the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.

B. Financial assets at cost were not pledged.

(5) Investments in debt instrument without active market

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Bonds	<u>\$338,051</u>	<u>\$482,241</u>	<u>\$450,000</u>

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Current	\$188,051	\$182,241	\$150,000
Non-current	150,000	300,000	300,000
Total	<u>\$338,051</u>	<u>\$482,241</u>	<u>\$450,000</u>

A. The Group acquired five-year privately-placed ordinary bond of Taiwan Star at par for \$750,000 thousand. The coupon rate is 2% and the interest is paid on June 6 and December 6 annually. The maturity date of the bond is June 6, 2019 and the principal is repayable from June 2015 in 5 installments. As of June 30, 2017, \$450,000 thousands of the principal had been repaid.

B. The subsidiaries of the Group acquired convertible corporate bond of Mojoose Inc. at par for \$38,051 thousand. The coupon rate is 4%, and the interest is paid annually. The maturity date of the bond is December 31, 2017.

C. For the private placement of convertible corporate bonds invested by the Group, it is expected that the trading counterparts are not likely to breach contract. The maximum credit risk exposure on the reporting date is the carrying amount of the debt investments without active market.

D. Investments in debt instrument without active market were not pledged.

(6) Notes receivable

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Notes receivable arising from operating activities	\$16,210	\$22,960	\$45,467
Less: allowance for uncollectible accounts	-	-	(579)
Total	<u>\$16,210</u>	<u>\$22,960</u>	<u>\$44,888</u>

A. The impairment loss as of June 30, 2016 was due to the individually evaluated impairment. The amount of the impairment loss recognized was the difference between the carrying amount of the accounts receivable and the present value of its expected recoverable amount.

B. Notes receivable were not pledged.

(7) Accounts receivable and accounts receivable due from related parties

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Accounts receivable	\$23,484,428	\$23,133,319	\$21,861,519
Less: allowance for uncollectible accounts	(57,604)	(132,410)	(134,555)
Subtotal	<u>23,426,824</u>	<u>23,000,909</u>	<u>21,726,964</u>
Accounts receivable due from related parties	243,693	272,770	190,968
Less: allowance for uncollectible accounts	-	-	-
Subtotal	<u>243,693</u>	<u>272,770</u>	<u>190,968</u>
Total	<u>\$23,670,517</u>	<u>\$23,273,679</u>	<u>\$21,917,932</u>

A. Accounts receivable were not pledged.

B. Accounts receivable credit terms are generally on 5-180 day terms. The movements in the provision for impairment of accounts receivable and accounts receivable due from related parties are as follow (please refer to Note 12 for disclosure of credit risk) :

	Individually impaired	Collectively impaired	Total
As of January 1, 2017	\$120,920	\$11,490	\$132,410
Charge/(reversal) for the current period	(26,028)	1,068	(24,960)
Write off	(47,730)	-	(47,730)
Effect of exchange rate change and others	(1,643)	(473)	(2,116)
As of June 30, 2017	<u>\$45,519</u>	<u>\$12,085</u>	<u>\$57,604</u>
As of January 1, 2016	\$8,956	\$36	\$8,992
Charge/(reversal) for the current period	(993)	19,196	18,203
Acquisition through business merging	91,715	16,273	107,988
Write off	(2)	-	(2)
Effect of exchange rate change and others	5	(631)	(626)
As of June 30, 2016	<u>\$99,681</u>	<u>\$34,874</u>	<u>\$134,555</u>

The impairment losses assessed individually primarily resulted due from the fact that the counterparties did not follow the term agreed. The amount of impairment loss recognized was the difference between the carrying amount of the accounts receivable and the present value of its expected recoverable amount.

C. Aging analysis of accounts receivable and accounts receivable due from related parties that are past due as at the end of the reporting period but not impaired is as follows:

As of	Neither past due nor impaired	Past due but not impaired				Total
		<=30 days	31~60 days	61~90 days	>=91 days	
June 30, 2017	\$22,735,595	\$576,673	\$108,955	\$40,202	\$209,092	\$23,670,517
December 31, 2016	20,391,689	1,654,164	946,794	122,742	158,290	23,273,679
June 30, 2016	20,595,507	959,569	247,530	31,739	83,587	21,917,932

D. In addition to the above mentioned past due but not impaired or impaired notes receivable, accounts receivable and accounts receivable due from related parties, for which adequate allowance for uncollectible accounts has been provided, the others are identified as undue and unimpaired. Based on the historical rate of breach of contract, the Group considers that it should not be necessary to record allowance for uncollectible accounts with respect to the receivable accounts undue or overdue within 90 days and with good credit. Further, aging analysis, historical experience and customers' current financial position are taken into consideration to estimate the accounts receivable which might not be collectible and to provide an allowance for uncollectible accounts therefore. Meanwhile, before accepting a new customer, the Group will evaluate the potential customer's credit quality and set credit line for the customer through the credit rating system. Customers' credit line and rating shall be reviewed according to the type of customer on a periodical basis.

(8) Inventories

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Raw materials	\$10,520,420	\$10,219,931	\$3,168,605
Work in process	1,521,185	584,031	1,471,696
Finished goods	3,004,520	2,892,681	8,474,646
Merchandise inventory	730,235	750,113	413,885
Goods in transit	934,945	360,047	948,262
Total	<u>\$16,711,305</u>	<u>\$14,806,803</u>	<u>\$14,477,094</u>

A. Expense and loss incurred on inventories for the three-month and six-month period ended June 30, 2017 and 2016 were as follows:

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Cost of inventories sold	\$25,934,253	\$30,708,688	\$52,739,977	\$57,088,028
Expense reversal from inventory write-down to net realizable value (Note)	(20,362)	642	(3,948)	(3,359)
Total	<u>\$25,913,891</u>	<u>\$30,709,330</u>	<u>\$52,736,029</u>	<u>\$57,084,669</u>

Note: The rising on net realizable value of inventories for the periods above was due to the rising price of consuming electronic products and image products.

B. Inventories were not pledged.

(9) Other current assets

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Time deposit (Note)	\$16,268	\$16,261	\$26,372
Temporary debits	437,092	418,325	639,189
Others	505,165	532,900	618,790
Total	<u>\$958,525</u>	<u>\$967,486</u>	<u>\$1,284,351</u>

Note: Time deposit due over 3 months.

A. Please refer to Note 8 for other current assets pledged as collateral.

(10) Investments accounted for using equity method

A. Investments accounted for using equity method consisted of the following:

Investee companies	As of					
	June 30, 2017		December 31, 2016		June 30, 2016	
	Carrying amount	% of ownership	Carrying amount	% of ownership	Carrying amount	% of ownership
<u>Associates</u>						
AcBel Polytech Inc.	\$1,819,458	24.07%	\$1,975,781	24.00%	1,953,612	24.07%
Ascendant Private Equity Investment, Ltd.	1,021,883	34.72%	1,089,920	34.72%	1,002,040	34.72%
Teleport Access Services, Inc.	251,831	23.70%	261,189	23.83%	253,185	24.35%
Daviscomms (S) Pte. Ltd.	118,892	20.00%	111,426	20.00%	109,731	20.00%
Others (Note)	<u>27,705</u>		<u>30,179</u>		<u>33,331</u>	
Total	<u>\$3,239,769</u>		<u>\$3,468,495</u>		<u>\$3,351,899</u>	

Note : Individual investment amount not exceeded \$100,000 thousand are aggregated as others.

B. Investments in associates

Information on the material associate of the Group:

(a) Company name: AcBel Polytech Inc.

Nature of the relationship with the associate: AcBel Polytech Inc. is in the business of manufacturing and selling related products in the Group's industry chain. The Group invested in AcBel Polytech Inc. for the purpose of upstream/downstream integration.

Principal place of business (country of incorporation): Taiwan

Fair value of the investment in the associate when there is a quoted market price for the investment: AcBel Polytech Inc. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in AcBel Polytech Inc. was \$2,951,258 thousand, \$3,001,173 thousand and \$3,057,328 thousand as at June 30, 2017, December 31, 2016 and June 30, 2016, respectively.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Current assets	\$10,616,326	\$11,279,014	\$11,162,945
Non-current assets	4,438,394	4,399,883	4,546,447
Current liabilities	(6,362,429)	(6,290,521)	(6,456,424)
Non-current liabilities	(849,726)	(873,022)	(858,716)
Equity	7,842,565	8,515,354	8,394,252
Non-controlling interest	(283,540)	(282,932)	(277,880)
Shareholders of the parent	7,559,025	8,232,422	8,116,372
Proportion of the Group's ownership	24.07%	24.00%	24.07%
Carrying amount of the investment	\$1,819,458	\$1,975,781	\$1,953,612

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Operating revenue	\$4,475,797	\$4,938,458	\$8,707,206	\$9,691,810
Profit or loss from continuing operations	90,098	149,641	155,222	298,946
Other comprehensive income, net	38,398	(59,521)	(89,378)	(72,925)
Total comprehensive income	128,496	90,120	65,844	226,021

- (b) The Group's investments in other companies were not individually material. The aggregate carrying amount of the Group's interests in other companies were \$1,420,311 thousand, \$1,492,714 thousand and \$1,398,287 thousand as at June 30, 2017, December 31, 2016, June 30, 2016, respectively. The aggregate financial information based on Group's share of other companies were as follows:

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Profit or loss from continuing operations	\$(4,989)	\$7,604	\$(4,591)	\$8,959
Other comprehensive income, net	(14,880)	3,976	(53,591)	(67,605)
Total comprehensive income	(19,869)	11,580	(58,182)	(58,646)

C. The difference between the costs of investment and net equity were as follows:

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Goodwill	\$115,377	\$115,377	\$115,377

D. The associates had no contingent liabilities or capital commitments as at June 30, 2017, December 31, 2016 and June 30, 2016.

E. Certain investments accounted for under the equity method were unreviewed by independent accountant. The carrying amount of the investments were amounted to \$1,420,311 thousand and \$1,398,287 thousand as at June 30, 2017 and 2016. Share of the profit or loss of these associates and joint ventures accounted for using the equity method amounted to \$(4,989) thousand, \$7,604 thousand, \$(4,591) thousand and \$8,959 thousand for the three-month and six-month period ended June 30, 2017 and 2016, respectively. Share of other comprehensive income of these associates and joint ventures accounted for using the equity method amounted to \$(14,880) thousand, \$3,976 thousand, \$(53,591) thousand and \$(67,605) thousand for the three-month and six-month period ended June 30, 2017 and 2016, respectively.

(11) Property, plant and equipment

A. Movement of property, plant and equipment of the Group for the six-month period ended June 30, 2017 and 2016 were as follows:

	Land	Buildings and structures	Machinery and molding equipment	Miscellaneous Equipment	Construction in progress and equipment awaiting examination	Total
Cost:						
As of January 1, 2017	\$1,784,337	\$12,951,677	\$19,965,365	\$2,900,137	\$1,915,059	\$39,516,575
Additions	-	486,920	1,195,326	537,705	9,097	2,229,048
Disposals	-	(16,307)	(786,337)	(36,023)	-	(838,667)
Reclassification, effect of exchange rate changes and other changes	(2,248)	(132,865)	(365,090)	(44,727)	(269,679)	(814,609)
As of June 30, 2017	<u>\$1,782,089</u>	<u>\$13,289,425</u>	<u>\$20,009,264</u>	<u>\$3,357,092</u>	<u>\$1,654,477</u>	<u>\$40,092,347</u>

	Land	Buildings and structures	Machinery and molding equipment	Miscellaneous Equipment	Construction in progress and equipment awaiting examination	Total
As of January 1, 2016	\$841,707	\$4,378,356	\$5,433,485	\$849,403	\$280,682	\$11,783,633
Additions	-	90,182	921,151	105,784	1,014,996	2,132,113
Acquisition through business combinations	930,554	7,858,398	14,229,111	2,048,656	1,612,217	26,678,936
Disposals	(2,781)	(26,657)	(654,248)	(109,135)	(18,605)	(811,426)
Reclassification, effect of exchange rate changes and other changes	40,888	10,506	715,656	(14,698)	(997,185)	(244,833)
As of June 30, 2016	<u>\$1,810,368</u>	<u>\$12,310,785</u>	<u>\$20,645,155</u>	<u>\$2,880,010</u>	<u>\$1,892,105</u>	<u>\$39,538,423</u>
Accumulated depreciation and impairment:						
As of January 1, 2017	\$-	\$3,391,319	\$10,944,086	\$1,919,426	\$-	\$16,254,831
Depreciation	-	256,551	946,619	181,753	-	1,384,923
Disposals	-	(16,307)	(603,609)	(31,780)	-	(651,696)
Reclassification, effect of exchange rate changes and other changes	-	(66,141)	(326,753)	(36,298)	-	(429,192)
As of June 30, 2017	<u>\$-</u>	<u>\$3,565,422</u>	<u>\$10,960,343</u>	<u>\$2,033,101</u>	<u>\$-</u>	<u>\$16,558,866</u>
As of January 1, 2016	\$-	\$1,470,155	\$2,733,809	\$558,243	\$-	\$4,762,207
Depreciation	-	228,952	987,166	202,495	-	1,418,613
Acquisitions through business combinations	-	1,635,377	7,083,639	1,198,614	-	9,917,630
Impairment losses	-	-	249,250	6,257	-	255,507
Disposals	-	(26,170)	(392,210)	(87,061)	-	(505,441)
Reclassification, effect of exchange rate changes and other changes	-	(59,284)	(77,908)	(20,391)	-	(157,583)
As of June 30, 2016	<u>\$-</u>	<u>\$3,249,030</u>	<u>\$10,583,746</u>	<u>\$1,858,157</u>	<u>\$-</u>	<u>\$15,690,933</u>
Net carrying amount as of						
June 30, 2017	<u>\$1,782,089</u>	<u>\$9,724,003</u>	<u>\$9,048,921</u>	<u>\$1,323,991</u>	<u>\$1,654,477</u>	<u>\$23,533,481</u>
December 31, 2016	<u>\$1,784,337</u>	<u>\$9,560,358</u>	<u>\$9,021,279</u>	<u>\$980,711</u>	<u>\$1,915,059</u>	<u>\$23,261,744</u>
June 30, 2016	<u>\$1,810,368</u>	<u>\$9,061,755</u>	<u>\$10,061,409</u>	<u>\$1,021,853</u>	<u>\$1,892,105</u>	<u>\$23,847,490</u>

B. The significant part and useful life of the Group's buildings included the following:

Primary buildings	25~60 years
Construction and renovation	11~25 years
Water & electric, air conditioning and fire extinguisher engineering	10~31 years

C. Please refer to Note 8 for more details on property, plant and equipment under pledge.

(12) Investment property

A. Movements of investment property of the Group for the six-month period ended June 30, 2017 and 2016 were as follows:

	Land	Buildings and Structures	Total
Cost:			
As of January 1, 2017	\$-	\$175,965	\$175,965
Additions	-	56,175	56,175
Effect of exchange rate changes and other changes	-	(12,668)	(12,668)
As of June 30, 2017	<u>\$-</u>	<u>\$219,472</u>	<u>\$219,472</u>
As of January 1, 2016	\$-	\$-	\$-
Additions	-	20,699	20,699
Effect of exchange rate changes and other changes	-	159,907	159,907
As of June 30, 2016	<u>\$-</u>	<u>\$180,606</u>	<u>\$180,606</u>
Accumulated depreciation and impairment:			
As of January 1, 2017	\$-	\$15,579	\$15,579
Depreciation	-	2,602	2,602
Effect of exchange rate changes and other changes	-	(750)	(750)
As of June 30, 2017	<u>\$-</u>	<u>\$17,431</u>	<u>\$17,431</u>
As of January 1, 2016	\$-	\$-	\$-
Depreciation	-	344	344
Effect of exchange rate changes and other changes	-	13,365	13,365
As of June 30, 2016	<u>\$-</u>	<u>\$13,709</u>	<u>\$13,709</u>
Net carrying amount as of			
June 30, 2017	<u>\$-</u>	<u>\$202,041</u>	<u>\$202,041</u>
December 31, 2016	<u>\$-</u>	<u>\$160,386</u>	<u>\$160,386</u>
June 30, 2016	<u>\$-</u>	<u>\$166,897</u>	<u>\$166,897</u>

B. The rental income and direct operating expenses of the investment property were stated as follows:

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Rental income from investment property	\$16,249	\$2,373	\$22,535	\$2,373
Direct operating expenses derived from investment property with rental revenue in current period	\$1,125	\$781	\$3,467	\$781

C. Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties were categorized within Level 3. The fair value of investment properties were \$152,471 thousand, \$153,151 thousand, \$171,913 thousand as of June 30, 2017, December 31, 2016 and June 30, 2016. The fair value was not determined based on valuations performed by an independent valuer. The valuation method used was direct capitalized method, with reference of the property market price in neighboring areas.

D. Investment properties were not pledged.

(13) Intangible assets

A. Movements of the intangible assets of the Group for the six-month period ended June 30, 2017 and 2016 were as follows:

	Patents	Know-how	Computer software	Goodwill	Total
Cost					
As of January 1, 2017	\$807,229	\$349,590	\$123,326	\$93,164	\$1,373,309
Addition	8,314	-	57,402	-	65,716
Disposal	-	(73,933)	(47,879)	-	(121,812)
Reclassification, effect of exchange rate changes and other changes	(42,481)	(10,758)	16,026	26,954	(10,259)
As of June 30, 2017	\$773,062	\$264,899	\$148,875	\$120,118	\$1,306,954
As of January 1, 2016	\$27,073	\$88,910	\$90,625	\$-	\$206,608
Addition	6,123	-	11,901	-	18,024
Disposal	-	-	(5,528)	-	(5,528)
Acquisitions through business combinations	792,632	261,637	-	79,268	1,133,537
Reclassification, effect of exchange rate changes and other changes	3,600	962	(1,626)	(579)	2,357
As of June 30, 2016	\$829,428	\$351,509	\$95,372	\$78,689	\$1,354,998

	Patents	Know-how	Computer software	Goodwill	Total
Amortization:					
As of January 1, 2017	\$778,701	\$214,696	\$80,508	\$-	\$1,073,905
Amortization	294	17,932	18,244	-	36,470
Disposal	-	(73,933)	(47,879)	-	(121,812)
Reclassification, effect of exchange rate changes and other changes	(44,512)	3,092	7,146	-	(34,274)
As of June 30, 2017	<u>\$734,483</u>	<u>\$161,787</u>	<u>\$58,019</u>	<u>\$-</u>	<u>\$954,289</u>
As of January 1, 2016	\$403	\$88,910	\$74,923	\$-	\$164,236
Amortization	169	4,625	6,361	-	11,155
Disposal	-	-	(5,528)	-	(5,528)
Acquisitions through business combinations	791,442	113,628	-	-	905,070
Reclassification, effect of exchange rate changes and other changes	6,695	962	(1,089)	-	6,568
As of June 30, 2016	<u>\$798,709</u>	<u>\$208,125</u>	<u>\$74,667</u>	<u>\$-</u>	<u>\$1,081,501</u>
Net carrying amount as of:					
June 30, 2017	<u>\$38,579</u>	<u>\$103,112</u>	<u>\$90,856</u>	<u>\$120,118</u>	<u>\$352,665</u>
December 31, 2016	<u>\$28,528</u>	<u>\$134,894</u>	<u>\$42,818</u>	<u>\$93,164</u>	<u>\$299,404</u>
June 30, 2016	<u>\$30,719</u>	<u>\$143,384</u>	<u>\$20,705</u>	<u>\$78,689</u>	<u>\$273,497</u>

B. Amortization expense of intangible assets were stated as follows:

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Operating cost	\$8,096	\$631	\$8,416	\$1,944
Operating expenses	10,927	5,119	28,054	9,211
Total	<u>\$19,023</u>	<u>\$5,750</u>	<u>\$36,470</u>	<u>\$11,155</u>

(14) Other non-current assets

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Long-term prepaid rents	\$1,307,015	\$1,364,663	\$1,459,400
Prepayments for business facilities	210,517	309,070	210,487
Prepayments for investment	-	-	647,825
Others	396,774	163,880	138,206
Total	<u>\$1,914,306</u>	<u>\$1,837,613</u>	<u>\$2,455,918</u>

- A. Long-term prepaid rent is the land use right of the subsidiaries, and the contract period is 50-75 years.
- B. Prepayments for investment were made to set up Cal-Comp Big Data, Inc. The Company has yet to complete registration as of June 30, 2016.
- C. Please refer to Note 8 for more details on other non-current assets under pledge.

(15) Short-term borrowings

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Unsecured bank loans	\$20,958,027	\$14,218,587	\$14,991,801
Secured bank loans	98,116	67,403	50,983
Total	<u>\$21,056,143</u>	<u>\$14,285,990</u>	<u>\$15,042,784</u>
Unused amount	<u>\$16,148,818</u>	<u>\$27,274,538</u>	<u>\$29,933,470</u>
Interest rate	<u>0.7%~5.98%</u>	<u>0.90%~5.28%</u>	<u>0.88%~5.25%</u>

Please refer to Note 8 for more details on financial assets pledged as security for short-term borrowings.

(16) Short-term notes and bills payable

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Short-term notes	\$916,000	\$1,801,500	\$1,260,500
Discount of short-term notes	(425)	(1,687)	(659)
Total	<u>\$915,575</u>	<u>\$1,799,813</u>	<u>\$1,259,841</u>
Interest rate	<u>1.038%~1.67%</u>	<u>1.078%~1.74%</u>	<u>0.59%~1.24%</u>

(17) Current provisions

	Employee benefit – paid leave	Maintenance warranties	Sales returns and discounts	Total
As of January 1, 2017	\$27,432	\$2,341	\$33,797	\$63,570
Arising during the period	-	12,272	-	12,272
Reversed during the period	(583)	(133)	(32,150)	(32,866)
As of June 30, 2017	<u>\$26,849</u>	<u>\$14,480</u>	<u>\$1,647</u>	<u>\$42,976</u>

	Employee benefit – paid leave	Maintenance warranties	Sales returns and discounts	Total
As of June 30, 2016	\$19,615	\$-	\$-	\$19,615

Maintenance warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

Sales returns and discounts

A provision has been recognized for sales returns and allowances based on past experience and other known factors. The provision is recognized and the corresponding entry is made against operating revenue at the time of sales.

(18) Long-term borrowings

A. Details of long-term borrowings as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

Creditor	As of June 30, 2017	Payment of principal
E.Sun Bank – Syndication unsecured loan	\$4,383,438 (USD 144,000)	The period of the loan is from March 12, 2014 to May 27, 2019. After May 27, 2017, the principal should be repaid semi-annually in 5 installments.
Mega Bank – Syndication unsecured loan	2,700,000	The period of the loan is from May 8, 2017 to June 17, 2021. After receiving the loan 3 years later, the principal should be repaid semi-annually in 5 installments.
Mega Bank – Syndication unsecured loan	270,000	The period of the loan is from June 17, 2016 to June 17, 2021. After receiving the loan 3 years later, the principal should be repaid semi-annually in 5 installments.
Mega Bank – Syndication unsecured loan	2,281,482 (USD 75,000)	The period of the loan is from April 28, 2017 to June 17, 2021. After receiving the loan 3 years later, the principal should be repaid semi-annually in 5 installments.
KGI Bank (formerly China Development Industrial Bank) – Unsecured loan	1,200,000	The period of the loan is from December 22, 2016 to December 22, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.

Creditor	As of June 30, 2017	Payment of principal
Bank SinoPac – Unsecured loan	\$650,000	The period of the loan is from December 30, 2015 to December 28, 2018. After receiving the loan 2 years later, the principal should be repaid quarterly in 4 installments. Interest is payable quarterly.
O-Bank (formerly Industrial Bank of Taiwan) – Unsecured loan	400,000	The period of the loan is from December 30, 2015 to December 28, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
O-Bank (formerly Industrial Bank of Taiwan) – Unsecured loan	200,000	The period of the loan is from January 14, 2016 to January 14, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
E.Sun Bank– Unsecured loan	400,000	The period of the loan is from May 26, 2016 to May 24, 2019. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.
Chang Hwa Bank – Unsecured loan	300,000	The period of the loan is from December 30, 2015 to December 28, 2018. After receiving the loan 27 months later, the principal should be repaid quarterly in 4 installments. Interest is payable monthly.
Jih Sun International Commercial Bank – Unsecured loan	100,000	The period of the loan is from December 6, 2016 to November 9, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Jih Sun International Commercial Bank – Unsecured loan	300,000	The period of the loan is from November 11, 2016 to November 9, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Jih Sun International Commercial Bank – Unsecured loan	100,000	The period of the loan is from February 9, 2017 to November 9, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Export-Import Bank of the Republic of China– Unsecured loan	600,000	The period of the loan is from February 26, 2016 to February 26, 2021. After receiving the loan 18 months later, the principal should be repaid semi-annually in 8 installments. Interest is payable monthly.

Creditor	As of June 30, 2017	Payment of principal
Far Eastern International Bank– Unsecured loan	\$500,000	The period of the loan is from December 6, 2016 to December 6, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Shanghai Commercial & Savings Bank– Unsecured loan	100,000	The period of the loan is from December 13, 2016 to June 13, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Ta Chong Bank– Unsecured loan	50,000	The period of the loan is from February 11, 2015 to December 26, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
SCSB Leasing (China) Co., Ltd.– Secured loan	44,905 (CNY10,000)	The period of the loan is from June 9, 2017 to June 9, 2022. The principal should be repaid in 5 installments and interest is payable monthly.
Subtotal	<u>14,579,825</u>	
Less: current portion	<u>(3,005,700)</u>	
Total	<u>\$11,574,125</u>	
Interest rate	<u>1.2243%~7.99%</u>	

Creditor	As of December 31, 2016	Payment of principal
E.Sun Bank– Syndication unsecured loan	\$5,803,275 (USD180,000)	The period of the loan is from March 12, 2014 to May 27, 2019. After May 27, 2017, the principal should be repaid semi-annually in 5 installments.
Mega Bank – Syndication unsecured loan	270,000	The period of the loan is from June 17, 2016 to June 17, 2021. After receiving the loan 3 years later, the principal should be repaid semi-annually in 5 installments.
KGI Bank (formerly China Development Industrial Bank) – Unsecured loan	1,200,000	The period of the loan is from December 22, 2016 to December 22, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Bank SinoPac – Unsecured loan	650,000	The period of the loan is from December 30, 2015 to December 28, 2018. After receiving the loan 2 years later, the principal should be repaid quarterly in 4 installments. Interest is payable quarterly.

Creditor	As of December 31, 2016	Payment of principal
O-Bank (formerly Industrial Bank of Taiwan) – Unsecured loan	\$400,000	The period of the loan is from December 30, 2015 to December 28, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
O-Bank (formerly Industrial Bank of Taiwan) – Unsecured loan	200,000	The period of the loan is from January 14, 2016 to January 14, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
E.Sun Bank – Unsecured loan	400,000	The period of the loan is from May 26, 2016 to May 24, 2019. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.
Chang Hwa Bank – Unsecured loan	300,000	The period of the loan is from December 30, 2015 to December 28, 2018. After receiving the loan 27 months later, the principal should be repaid quarterly in 4 installments. Interest is payable monthly.
Jih Sun International Commercial Bank – Unsecured loan	100,000	The period of the loan is from December 6, 2016 to November 9, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Jih Sun International Commercial Bank – Unsecured loan	300,000	The period of the loan is from November 11, 2016 to November 9, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Export-Import Bank of the Republic of China – Unsecured loan	600,000	The period of the loan is from February 26, 2016 to February 26, 2021. After receiving the loan 18 months later, the principal should be repaid semi-annually in 8 installments. Interest is payable monthly.
Far Eastern International Bank – Unsecured loan	500,000	The period of the loan is from December 6, 2016 to December 6, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Shanghai Commercial & Savings Bank – Unsecured loan	100,000	The period of the loan is from December 13, 2016 to June 13, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.

Creditor	As of December 31, 2016	Payment of principal
Ta Chong Bank– Unsecured loan	\$50,000	The period of the loan is from February 11, 2015 to December 26, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Subtotal	10,873,275	
Less: current portion	(2,396,310)	
Total	<u>\$8,476,965</u>	
Interest rate	<u>1.223%~2.43%</u>	

Creditor	As of June 30, 2016	Payment of principal
E.Sun Bank– Syndication unsecured loan	\$5,811,268 (USD180,000)	The period of the loan is from Mar 12, 2014 to Mar 12, 2017. Extension for 2 years on maturity. The repayment of principal will be due in a lump-sum payment on the expiration of the term.
Mega Bank – Syndication unsecured loan	1,058,611 (USD32,800)	The period of the loan is from Dec 16, 2011 to Dec 16, 2016. After receiving the loan 3 years later, the principal should be repaid semi-annually in 5 installments.
Mega Bank – Syndication unsecured loan	800,000	The period of the loan is from Dec 16, 2011 to Dec 16, 2016. After receiving the loan 3 years later, the principal should be repaid semi-annually in 5 installments.
Mega Bank – Syndication unsecured loan	270,000	The period of the loan is from Jun 17, 2016 to Jun 17, 2021. After receiving the loan 3 years later, the principal should be repaid semi-annually in 5 installments.
KGI Bank (formerly China Development Industrial Bank) – Unsecured loan	900,000	The period of the loan is from Dec 30, 2015 to Dec 29, 2017. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Industrial Bank of Taiwan – Unsecured loan	400,000	The period of the loan is from Dec 30, 2015 to Dec 28, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Industrial Bank of Taiwan – Unsecured loan	200,000	The period of the loan is from Jan 14, 2016 to Jan 14, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.

Creditor	As of June 30, 2016	Payment of principal
Industrial Bank of Taiwan – Unsecured loan	\$100,000	The period of the loan is from Aug 15, 2014 to Aug 15, 2016. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Bank SinoPac – Unsecured loan	650,000	The period of the loan is from Dec 30, 2015 to Dec 28, 2018. After receiving the loan 2 years later, the principal should be repaid quarterly in 4 installments. Interest is payable quarterly.
Export-Import Bank of the Republic of China	600,000	The period of the loan is from Feb 26, 2016 to Feb 26, 2021. After receiving the loan 18 months later, the principal should be repaid semi-annually in 85 installments.
E.Sun Bank– Unsecured loan	400,000	The period of the loan is from May 26, 2016 to May 26, 2019. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.
Chang Hwa Bank – Unsecured loan	300,000	The period of the loan is from Dec 30, 2015 to Dec 28, 2018. After receiving the loan 27 months later, the principal should be repaid quarterly in 4 installments. Interest is payable monthly.
Jih Sun International Commercial Bank – Unsecured loan	300,000	The period of the loan is from Sep 4, 2015 to Sep 4, 2017. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Subtotal	<u>11,789,879</u>	
Less: current portion	<u>(3,120,864)</u>	
Total	<u>\$8,669,015</u>	
Interest rate	<u>0.88%~1.92%</u>	

B. Long-term borrowings were not pledged.

(19) Post-employment benefits

A. Defined contribution plan

Pension expenses under the defined contribution plan for the three-month period ended June 30, 2017 and 2016 were \$64,210 thousand and \$64,179 thousand, respectively; pension expenses under the defined contribution plan for the six-month period ended June 30, 2017 and 2016 were \$118,663 thousand and \$124,107 thousand, respectively.

B. Defined benefits plan

Pension expenses under the defined benefits plan for the three-month period ended June 30, 2017 and 2016 were \$4,018 thousand and \$3,582 thousand, respectively; pension expenses under the defined benefits plan for the six-month period ended June 30, 2017 and 2016 were \$11,667 thousand and \$7,167 thousand, respectively.

(20)Equity

A. Ordinary share

As of June 30, 2017, December 31, 2016 and June 30, 2016, the Company's authorized capital were \$20,000,000 thousand and the paid-in capital were \$14,556,572 thousand, respectively. The outstanding shares were 1,455,657 thousand shares, respectively, each at a par value of \$10. Each share has one voting right and right to receive dividends.

B. Capital surplus

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Treasury share transactions	\$438,399	\$419,516	\$378,182
Changes in equity of associates and joint ventures accounted for using equity method	43,108	52,554	48,845
Employee stock options	173,327	122,804	79,077
Others	5,223	5,223	5,223
Total	<u>\$660,057</u>	<u>\$600,097</u>	<u>\$511,327</u>

According to the Company Act, the capital surplus shall not be used except for offsetting the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares issued for mergers and the surplus from treasury shares transactions) and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

As of June 30, 2017, December 31, 2016 and June 30, 2016, the treasury shares held by the Group was \$1,280,591 thousand, \$1,280,591 thousand and \$1,467,765 thousand, respectively, and the number of treasury shares held by the Group was 88,223 thousand shares, 88,223 thousand shares and 108,223 thousand shares, respectively. The shares held by the Company's subsidiaries were as follows:

- (a) As of June 30, 2017, December 31, 2016 and June 30, 2016, the Company's subsidiary, Jipo Investment Co., Ltd., all held investment amount \$781,975 thousand, and 46,197 thousand shares of the company's stock. These shares held by Jipo Investment Co., Ltd. were acquired for the purpose of shareholder's interests.
- (b) As of June 30, 2017, December 31, 2016 and June 30, 2016, the Company's subsidiary, Forward International Ltd., all held investment amount \$298,078 thousand, and 20,933 thousand shares of the Company's stock. These shares held by Forward International Ltd. were acquired for the purpose that beneficiary certificates of investment in parent company are treated as treasury shares.

D. Retained earnings and dividend policy

According to the Company Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses;
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The proportion of stock dividends maybe within 0% to 90% of the total dividends, and the cash dividends may be within 10% to 100% of the total dividends.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of TIFRS, the FSC on 6 April, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Details of the 2016 and 2015 earnings distribution and dividends per share as resolved by the shareholders' meeting held on June 23, 2017 and June 22, 2016 were as follows:

	Appropriation of earnings		Dividend per share (NTD\$)	
	2016	2015	2016	2015
Legal reserve	\$117,649	\$133,902		
Cash dividends of ordinary share	430,369	424,369	\$0.3	\$0.3

The amount of cash dividends resolved for 2016 and 2015 were recognized as other payables as of June 30, 2017 and 2016, respectively.

Please refer to Note 6(24) for further details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the six-month period ended	
	June 30, 2017	June 30, 2016
Beginning balance	\$10,699,659	\$530,357
Profit, attributable to non-controlling interest	240,908	261,793
Other comprehensive income, attributable to non-controlling interest:		
Exchange differences on translation	(22,079)	(140,961)
Unrealized gains (losses) on valuation of available-for-sale financial assets	(8,944)	8,040
Other components of other comprehensive income that will be reclassified to profit or loss	45	(87)
Share-based payments	6,286	440
Other	(190,481)	10,285,362
		(Note)
Ending balance	<u>\$10,725,394</u>	<u>\$10,944,944</u>

Note: The Company incorporated Cal-Comp Electronics (Thailand) Public Company Limited and CastleNet Technology Inc. into the consolidated financial statements since January 1, 2016 and May 11, 2016, respectively and recognized non-controlling interests. Please refer to Note 4(3) and 6(29) for more details.

(21) Share-based payments

Certain employees of the Group are entitled to share-based payments as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payments transactions.

A. Share-based payments plan for employees of the parent entity

On December 15, 2014, the Company was authorized by the Securities and Futures Bureau of the FSC to issue employee share options with a total number of 40,000 units, respectively. Each unit entitles an optioned to subscribe for 1,000 shares of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optioned may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The exercise price of the option was set at the closing price of the subsidiary's common share on the grant date. The contractual term of each option granted is 7 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payments plan are as follows:

<u>Date of grant</u>	<u>Total number of share options granted (in thousands)</u>	<u>Exercise price of share options (\$) (Note)</u>
May 18, 2015	40	\$12.04

Note: After the share options are granted, if the capital shares changes (issuance of common stock, retained earnings transferred to common stock, business combination, share split or raising capital by participating in depository receipt, etc.), decreases for reasons other than decrease in treasury stocks or issues cash dividends per share amounting more than 1.5% of the stock price at that time, it would be adjusted following the Group's order of share-based payment plan for employees.

The following table lists the inputs to the model used for the plan granted on May 18, 2015:

Dividend yield (%)	-
Expected volatility (%)	32.20%
Risk-free interest rate (%)	1.2476%
Expected option life (year)	7 years
Weighted average share price (\$)	4.44
Option pricing model	Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	For the six-month period ended			
	June 30, 2017		June 30, 2016	
	Number of share options outstanding	Weighted average exercise price of share options (\$)	Number of share options outstanding	Weighted average exercise price of share options (\$)
Outstanding at beginning of period	38,140	\$12.04	40,000	\$12.35
Granted	-	-	-	-
Forfeited	(125)	12.04	(1,483)	12.35
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	38,015	\$12.04	38,517	\$12.35
Exercisable at end of period	18,959	-	-	-
For share options granted during the period, weighted average fair value of those options at the measurement date		\$-		\$-

The information on the outstanding share options as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

	Range of exercise price (\$)	Weighted average remaining contractual life (years)
As of June 30, 2017		
Share options outstanding at the end of the period	\$12.04	4.88
As of December 31, 2016		
Share options outstanding at the end of the period	\$12.04	5.38
As of June 30, 2016		
Share options outstanding at the end of the period	\$12.35	5.88

B. Share-based payments plan for employees of the subsidiary

On July 2, 2015, the Company's subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, issued employee share options with a total number of 200,000 thousand units. Each unit entitles an optioned to subscribe for 1 shares of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optioned may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The exercise price of the option was set at the closing price of the subsidiary's common share on the grant date. The contractual term of each option granted is 3 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (THB)
July 2, 2015	200,000	\$3.38

The following table lists the inputs to the model used for the plan granted on July 2, 2015:

Dividend yield (%)	4.25%
Expected volatility (%)	29.75%-30.00%
Risk-free interest rate (%)	1.55%
Expected option life (year)	3 years
Weighted average share price (\$)	\$3.18
Option pricing model	Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	For the six-month period ended			
	June 30, 2017		June 30, 2016	
	Number of share options outstanding (in thousand)	Weighted average exercise price of share options (THB)	Number of share options outstanding (in thousand)	Weighted average exercise price of share options (THB)
Outstanding at beginning of period	60,000	\$3.38	60,000	\$3.38
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	60,000	\$3.38	60,000	\$3.38
Exercisable at end of period	-	-	-	-
For share options granted during the period, weighted average fair value of those options at the measurement date (THB)		\$-		\$-

The information on the outstanding share options as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

	Range of exercise price (THB)	Weighted average remaining contractual life (years)
As of June 30, 2017		
Share options outstanding at the end of the period	\$3.38	1.00
As of December 31, 2016		
Share options outstanding at the end of the period	\$3.38	1.50
As of June 30, 2016		
Share options outstanding at the end of the period	\$3.38	2.00

C. Treasury shares transferred to Company's employees

Type of agreement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions	Payment date
Treasury shares transferred to employees	2016.8.16	20,000	-	Vested immediately	2016.9.26
Treasury shares transferred to employees	2016.8.16	21,093	-	Vested immediately	Undefined

The fair value of the treasury shares transferred to employees was as follow:

Type of agreement	Grant date	Stock price	Exercise price	Fair value per share
Treasury shares transferred to employees	2016.8.16	\$12.10	\$9.36~\$9.64	\$2.46~\$2.74

D. Expenses incurred on share-based payment transactions were shown below:

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Equity-settled	\$32,417	\$17,717	\$56,809	\$36,116

(22) Operating revenue

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Sale revenue	\$27,797,482	\$32,482,704	\$56,300,539	\$60,448,008
Service revenue	361,463	440,422	776,671	756,243
Others	2,968	9,132	19,644	17,234
Total	\$28,161,913	\$32,932,258	\$57,096,854	\$61,221,485

(23) Operating costs

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Cost of sales	\$25,913,891	\$30,709,330	\$52,736,029	\$57,084,669
Cost of services	285,002	255,260	477,328	426,507
Others	10,796	13,275	71,035	27,788
Total	\$26,209,689	\$30,977,865	\$53,284,392	\$57,538,964

(24) Additional information of expenses by function

A. Summary statement of employee benefits, depreciation and amortization expenses by function were as follows:

By function By feature	For the three-month period ended					
	June 30, 2017			June 30, 2016		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Wages and salaries	\$1,657,168	\$625,214	\$2,282,382	\$1,668,076	\$718,004	\$2,386,080
Labor and health insurance	39,780	37,002	76,782	38,472	30,304	68,776
Pension	40,833	27,395	68,228	59,358	8,403	67,761
Others	54,629	12,518	67,147	30,107	20,109	50,216
Depreciation	637,040	67,826	704,866	647,139	55,819	702,958
Amortization	8,096	10,927	19,023	631	5,119	5,750

By function By feature	For the six-month period ended					
	June 30, 2017			June 30, 2016		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Wages and salaries	\$3,134,621	\$1,144,189	\$4,278,810	\$3,244,874	\$1,291,908	\$4,536,782
Labor and health insurance	76,436	76,684	153,120	75,831	60,921	136,752
Pension	77,792	52,538	130,330	101,010	30,264	131,274
Others	106,145	43,047	149,192	70,714	34,330	105,044
Depreciation	1,244,982	142,543	1,387,525	1,291,841	127,116	1,418,957
Amortization	8,416	28,054	36,470	1,944	9,211	11,155

B. According to the Articles of Incorporation of the Company, no lower than 2% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the six-month period ended June 30, 2017 and 2016, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors to be 2.5%, 1.5%, 4.5% and 1.5%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee benefits expense at \$8,136 thousand, \$4,881 thousand, \$15,124 thousand and \$9,074 thousand for the three-month and six-month periods ended June 30, 2017, respectively. Employees' compensation and remuneration to directors were recognized as employee benefits expense at \$2,377 thousand, \$8,464 thousand, \$59,910 thousand and \$19,970 thousand for the three-month and six-month periods ended June 30, 2016, respectively. If the Board of Directors subsequently modifies the estimates significantly, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period. The difference between the estimation and the resolution of the stockholders' meeting will be recognized in profit or loss in the subsequent year.

A resolution was approved through the Board of Directors meeting held on March 24, 2017 to distribute \$127,715 thousand and \$25,543 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2016, respectively. There was no significant differences between the estimated amount which recognized through 2016 and actual distribution amount of 2017.

There was no significant differences between the estimated amount recognized as expenses for the employee bonuses and remuneration to the directors and supervisors of 2015 and the actual distribution amount of 2016.

(25) Non-operating income and expenses

A. Other income

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Gain recognized in bargain purchase transaction	\$-	\$141,797	\$-	\$1,934,380
Interest income	14,291	23,943	25,786	66,110
Dividend income	184,827	185,949	184,827	185,949
Others	96,674	84,904	356,624	102,000
Total	<u>\$295,792</u>	<u>\$436,593</u>	<u>\$567,237</u>	<u>\$2,288,439</u>

B. Other gains and losses

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Foreign exchange gains (losses), net	\$(126,236)	\$386,706	\$(196,699)	\$793,712
Gains (losses) on disposals of property, plant and equipment	2,420	(3,456)	4,307	(3,185)
Gains (losses) on disposals of investments	(161)	(1,140)	(1,076)	(406)
Losses on disposals of investments accounted for using equity method	-	(37,912)	-	(867,033) (Note)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	60,368	(350,294)	(33,124)	(634,651)
Impairment loss on non- financial assets	-	2,368	-	(255,507)
Compensation losses	-	347	-	(37,473)
Others	(7,366)	53	(5,724)	(380)
Total	<u>\$(70,975)</u>	<u>\$ (3,328)</u>	<u>\$(232,316)</u>	<u>\$(1,004,923)</u>

Note : For losses recognized from business combination, please refer to Note 6(29).

C. Finance costs

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Interest expense	\$146,292	\$115,595	\$257,036	\$238,310
Others	40,978	30,569	79,722	62,431
Total	<u>\$187,270</u>	<u>\$146,164</u>	<u>\$336,758</u>	<u>\$300,741</u>

(26) Components of other comprehensive income

	For the three-month period ended June 30, 2017				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	\$324,946	\$-	\$324,946	\$(31,131)	\$293,815
Unrealized gains (losses) on valuation of available-for-sale financial assets	(56,233)	-	(56,233)	245	(55,988)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(6,932)	-	(6,932)	2,530	(4,402)
Other components of other comprehensive income that will be reclassified to profit or loss	(289)	-	(289)	25	(264)
Total of other comprehensive income	\$261,492	\$-	\$261,492	\$(28,331)	\$233,161

	For the three-month period ended June 30, 2016				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	\$(483,188)	\$-	\$(483,188)	\$54,639	\$(428,549)
Unrealized gains (losses) on valuation of available-for-sale financial assets	(171,761)	-	(171,761)	242	(171,519)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(8,064)	-	(8,064)	(676)	(8,740)
Other components of other comprehensive income that will be reclassified to profit or loss	(41)	-	(41)	6	(35)
Total of other comprehensive income	\$(663,054)	\$-	\$(663,054)	\$54,211	\$(608,843)

For the six-month period ended June 30, 2017					
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	\$(384,798)	\$-	\$(384,798)	\$59,988	\$(324,810)
Unrealized gains (losses) on valuation of available-for-sale financial assets	267,475	-	267,475	(151)	267,324
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(61,397)	-	(61,397)	9,111	(52,286)
Other components of other comprehensive income that will be reclassified to profit or loss	776	-	776	(7)	769
Total of other comprehensive income	<u>\$(177,944)</u>	<u>\$-</u>	<u>\$(177,944)</u>	<u>\$68,941</u>	<u>\$(109,003)</u>

For the six-month period ended June 30, 2016					
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	\$(879,664)	\$-	\$(879,664)	\$124,695	\$(754,969)
Unrealized gains (losses) on valuation of available-for-sale financial assets	111,060	-	111,060	1,588	112,648
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(70,798)	-	(70,798)	11,493	(59,305)
Other components of other comprehensive income that will be reclassified to profit or loss	9,749	-	9,749	(1,546)	8,203
Total of other comprehensive income	<u>\$(829,653)</u>	<u>\$-</u>	<u>\$(829,653)</u>	<u>\$136,230</u>	<u>\$(693,423)</u>

(27) Income Tax

A. The major components of income tax expense (income) were as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current tax expense (income):				
Current income tax charge	\$41,837	\$164,756	\$137,468	\$385,919
Adjustments in respect of current income tax of prior periods	4,534	(3,686)	4,534	(3,635)
Others	42	-	42	-
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	67,307	45,675	100,611	140,913
Deferred tax related to recognition and derecognition of tax losses and unused tax credits	4,604	(1,153)	-	(8,088)
Deferred tax expense arising from write-down of deferred tax assets	1,141	458	1,141	532
Total income tax expense	<u>\$119,465</u>	<u>\$206,050</u>	<u>\$243,796</u>	<u>\$515,641</u>

Income tax relating to components of other comprehensive income

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Deferred tax expense (income):				
Exchange differences on translation	\$31,131	\$(54,639)	\$(59,988)	\$(124,695)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(2,530)	676	(9,111)	(11,493)
Unrealized gains (losses) on valuation of available- for-sale financial assets	(245)	(242)	151	(1,588)
Other components of other comprehensive income that will be reclassified to profit or loss	(25)	(6)	7	1,546
Income tax relating to components of other comprehensive income	<u>\$28,331</u>	<u>\$(54,211)</u>	<u>\$(68,941)</u>	<u>\$(136,230)</u>

B. Imputation credit information

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Balances of imputation tax credit account	<u>\$729,512</u>	<u>\$649,840</u>	<u>\$719,175</u>

The expected creditable ratio for 2016 and the actual creditable ratio for 2015 were 25.69% and 20.48%, respectively.

The Company's earnings generated in the year ended December 31, 1997 and prior years have been fully appropriated.

C. The assessment of income tax returns

The assessment of the income tax returns of the Company and its subsidiaries were as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2014
Crownpo Technology Inc.	Assessed and approved up to 2014
Cal-Comp Biotech Co., Ltd.	Assessed and approved up to 2015
XYZprinting, Inc.	Assessed and approved up to 2014
Jipo Investment Co., Ltd.	Assessed and approved up to 2015
Cal-Comp Electronics & Communications Co., Ltd.	Assessed and approved up to 2015, except for 2013
CastleNet Technology Inc.	Assessed and approved up to 2015

(28) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
A. Basic earnings per share				
Profit (in thousands of NTD)	<u>\$216,392</u>	<u>\$422,015</u>	<u>\$434,960</u>	<u>\$869,766</u>

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,367,434	1,347,434	1,367,434	1,347,434
Basic earnings per share (NTD)	\$0.16	\$0.31	\$0.32	\$0.65
B. Diluted earnings per share				
Profit (in thousands of NTD)	\$216,392	\$422,015	\$434,960	\$869,766
Profit after dilution (in thousands of NTD)	\$216,392	\$422,015	\$434,960	\$869,766
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,367,434	1,347,434	1,367,434	1,347,434
Effect of dilution:				
Employee bonus – stock (in thousands)	1,375	10,916	6,041	13,835
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,368,809	1,358,350	1,373,475	1,361,269
Diluted earnings per share (NTD)	\$0.16	\$0.31	\$0.32	\$0.64

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial report date and the date the financial statements were authorized for issue.

(29) Business combinations

A. Acquisition of Cal-Comp Electronics (Thailand) Public Company Limited

The Group entered into an agreement with an outside investor on January 1, 2016. The counter-party agreed to transfer all its voting rights in Cal-Comp Electronics (Thailand) Public Company Limited to the Company for five years until December 31, 2020. The Group acquired substantive control over Cal-Comp Electronics (Thailand) Public Company Limited and incorporated the entity into the consolidated financial statements from January 1, 2016. In compliance with TIFRS, the Group treated the transaction as business combination and recognized the difference between the fair value and the book value of the ownership acquired on the acquisition date as loss (gain) on disposal of investments.

Cal-Comp Electronics (Thailand) Public Company Limited is based in Thailand, specializing in the manufacture of computers and peripheral devices, telecommunication products and automatic equipment. The Group acquired Cal-Comp Electronics (Thailand) Public Company Limited because the acquisition significantly expanded the range of products that the Group can offer to its clients.

The Group has elected to measure the non-controlling interest in Cal-Comp Electronics (Thailand) Public Company Limited at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The fair value of the identifiable assets and liabilities of Cal-Comp Electronics (Thailand) Public Company Limited as at the date of acquisition were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$3,570,771
Accounts receivable (including receivable due from related parties)	25,707,686
Inventories	10,742,639
Property, plant and equipment	16,387,764
Long-term prepaid rents	466,235
Others	4,615,370
	<u>\$61,490,465</u>
Liabilities	
Short-term borrowings	\$(13,522,487)
Accounts payable	(20,875,912)
Long-term borrowings	(5,911,305)
Others	(3,439,491)
	<u>(43,749,195)</u>
Identifiable net assets	<u><u>\$17,741,270</u></u>
Gain recognised in bargain purchase transaction of Cal-Comp Electronics (Thailand) Public Company Limited was as follow:	
Purchase consideration	\$6,549,362
Add: non-controlling interests at fair value	9,399,325
Less: identifiable net assets at fair value	(17,741,270)
Gain recognised in bargain purchase transaction	<u><u>\$(1,792,583)</u></u>

The Company has acquired 47.02% of total equity of Cal-Comp Electronics (Thailand) Public Company Limited before combination. As at the acquisition date (combination date), the difference of fair value and carry amount of acquired equity, amounted to \$829,121 thousand, was recognized as losses on disposal of investments accounted for using equity method.

Acquisition consideration:

Cash payment	\$-
Fair value of equity obtained before the acquisition	6,553,372
Goodwill	(4,010)
Total consideration	<u><u>\$6,549,362</u></u>

Analysis of cash flows on acquisition:

Net cash acquired with the subsidiary	\$3,570,771
Transaction costs of the acquisition	-
Net cash flow on acquisition	<u><u>\$3,570,771</u></u>

B. Acquisition of CastleNet Technology Inc.

By obtaining control over half of the board of CastleNet Technology Inc. on May 11, 2016, the Group acquired substantive control over CastleNet Technology Inc. and included it in the consolidated financial statements since then. In compliance with TIFRS, the Group treated the transaction as business combination and recognized the difference between the book value and the fair value of the ownership acquired on the acquisition date as loss (gain) on disposal of investments.

CastleNet Technology Inc. is based in Taiwan, specializing in development, manufacturing and sales of products including cable modem, powerline communication and digital home applications. The Group acquired CastleNet Technology Inc. to achieve the goal of technology integration.

The Group has elected to measure the non-controlling interest in CastleNet Technology Inc. at fair value.

The fair value of the identifiable assets and liabilities of CastleNet Technology Inc. as at the date of acquisition were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$195,700
Accounts receivable (including receivable due from related parties)	269,512
Inventories	162,398
Property, plant and equipment	373,542
Intangible assets	148,009
Others	341,040
	<u>\$1,490,201</u>
Liabilities	
Accounts payable	\$(220,784)
Others	(158,792)
	<u>(379,576)</u>
Identifiable net assets	<u><u>\$1,110,625</u></u>
Gain recognised in bargain purchase transaction of CastleNet Technology Inc. was as follow:	
Purchase consideration	\$152,393
Add: non-controlling interests at fair value	816,435
Less: identifiable net assets at fair value	(1,110,625)
Gain recognised in bargain purchase transaction	<u><u>\$(141,797)</u></u>

The Company has acquired 15.73% of total equity of CastleNet Technology Inc. before combination. As at the acquisition date (combination date), the difference of fair value and carrying amount of acquired equity, amounted to \$37,912 thousand, was recognized as losses on disposal of investments accounted for using equity method.

Acquisition consideration:

Cash payment	\$-
Fair value of equity obtained before the acquisition	152,393
Total consideration	<u><u>\$152,393</u></u>

Analysis of cash flows on acquisition:

Net cash acquired with the subsidiary	\$195,700
Transaction costs of the acquisition	-
Net cash flow on acquisition	<u><u>\$195,700</u></u>

(30)Subsidiaries that have material non-controlling interests

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation and operation	As of		
		June 30, 2017	December 31, 2016	June 30, 2016
Cal-Comp Electronics (Thailand) Public Company Limited	Thailand	52.98%	52.98%	52.98%

A. Accumulated balances of material non-controlling interest:

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Cal-Comp Electronics (Thailand) Public Company Limited	\$9,535,525	\$9,504,422	\$9,693,451

B. Profit (loss) for the three-month and six-month period ended June 30, 2017 and 2016 allocated to material non-controlling interest:

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Cal-Comp Electronics (Thailand) Public Company Limited	\$114,946	\$141,544	\$296,437	\$272,827

C. The summarized financial information of Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries was provided below. This information was based on amounts before inter-company eliminations.

(a) Summarized information of profit or loss for the three-month and six-month period ended June 30, 2017 and 2016:

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Operating revenue	\$21,677,653	\$24,985,139	\$44,072,934	\$47,427,276
Profit (loss) from continuing operations for the period	238,252	225,999	593,158	462,887
Total comprehensive income for the period	\$228,263	\$(120,576)	\$656,439	\$82,107

(b) Summarized information of financial position as of June 30, 2017, December 31, 2016 and June 30, 2016:

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Current assets	\$40,207,980	\$33,367,606	\$35,437,842
Non-current assets	16,226,130	16,375,547	16,987,443
Current liabilities	(37,245,457)	(29,704,271)	(30,919,983)
Non-current liabilities	(2,387,203)	(3,671,440)	(4,854,570)

(c) Summarized cash flow information for the six-month period ended June 30, 2017 and 2016:

	For the six-month period ended	
	June 30, 2017	June 30, 2016
Operating activities	\$(2,247,275)	\$8,470,418
Investing activities	(1,161,300)	(1,476,222)
Financing activities	6,886,763	(5,773,013)
Net increase (decrease) in cash and cash equivalents	3,815,967	771,729

7. Related party transactions

The following was a summary of transactions between the Company and related parties during the financial reporting periods:

Name and Relationship of Related Parties

<u>Name of the related parties</u>	<u>Relationship with the Company</u>
Kinpo Group Management Service Company	Associate
AcBel Polytech Inc.	Associate
AcBel Electronic (Wuhan) Co., Ltd.	Associate
Acbel Polytech Holdings Inc.	Associate
Teleport Access Services, Inc.	Associate
SaveCom International Inc.	Substantive related party
Compal Electronics, Inc.	Substantive related party
Compal Information (Kunshan) Co., Ltd.	Substantive related party
Compal Information Technology (Kunshan) Co., Ltd.	Substantive related party
Compal Electronics Technology (Kunshan) Co., Ltd.	Substantive related party

Name of the related parties	Relationship with the Company
Compal Display Electronics (Kunshan) Co., Ltd.	Substantive related party
Compal Internet Information (Kunshan) Co., Ltd.	Substantive related party
Compal Electronics, (ChongQing) Co., Ltd.	Substantive related party
Compal Electronics, (ChengDu) Co., Ltd.	Substantive related party
LCFutureCenter Inc.	Substantive related party
Compal Smart Device (ChongQing) Co., Ltd.	Substantive related party
Metal Component Engineering Limited	Substantive related party
GEBO Limited	Substantive related party
Power Station Holding Ltd.	Substantive related party
Dawning Leading Technology Inc.	Substantive related party
Infinite Education Co., Ltd.	Substantive related party

Significant transactions with the related parties

Where the transaction amount or balance with any single related party reaches 10% or more of the Group's total transaction amount or balance of that type of transaction, the name of each such related party shall be individually disclosed. The remaining amounts not up to the above standards were aggregated as others.

(1) Sales

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Associates				
Others	\$21	\$20	\$995	\$811
Substantive related parties				
Compal Information Technology (Kunshan) Co., Ltd.	103,417	89,890	202,161	151,918
Others	41,775	38,201	87,066	84,526
Total	<u>\$145,213</u>	<u>\$128,111</u>	<u>\$290,222</u>	<u>\$237,255</u>

The terms of sales to related parties were not significantly different from those of sales to third parties. The collection period was about 90~120 days after sales.

(2) Purchases

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Associates				
AcBel Polytech Inc.	\$94,841	\$163,936	\$216,253	\$257,331
Substantive related parties				
Others	5,187	15,161	9,390	15,161
Total	<u>\$100,028</u>	<u>\$179,097</u>	<u>\$225,643</u>	<u>\$272,492</u>

The purchase prices from related parties were close to the general trading price and payment term were about 30~90 days after purchase.

(3) Accounts receivable due from related parties

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Associates			
Others	\$921	\$932	\$936
Substantive related parties			
Compal Information Technology (Kunshan) Co., Ltd.	171,263	197,270	136,523
Compal Information (Kunshan) Co., Ltd.	18,614	33,149	19,028
Others	52,895	41,419	34,481
Total	<u>\$243,693</u>	<u>\$272,770</u>	<u>\$190,968</u>

(4) Other receivables due from related parties

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Associates			
AcBel Polytech Inc.	\$174,704	\$-	\$187,183
Others	20,302	9	18,048
Substantive related parties			
Compal Electronics, Inc.	181,954	-	181,954
Total	<u>\$376,960</u>	<u>\$9</u>	<u>\$387,185</u>

(5) Accounts payable to related parties

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Associates			
AcBel Polytech Inc.	\$66,989	\$97,749	\$135,834
Substantive related parties			
Others	585	6,302	10,759
Total	<u>\$67,574</u>	<u>\$104,051</u>	<u>\$146,593</u>

(6) Other accounts payable to related parties

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Associates			
AcBel Polytech Inc.	\$30	\$17	\$-
Kinpo Group Management Service Company	-	195	-
Substantive related parties			
SaveCom International Inc.	197	210	121
LCFutureCenter Inc.	65	68	-
Others	-	36	104
Total	<u>\$292</u>	<u>\$526</u>	<u>\$225</u>

(7) Operating lease

The details of rental revenues from related parties were as follows:

	Nature	For the three-month period ended		For the six-month period ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Associates					
Kinpo Group Management Service Company	Office building and network equipment	\$166	\$166	\$332	\$332
AcBel Polytech Inc.	Office building	7	8	14	15
Substantive related parties					
GEBO Limited	Office building	94	-	130	-
Others	Office building	7	7	14	14
Total		<u>\$274</u>	<u>\$181</u>	<u>\$490</u>	<u>\$361</u>

Rental revenue was based on the market price and is received on a monthly basis.

(8) Others

A. Service revenue

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Associates				
Kinpo Group Management Service Company	\$60	\$60	\$120	\$120

The above-mentioned service revenue was generated from providing information service.

B. Compensation of key management personnel

	For the three-month period ended		For the six-month period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Short-term employee benefits	\$41,950	\$37,308	\$77,061	\$67,673
Post-employment benefits	1,205	655	2,525	1,362
Share-based payments	4,973	5,028	8,331	8,397
Total	\$48,128	\$42,991	\$87,917	\$77,432

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Assets pledged for security	Carrying amount as of			Secured liabilities
	June 30, 2017	December 31, 2016	June 30, 2016	
Buildings and structures	\$128,587	\$140,398	\$155,564	Short-term borrowings
Long-term prepaid rent (presented in other non-current assets)	7,516	7,899	8,393	Short-term borrowings
Machinery and molding equipment	56,698	-	38,770	Short-term borrowings
Time deposit (presented in other current assets)	16,268	16,261	26,372	Short-term borrowings
Total	\$209,069	\$164,558	\$229,099	

9. Commitments and contingencies

- (1) As of June 30, 2017, the Group provided endorsement and guarantee to subsidiaries were amounted to USD731,500 thousand, THB900,000 thousand and EUR500 thousand.
- (2) As of June 30, 2017, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to NTD50,000 thousand to Cal-Comp Biotech Co., Ltd. (hereinafter called "Cal-Comp Biotech"), the declaration was as follows:
 - A. The Company commits to hold directly or indirectly no less than 70% of total Cal-Comp Biotech's outstanding shares.
 - B. The Company commits to maintain management and control over Cal-Comp Biotech.
 - C. The Company commits to support Cal-Comp Biotech all the necessary resources (including but not limited to finance, personnel and technology), and ensure that Cal-Comp Biotech operates normally and complies with its obligations.
 - D. The Company commits that in case of default, the Company should take a necessary action to promote Cal-Comp Biotech to fulfill its repayment obligation.
- (3) As of June 30, 2017, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to NTD440,000 thousand to XYZprinting, Inc. (hereinafter called" XYZprinting "), the declaration was as follows:
 - A. The Company commits to hold directly or indirectly no less than 70% of total XYZprinting's outstanding shares together with its associate Cal-Comp Electronics (Thailand) Public Company Limited.
 - B. The Company commits to maintain management and control over XYZprinting.
 - C. The Company commits to support XYZprinting all the necessary resources (including but not limited to finance, personnel and technology), and ensure that XYZprinting operates normally and complies with its obligations.
 - D. The Company commits that in case of default, the Company should take a necessary action to promote XYZprinting to fulfill its repayment obligation.
- (4) As of June 30, 2017, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to USD50,000 thousand and PHP700,000 thousand to Kinpo Electronics (Philippines), Inc., the declaration was as follows:
 - A. The Company commits to hold directly or indirectly no less than 90% of total Kinpo Electronics (Philippines), Inc.'s outstanding shares.
 - B. The Company commits to maintain management and control over Kinpo Electronics (Philippines), Inc.

- C. The Company commits to support Kinpo Electronics (Philippines), Inc. all the necessary resources (including but not limited to finance, personnel and technology), and ensure that Kinpo Electronics (Philippines), Inc. operates normally and complies with its obligations.
- D. The Company commits that in case of default, the Company should take a necessary action to promote Kinpo Electronics (Philippines), Inc. to fulfill its repayment obligation.

- (5) As of June 30, 2017, December 31, 2016 and June 30, 2016, the Group's subsidiaries had outstanding commitments in respect of purchase of the construction of factory building and acquisition of machinery were as follows:

(In thousands)

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
THB	\$16,000	\$25,000	\$66,000
USD	14,000	13,000	16,000
JPY	46,000	61,000	1,000
CNY	1,000	-	-
PHP	2,000	-	-

- (6) Operating lease commitment

Further minimum lease payments (within tax) required under non-cancellable operating lease contracts of the Group and its subsidiaries were as follows:

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Not exceed 1 year	\$180,056	\$198,856	\$137,655
Over 1 year but not exceed 5 years	365,486	456,199	156,009
Total	<u>\$545,542</u>	<u>\$655,055</u>	<u>\$293,664</u>

- (7) Other commitment

As of June 30, 2017, the Group's subsidiary had outstanding commitments of NTD30,000 thousand, PHP2,000 thousand, MYR22,000 thousand and INR104,000 thousand in respect of uncalled portion of investments.

(8) Agreements for hire of production of molds

As of June 30, 2017, December 31, 2016 and June 30, 2016, the Group's subsidiary had outstanding commitments with domestics and overseas suppliers in respect of agreements for hire of production of molds were as follows:

(In thousands)

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
THB	\$5,000	\$40,000	\$3,000
USD	126,000	102,000	6,000
NTD	-	31,000	22,000
SGD	-	4,000	1,000

(9) Guarantees

As of June 30, 2017, there were outstanding bank guarantees of approximately USD15,000 thousand, THB295,000 thousand, PHP10,000 thousand and MYR1,000 thousand issued by the banks on behalf of the Group's subsidiaries in respect of certain performance bonds as required in the normal course of business.

(10) Letters of credit

As of June 30, 2017, the Group's subsidiary had unused letters of credit of USD1,455 thousand issued for purchase of materials.

10. Losses due to major disasters

None.

11. Significant subsequent events

The Company resolved at the Board of Directors' meeting held on August 11, 2017 to issue a letter of undertaking to the lending bank with respect to the comprehensive loan facilities amounting to USD20,000 thousand and PHP500,000 thousand to Cal-Comp Technology (Philippines), Inc.

12. Others

(1) Financial instruments

Financial assets

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Financial assets at fair value through profit or loss:			
Held for trading	\$4,852	\$8,612	\$146,853
Available-for-sale financial assets (including financial assets at cost)	5,169,063	4,844,010	5,035,837
Loans and receivables:			
Cash and cash equivalents	12,293,968	6,441,055	7,854,376
Investment in debt instrument without active market (including non-current)	338,051	482,241	450,000
Notes receivable	16,210	22,960	44,888
Accounts receivable	23,426,824	23,000,909	21,726,964
Accounts receivable due from related parties	243,693	272,770	190,968
Other receivables	1,041,722	987,128	1,653,313
Other receivables due from related party	376,960	9	387,185
Other current assets (Note)	16,268	16,261	26,372
Subtotal	37,753,696	31,223,333	32,334,066
Total	\$42,927,611	\$36,075,955	\$37,516,756

Note: Other current assets were time deposit due more than 3 months.

Financial liabilities

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Financial liabilities at amortized cost:			
Short-term borrowings	\$21,056,143	\$14,285,990	\$15,042,784
Short-term notes and bills payable	915,575	1,799,813	1,259,841
Notes payable	6,832	11,588	4,718
Accounts payable	21,477,078	22,475,433	22,121,165
Accounts payable to related parties	67,574	104,051	146,593
Other payables	3,310,869	3,456,869	3,312,601
Other payables to related parties	292	526	225
Long-term borrowings (including current portion)	14,579,825	10,873,275	11,789,879
Subtotal	61,414,188	53,007,545	53,677,806

	As of		
	June 30, 2017	December 31, 2016	June 30, 2016
Financial liabilities at fair value through profit or loss:			
Held for trading	6,679	63,056	518,137
Total	<u>\$61,420,867</u>	<u>\$53,070,601</u>	<u>\$54,195,943</u>

(2) Financial risk management objectives

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts are to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates. The information of the sensitivity analysis, please refer to Note 12(9).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments with variable interest rates. At the balance sheet date, an increase or a decrease of 5 basis points of interest rate could cause the profit for the six-month period ended June 30, 2017 and 2016 to decrease/increase by \$9,138 thousand and \$7,023 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under held for trading financial assets or available-for-sale financial assets. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

An increase or a decrease of 1% in the price of the equity securities classified under held for trading could cause profit for the six-month period ended June 30, 2017 and 2016 to increase or decrease by \$0 thousand and \$464 thousand, respectively.

An decrease of 1% in the price of the equity securities classified under available-for-sale could cause the other comprehensive income for the six-month period ended June 30, 2017 and 2016 to decrease by \$46,212 thousand and \$45,185 thousand, respectively, and an increase of 1% in the price of the equity securities classified under available-for-sale would only affect the equity but not the profit and loss.

(4) Credit risk management

Credit risk is the risk that counter-party will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of June 30, 2017, December 31, 2016 and June 30, 2016, receivables from top three customers represented 37.44% , 49.43% and 50.82% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 5 years	Total
<u>As of June 30, 2017</u>				
Short-term borrowings (including interest to be paid)	\$22,113,932	\$-	\$-	\$22,113,932
Short-term notes and bills payable	916,000	-	-	916,000
Notes payable	6,832	-	-	6,832
Accounts payable	21,477,078	-	-	21,477,078
Accounts payable to related parties	67,574	-	-	67,574
Other payables	3,310,869	-	-	3,310,869
Other payables to related parties	292	-	-	292
Long-term borrowings (including interest to be paid)	2,669,190	6,732,413	5,695,285	15,096,888
	Less than 1 year	1 to 2 years	2 to 5 years	Total
<u>As of December 31, 2016</u>				
Short-term borrowings (including interest to be paid)	\$14,727,613	\$-	\$-	\$14,727,613
Short-term notes and bills payable	1,801,500	-	-	1,801,500
Notes payable	11,588	-	-	11,588
Accounts payable	22,475,433	-	-	22,475,433
Accounts payable to related parties	104,051	-	-	104,051
Other payables	3,456,869	-	-	3,456,869
Other payables to related parties	526	-	-	526
Long-term borrowings (including interest to be paid)	255,313	3,659,766	7,349,752	11,264,831
	Less than 1 year	1 to 2 years	2 to 5 years	Total
<u>As of June 30, 2016</u>				
Short-term borrowings (including interest to be paid)	\$15,503,845	\$-	\$-	\$15,503,845
Short-term notes and bills payable	1,259,841	-	-	1,259,841
Notes payable	4,718	-	-	4,718
Accounts payable	22,121,165	-	-	22,121,165
Accounts payable to related parties	146,593	-	-	146,593
Other payables	3,312,601	-	-	3,312,601
Other payables to related parties	225	-	-	225
Long-term borrowings (including interest to be paid)	2,138,947	7,783,566	2,143,211	12,065,724

Derivative financial instruments

The derivative financial instruments of the Group as of June 30, 2017, December 31, 2016 and June 30, 2016 were due within one year.

(6) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates and bonds etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

Among the Group's financial assets and financial liabilities measured at amortized cost, other than cash and cash equivalents, investments in debt instrument without active market, accounts receivables (including due from related parties), other receivables (including due from related parties), short-term borrowings, short-term notes and bills payable, accounts payable (including related parties), other payable (including related parties), other current liabilities, and long term loans, the carrying amount approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(7) Derivatives financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below listed the information related to forward currency contracts:

As of June 30, 2017

Items	Notional Amount	Exchange Currency	Contract Period
Forward currency contract	Buy USD 18,620 thousand	NTD	From July 4, 2017 to July 24, 2017
Forward currency contract	Buy USD 65,000 thousand	BRL	From July 21, 2017 to July 31, 2017
Forward currency contract	Sell USD 18,620 thousand	NTD	From July 4, 2017 to July 24, 2017

As of December 31, 2016

Items	Notional Amount	Exchange Currency	Contract Period
Forward currency contract	Buy USD 19,970 thousand	NTD	From January 9, 2017 to February 9, 2017
Forward currency contract	Buy JPY 24,484 thousand	USD	From January 6, 2017 to January 20, 2017
Forward currency contract	Buy USD 86,000 thousand	BRL	From January 3, 2017 to February 2, 2017
Forward currency contract	Sell USD 19,970 thousand	NTD	From January 5, 2017 to February 7, 2017

As of June 30, 2016

Items	Notional Amount	Exchange Currency	Contract Period
Forward currency contract	Buy USD 1,220 thousand	NTD	July 7, 2016
Forward currency contract	Buy USD 110,000 thousand	CNY	From July 8, 2016 to August 15, 2016
Forward currency contract	Buy USD 34,000 thousand	THB	July 5, 2016
Forward currency contract	Buy USD 174,000 thousand	BRL	From July 4, 2016 to August 2, 2016
Forward currency contract	Sell USD 1,220 thousand	NTD	July 5, 2016
Forward currency contract	Sell USD 110,000 thousand	CNY	From July 8, 2016 to August 15, 2016

The counterparties for the aforementioned derivatives transactions were well known local or overseas banks, as they had sound credit ratings, the credit risk was insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group did not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group assets and liabilities measured at fair value on a recurring basis was as follows:

As of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$4,852	\$-	\$4,852

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Stocks	\$3,590,971	\$-	\$1,030,246	\$4,621,217
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	6,679	-	6,679

As of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$4,372	\$-	\$4,372
Stocks	4,240	-	-	4,240
Available-for-sale financial assets				
Stocks	3,325,382	-	1,029,633	4,355,015
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	63,056	-	63,056

As of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$142,209	\$-	\$142,209
Stocks	4,644	-	-	4,644
Available-for-sale financial assets				
Stocks	3,516,352	-	1,002,113	4,518,465
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	518,137	-	518,137

Transfers between Level 1 and Level 2 during the period

During the six-month period ended June 30, 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period was as follows:

	<u>Equity securities</u>
Beginning balances as of January 1, 2017	\$1,029,633
Total gains and losses recognized for the six-month period ended June 30, 2017:	
Amount recognized in OCI (presented in “unrealized gains (losses) on valuation of available-for-sale financial assets”)	613
Ending balances as of June 30, 2017	<u><u>\$1,030,246</u></u>
Beginning balances as of January 1, 2016	\$1,002,113
Total gains and losses recognized for the six-month period ended June 30, 2016	
Amount recognized in OCI (presented in “unrealized gains (losses) on valuation of available-for-sale financial assets”)	-
Ending balances as of June 30, 2016	<u><u>\$1,002,113</u></u>

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy was as follows:

As of June 30, 2017

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
Financial assets:					
Available-for-sale					
Stocks	Market approach	Discount for lack of marketability	2.06	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group’s equity by \$10,302 thousand

As of December 31, 2016

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Available-for-sale					
Stocks	Market approach	Discount for lack of marketability	1.92	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by \$10,296 thousand

As of June 30, 2016

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Available-for-sale					
Stocks	Market approach	Discount for lack of marketability	1.47	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by \$10,021 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's finance department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value was disclosed

As of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Financial assets did not measured at fair value but for which the fair value was disclosed:				
Investment in debt instruments without active market	\$-	\$-	\$338,051	\$338,051
Investments accounted for using equity method (Note)	2,951,258	-	-	2,951,258
Investment property	-	-	152,471	152,471
Financial liabilities did not measured at fair value but for which the fair value was disclosed:				
Long-term borrowings (including current portion)	-	14,579,825	-	14,579,825

As of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Financial assets did not measured at fair value but for which the fair value was disclosed:				
Investment in debt instruments without active market	\$-	\$-	\$482,241	\$482,241
Investments accounted for using equity method (Note)	3,001,173	-	-	3,001,173
Investment property	-	-	153,151	153,151
Financial liabilities did not measured at fair value but for which the fair value was disclosed:				
Long-term borrowings (including current portion)	-	10,873,275	-	10,873,275

As of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Financial assets did not measured at fair value but for which the fair value was disclosed:				
Investment in debt instruments without active market	\$-	\$-	\$450,000	\$450,000
Investments accounted for using equity method (Note 6)	3,057,328	-	-	3,057,328
Investment property	-	-	171,913	171,913

	Level 1	Level 2	Level 3	Total
Financial liabilities did not measured at fair value but for which the fair value was disclosed:				
Long-term borrowings (including current portion)	\$-	\$11,789,879	\$-	\$11,789,879

Note: Please refer to Note 6(10) for more detailed information for the associates.

(9) Significant assets and liabilities denominated in foreign currencies

(In thousands)					
As of June 30, 2017					
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Sensitivity analysis Fluctuation	Effect on income
<u>Financial assets Monetary items</u>					
USD	\$934,847	30.42	\$28,438,058	0.5%	\$142,190
CNY	195,840	4.4904	879,400	0.5%	4,397
JPY	607,026	0.2716	164,868	0.5%	824
EUR	3,068	34.7183	106,509	0.5%	533
<u>Financial liabilities Monetary items</u>					
USD	1,045,696	30.42	31,810,078	0.5%	159,050
CNY	238,179	4.4904	1,069,519	0.5%	5,348
JPY	365,106	0.2716	99,163	0.5%	496
(In thousands)					
As of December 31, 2016					
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Sensitivity analysis Fluctuation	Effect on income
<u>Financial assets Monetary items</u>					
USD	\$738,900	32.25	\$23,829,527	0.5%	\$119,148
CNY	380,525	4.649	1,769,061	0.5%	8,845
JPY	438,464	0.2757	120,885	0.5%	604
EUR	3,762	33.9302	127,653	0.5%	638
<u>Financial liabilities Monetary items</u>					
USD	793,069	32.25	25,576,487	0.5%	127,882
CNY	332,389	4.649	1,545,275	0.5%	7,726
JPY	853,115	0.2757	235,204	0.5%	1,176

(In thousands)

As of June 30, 2016

	Foreign currencies	Exchange rate	Carrying amount (NTD)	Sensitivity analysis	
				Fluctuation	Effect on income
<u>Financial assets Monetary items</u>					
USD	\$926,517	32.275	\$29,903,336	0.50%	\$149,517
CNY	561,601	4.8671	2,733,368	0.50%	13,667
JPY	617,472	0.3141	193,948	0.50%	970
HKD	100,560	4.1599	418,320	0.50%	2,092
<u>Financial liabilities Monetary items</u>					
USD	960,369	32.275	32,995,909	0.50%	154,980
CNY	501,293	4.8671	2,939,843	0.50%	12,199
JPY	630,858	0.3141	198,152	0.50%	991
HKD	102,760	4.1599	427,471	0.50%	2,137

The Group's foreign currency transactions were denominated in multiple currency; therefore, the information of the foreign exchange gains (losses) of monetary assets and liabilities denominated by each currency was not applicable for disclosure. For the three-month and six-month period ended June 30, 2017 and 2016, the Group's significant monetary financial assets and liabilities denominated in foreign currencies incurred foreign exchange gains (losses) (including realized and unrealized) of \$(126,236) thousand, \$386,706 thousand, \$(196,699) thousand and \$793,712 thousand, respectively.

The above information was disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

- (1) Information at significant transactions (portion of transactions were eliminated upon consolidation)

- A. Financings provided to others, please refer to table 1 for more details.
 - B. Endorsements/guarantees provided to others, please refer to table 2 for more details.
 - C. Marketable securities held (not including subsidiaries, associates and joint ventures), please refer to table 3 for more details.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock, please refer to table 4 for more details.
 - E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, no such circumstances.
 - F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, no such circumstances.
 - G. Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital, please refer to table 6 for more details.
 - H. Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital, please refer to table 7 for more details.
 - I. Derivative instruments transactions, please refer to Note 6. and Note 12. for more details.
 - J. Significant intercompany transactions between consolidated entities, please refer to table 8.
- (2) Information on investees (portion of investees information were eliminated upon consolidation)
- A. Financings provided to others, please refer to table 1 for more details.
 - B. Endorsements/guarantees provided to others, please refer to table 2 for more details.
 - C. Marketable securities held (not including subsidiaries, associates and joint ventures), please refer to table 3 for more details.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock, please refer to table 4 for more details.
 - E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, please refer to table 5 for more details.

- F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, no such circumstances.
- G. Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital, please refer to table 6 for more details.
- H. Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital, please refer to table 7 for more details.
- I. Derivative instruments transactions, please refer to Note 6. and Note 12. for more details.
- J. Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China), please refer to table 9 for more details.

(3) Information on investments in Mainland China (Eliminated upon consolidation)

A. Names, main business, paid-in capital, method of investment, investment flows, percentage of ownership, share of profits (losses), carrying amount at the end of the period, accumulated inward remittance of earnings and the upper limit of investment, please refer to table 10 for more details.

B. Significant transactions with investee in Mainland China

Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to tables from 6 to 8.

14. Segment information

	For the three-month period ended June 30, 2017			
	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer	\$27,537,308	\$624,605	\$-	\$28,161,913
Segment profit	\$360,042	\$(57,544)	\$-	\$302,498

	For the three-month period ended June 30, 2016			
	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer	\$32,163,012	\$769,246	\$-	\$32,932,258
Segment profit	\$1,714,162	\$(1,157,572)	\$-	\$556,590

For the six-month period ended June 30, 2017				
	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer	\$55,909,241	\$1,187,613	\$-	\$57,096,854
Segment profit	\$816,447	\$(140,579)	\$-	\$675,868

For the six-month period ended June 30, 2016				
	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer	\$59,769,464	\$1,452,021	\$-	\$61,221,485
Segment profit	\$2,839,393	\$(1,707,834)	\$-	\$1,131,559

The Group's only reportable segment was the Consumer Electronics Production Segment. The segment mainly engages in design and manufacturing of calculator/computer, web-based communications, computer peripherals and storage products. The Group also had other segments that did not exceed the quantitative threshold. The segments mainly engage in production and sale of passive components.

The segment assets information of the Group as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
June 30, 2017	\$73,498,978	\$19,123,570	\$-	\$92,622,548
December 31, 2016	\$65,161,477	\$18,525,591	\$-	\$83,687,068
June 30, 2016	\$65,300,975	\$21,067,857	\$-	\$86,368,832

The amount reported by the Group was consistent with that used by the operating decision makers. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 4. The Group uses the operating profit or loss (net of tax) as the measurement for segment profit and the basis of performance assessment.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 1: Financings provided to others

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance (Passed by the Board of Directors)	Amount Acutally Drawn	Interest rate	Nature of Financing <Note2>	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company <Note3>	Financing Company's Total Financing Amount Limits <Note4>
													Item	Value		
0	Kinpo Electronics, Inc.	XYZprinting Japan, Inc.	Other receivables due from related parties	Yes	JPY 600,000 (170,850)	JPY 300,000 (80,850)	JPY 300,000 (80,850)	0.5%-1.5%	2	-	Need for operating	-	-	-	\$3,260,639	\$13,042,557
0	Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	"	Yes	USD 25,000 (790,375)	USD 25,000 (790,375)	USD 25,000 (790,375)	0.7%-2.5%	2	-	Need for operating	-	-	-	3,260,639	13,042,557
1	Kinpo Electronics (China) Co., Ltd.	XYZprinting (Suzhou) Co., Ltd.	"	Yes	CNY 20,000 (93,478)	CNY 20,000 (93,478)	CNY 20,000 (93,478)	3.50%	2	-	Need for operating	-	-	-	4,791,039	4,791,039
2	Dongguan Kaipo Electronics Co., Ltd.	XYZprinting (Suzhou) Co., Ltd.	"	Yes	CNY 13,500 (68,132)	- -	- -	0.00%	2	-	Need for operating	-	-	-	156,965	156,965
3	Kinpo International Ltd.	XYZprinting, Inc. (USA)	"	Yes	USD 10,000 (310,575)	USD 10,000 (310,575)	USD 6,000 (186,345)	1.5%-2.5%	2	-	Need for operating	-	-	-	2,875,583	2,875,583
4	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria de Semicondutores S.A.	"	Yes	USD 15,000 (473,463)	USD 7,500 (233,400)	USD 7,500 (233,400)	2.50%	2	-	Need for operating	-	-	-	13,289,298	13,289,298
5	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Electronics and Communications (Suzhou) Co. Ltd.	"	Yes	USD 31,000 (986,665)	USD 12,000 (373,440)	- -	1.50%	2	-	Need for operating	-	-	-	3,478,277	3,478,277
5	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Precision (Dongguan) Ltd.	"	Yes	CNY 60,000 (262,830)	CNY 60,000 (262,830)	- -	3.50%	2	-	Need for operating	-	-	-	3,478,277	3,478,277
6	Cal-Comp Electronis (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	"	Yes	USD 5,500 (177,513)	USD 5,500 (171,160)	USD 5,500 (171,160)	2.224%	2	-	Need for operating	-	-	-	565,218	565,218
6	Cal-Comp Electronis (USA) Co., Ltd.	Cal-Comp USA (Indiana), Inc.	"	Yes	USD 11,000 (355,025)	USD 8,500 (264,520)	USD 8,500 (264,520)	2.224%	2	-	Need for operating	-	-	-	565,218	565,218
7	Cal-Comp Technology (Philippines), Inc.	Cal-Comp Precision (Philippines), Inc.	"	Yes	USD 3,000 (93,360)	USD 3,000 (93,360)	- -	3.50%	2	-	Need for operating	-	-	-	473,682	473,682

<Note1> The numbers filled in for the financings provided by the group or subsidiaries are as follows:

- (1) The Company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

<Note2> The codes represent the nature of financing activities as follows:

- (1) Trading partner is "1".
- (2) Short-term financing is "2".

<Note3> Financing limits for each borrowing companies are as follows:

1. Non related party

- (1) Trading Partners: The maximum of total financing is highter of the transaction amount during the most recent 3 months or 30% of transaction amount during current year, and shall not exceed 10% of its net worth.
- (2) Short-term financing: The maximum of total financing is 80% of counter-party's net worth and shall not exceed 4% of its net worth.

2. Related Party

- (1) Trading Partners: The maximum of total financing is highter of the transaction amount during the most recent 3 months or during current year, and shall not exceed 20% of its net worth.
- (2) Short-term financing: The maximum of total financing is 20% of its net worth.
- (3) Subsidiaries 100% held by the company: The maximum of total financing is 80% of the company's net worth.

<Note4> Financing company's total financing amount limits are as follows:

1. The maximum amount of financing to trading partners is 100% of transaction amount during current year and shall not exceed 40% of its net worth.
2. The maximum amount of short-term financing is 40% of financing company's net worth.
3. The maximum amount of short-term financing to subsidiaries 100% held by the company is 80% of the company.
4. The summary of the three situations above shall not exceed 80% of the company's net worth.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 2: Endorsements/guarantees provided to others

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party <Note3>	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Amounts of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable <Note3>	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of relationship <Note2>										
0	Kinpo Electronics, Inc.	Kinpo International Ltd.	2	\$16,303,196	USD 357,500 (11,393,800)	USD 357,500 (11,276,100)	USD 130,000 (4,100,400)	\$-	69.16%	\$16,303,196	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	2	16,611,622	USD 312,000 (10,145,895)	USD 312,000 (10,036,070)	USD 214,500 (6,899,798)	-	61.56%	16,611,622	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronis (USA) Co., Ltd.	2	16,611,622	USD 30,000 (948,750)	USD 30,000 (948,750)	- -	-	5.82%	16,611,622	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	2	16,611,622	USD 19,000 THB 900,000 EUR 500 (1,431,073)	USD 19,000 THB 900,000 EUR 500 (1,431,073)	USD 1,064 THB 554,148 - (540,460)	-	8.78%	16,611,622	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Singapore) Limited	2	16,611,622	USD 18,000 (594,010)	USD 13,000 (404,560)	- -	-	2.48%	16,611,622	Yes	No	No

<Note1> The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

- (1) The Company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

<Note2> The following code represents the relationship with the company:

1. Trading partner.
2. Majority owned subsidiary.
3. The Company and subsidiary owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 50% by the company and the Company's directly-owned subsidiary.
5. Guaranteed by the company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

<Note3> The limit amount of endorsement/guarantee are as follows:

1. The aggregate amount of endorsement/guarantee:
 - (1) The aggregate amount of transactions of endorsement/guarantee must be less than 100% of net worth of provider company.
 - (2) The aggregate amount of endorsement /guarantee of the Company and subsidiaries should be less than 2% of the company's net worth.
 - (3) The aggregate amount of endorsements/guarantees that the Company as a whole may exceed 50% of the Company's net worth, and the Company should explain the rationality of it in the shareholders meeting.
2. The amount of endorsement/guarantee for any single entity is as follow:
 - (1) The amount of endorsement/guarantee for trading partners should be less than 30% of the total sales or purchase transactions between endorsor/guarantor and the receiving party from the previous fiscal year, and should be less than 65% of the Company's net worth.
 - (2) For subsidiaries jointly or directly owned over 50% by the company, the amount of endorsement/guarantee for the entity should be less than 100% of the company's net worth.
 - (3) For subsidiaries jointly or directly owned over 90% by the company, the amount of endorsement/guarantee for the entity should be less than 10% of the company's net worth, except for 100% owned companies. The ceiling for subsidiaries owned 100% is 100% of the Company's net worth.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 3: Marketable securities held (not including subsidiaries, associates and joint ventures)

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	As of June 30, 2017				Remark
					Share/Units	Carrying Value <Note2>	Percentage of ownership (%) <Note5>	Fair Value <Note3, 5>	
0	Kinpo Electronics, Inc.	Innolux Corporation / Stock	—	Current available-for-sale financial assets	16,842,770	\$266,116	0.17%	\$15.80	Public: 3481
0	Kinpo Electronics, Inc.	Compal Electronics, Inc. / Stock	The Chairman of the Board is the same person	Non-current available-for-sale financial assets	151,628,692	2,926,434	3.47%	19.30	Public: 2324
0	Kinpo Electronics, Inc.	BAOTEK Industrial Materials Ltd. / Stock	—	"	24,415,654	177,258	12.53%	7.26	TPEX: 5340
0	Kinpo Electronics, Inc.	Taiwan Micropaq Corp. / Stock	—	"	927,227	6,528	1.54%	7.90	
0	Kinpo Electronics, Inc.	Helios Semiconductors, Inc. / Stock	—	"	278,137	1,481	3.60%	4.13	
0	Kinpo Electronics, Inc.	Taiwan Star Telecom Corp. Ltd. / Stock	—	"	98,854,105	988,541	2.81%	4.85	
0	Kinpo Electronics, Inc.	VMAX Telecom Inc / Stock	—	"	1,000,000	-	1.00%	-	
0	Kinpo Electronics, Inc.	Norm Pacific Automation Corp. / Stock	—	Non-current financial assets at cost	469,240	-	1.64%	-	
0	Kinpo Electronics, Inc.	Sinonar Corp. / Stock	—	"	248,082	-	7.86%	-	
0	Kinpo Electronics, Inc.	Kun-Ji Venture Capital, Inc. / Stock	—	"	160,650	342	3.33%	4.90	
0	Kinpo Electronics, Inc.	Global Strategic Investment Inc. / Stock	—	"	735,000	22,697	3.77%	USD 0.98	
0	Kinpo Electronics, Inc.	Prudence Capital Management Ltd. / Stock	—	"	1,207,224	9,512	1.00%	10.70	
0	Kinpo Electronics, Inc.	Puritron Technology Inc. / Stock	—	"	629,148	-	3.85%	-	
0	Kinpo Electronics, Inc.	Sinonar Solar Corp. / Stock	—	"	880	-	0.40%	-	
0	Kinpo Electronics, Inc.	Intergrafx Holding Ltd. / Preferred Stock	—	"	1,166,667	-	-	-	
0	Kinpo Electronics, Inc.	PChome Ventures fund / Stock	—	"	157,080	-	6.06%	-	
0	Kinpo Electronics, Inc.	Taiwan Star Telecom Corp. Ltd. / Corporation Bond	—	Investments in debt instrument without active market (current and non-current)	-	300,000	-	-	
1	Forward International Ltd.	Overseas beneficiary certificate	—	Non-current available-for-sale financial assets	20,933,253	236,460	-	USD 0.37	
2	Jipo Investment Co., Ltd.	Innolux Corporation / Stock	—	Current available-for-sale financial assets	4,308,238	68,070	0.04%	15.80	Public: 3481
2	Jipo Investment Co., Ltd.	Kinpo Electronics, Inc. / Stock	Parent company	Non-current available-for-sale financial assets	46,197,155	508,169	3.17%	11.00	Public: 2312
2	Jipo Investment Co., Ltd.	Taiwan Star Telecom Corp. Ltd. / Stock	—	"	6,237	-	-	4.85	
3	CastleNet Technology Inc.	Sampo / Stock	—	"	8,698,440	153,093	1.74%	17.60	Public: 1604
4	Cal-Comp Electronics (Thailand) Public Company Limited	Metal Component Engineering Ltd. / Stock	—	"	37,805,800	THB 36,886	10.11%	SGD 0.040	
4	Cal-Comp Electronics (Thailand) Public Company Limited	Metal Component Engineering Ltd. / Warrants	—	"	30,000,000	THB 732	-	SGD 0.001	
4	Cal-Comp Electronics (Thailand) Public Company Limited	Memoright Memorittech Corporation / Stock	—	Non-current financial assets at cost	3,965,107	THB 15,995	3.05%	-	
4	Cal-Comp Electronics (Thailand) Public Company Limited	Dawning Leading Technology Inc. / Stock	—	"	33,072,500	THB 491,277	9.03%	-	
5	Logistar International Holding Co., Ltd.	Mojoose Inc./ Convertible bond	—	Current investments in debt instrument without active market	-	THB 42,477	-	-	
6	Cal-Comp Electronics (USA) Co., Ltd.	Fellow, Inc. / Stock	—	Non-current financial assets at cost	480,815	THB 67,962	0.05%	-	

<Note1> The numbers filled in for the marketable securities held by the group or subsidiaries are as follows:

(1) The company is "0".

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

<Note2> Carrying value is the net amount of costs deducted impairments.

<Note3> Fair value is decided by the following methods (in dollars):

(1) The closing prices of public-traded stocks or the net value of listed open-ended funds.

(2) Audited/reviewed net value per share of non-listed stocks.

<Note4> Classified as treasury stock for consolidated financial report.

<Note5> Considered the investments' cash dividends and stock dividends declared.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 4: Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock (Unit: thousands of NTD/ foreign currency)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Remark
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount	
Kinpo Electronics, Inc.	Kinpo International (Singapore) Pte. Ltd.	Investment accounted for using equity method	Capital increment in cash	Subsidiaries	12,000,000	\$1,161,469	137,559,881	\$2,986,961	-	\$-	\$-	\$-	149,559,881	\$4,233,524	<Note1, 2>
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	"	Kinpo International (Singapore) Pte. Ltd.	Subsidiaries	49,260,075	3,129,690	-	-	49,260,075	2,986,961	2,986,961	-	-	-	<Note1, 2>
Kinpo International (Singapore) Pte. Ltd.	Kinpo Electronics (Philippines), Inc.	"	Kinpo Electronics, Inc.	Parent Company	-	-	49,260,075	USD 98,482	-	-	-	-	49,260,075	USD 99,589	<Note1, 2>

<Note1> The ending balance included the recognition of share of profit (loss) of associates and joint ventures accounted for using equity method and exchange differences on translation, etc.

<Note2> To work line with the Group's long-term development, the Group adjusted its investment structure.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 5: Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital (Unit: thousands of NTD/ foreign currency)

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Prior transactions of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
LIZ Electronics (Nantong) Co., Ltd.	Plant	2017/04/01~2017/06/30	CNY 91,364	According to the progress of project	Administration Committee of Nantong High-technology Industrial Development Zone	—	N/A	N/A	N/A	N/A	Engaging others to build on rented land	Production	N/A

<Note> Transaction date is earlier of the date of contract signing, payment, property trasfering, resolution of Board of Directors or other date that counter-party and transaction amount were confirmed.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 6: Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital

(Unit: thousands of NTD/ foreign currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction Terms Different From Regular Transactions		Notes/Accounts Receivable (Payable)		Remark
			Purchase/Sales	Amount	% to Total <Note>	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total <Note>	
Kinpo Electronics, Inc.	Kinpo International Ltd.	Subsidiary	Purchases	\$2,918,221	58.14%	About 30 days	Similar to general terms and conditions	About 30 days	\$(830,226)	37.11%	
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Subsidiary	Purchases	2,098,173	41.80%	About 30 days	Similar to general terms and conditions	About 30 days	(1,406,723)	62.88%	
Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Subsidiary	Sales	157,286	2.92%	About 120 days	Similar to general terms and conditions	About 120 days	36,030	2.89%	
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Subsidiary	Purchases	CNY 659,943	29.69%	—	Similar to general terms and conditions	—	(CNY 164,150)	29.88%	
Kinpo International Ltd.	Kinpo Electronics, Inc.	Parent company	Sales	CNY 653,032	96.74%	About 30 days	Similar to general terms and conditions	About 30 days	CNY 191,152	24.03%	
Kinpo Electronics (China) Co., Ltd.	Kinpo International Ltd.	Parent company	Sales	CNY 659,943	38.38%	—	Similar to general terms and conditions	—	CNY 164,150	21.68%	
Crownpo Technology Inc.	Compal Information Technology (Kunshan) Co., Ltd.	Associate	Sales	187,068	59.14%	About 45-120 days	Similar to general terms and conditions	About 45-120 days	159,031	60.66%	
XYZprinting, Inc. (USA)	Cal-Comp Big Data, Inc.	Associate	Purchases	USD 10,433	91.19%	About 360 days	Similar to general terms and conditions	About 360 days	(USD 10,485)	51.66%	
Kinpo Electronics (Philippines), Inc.	Kinpo Electronics, Inc.	Parent company	Sales	PHP 3,429,971	74.65%	About 30 days	Similar to general terms and conditions	About 30 days	PHP 2,336,227	74.68%	
Cal-Comp Big Data, Inc.	XYZprinting, Inc. (USA)	Associate	Sales	327,900	94.99%	About 360 days	Similar to general terms and conditions	About 360 days	318,964	94.39%	
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	Subsidiary	Sales	THB 207,178	0.57%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 1,462,463	9.36%	
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subsidiary	Sales	THB 11,941,439	32.65%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 3,460,154	22.14%	
Cal-Comp Electronics (Thailand) Public Company Limited	AcBel Polytech Inc.	Associate	Purchases	THB 130,805	0.38%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 45,435)	0.32%	
Cal-Comp Electronics (Thailand) Public Company Limited	Kinpo Electronics, Inc.	Parent company	Purchases	THB 177,854	0.52%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 40,446)	0.29%	
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	Subsidiary	Purchases	THB 1,435,270	4.17%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 342,798)	2.45%	
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subsidiary	Purchases	THB 285,613	0.83%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 278,669)	1.99%	
Cal-Comp Electronics de Mexico Co., S.A. de C.V.	Cal-Comp Electronics (USA) Co., Ltd.	Associate	Sales	THB 135,958	100.00%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 18,692	75.32%	
Logistar International Holding Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Sales	THB 317,307	2.14%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 308,588	4.11%	
Logistar International Holding Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Purchases	THB 11,844,051	83.31%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 6,136,694)	62.21%	
Logistar International Holding Co., Ltd.	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Associate	Purchases	THB 1,974,845	13.89%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 3,224,462)	32.69%	
Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Purchases	THB 216,576	7.79%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 1,549,634)	49.86%	
Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	AcBel Polytech Inc.	Associate	Purchases	THB 105,321	3.79%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 26,228)	0.84%	
Cal-Comp Precision (Thailand) Limited	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Sales	THB 1,451,547	69.03%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 351,051	4.93%	
Cal-Comp Precision (Thailand) Limited	Kinpo Electronics (Philippines), Inc.	Associate	Sales	THB 132,390	6.30%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 82,322	1.16%	
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Logistar International Holding Co., Ltd.	Associate	Sales	THB 1,977,626	99.05%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 3,202,617	99.54%	
Cal-Comp Electronics & Communications Co., Ltd.	Logistar International Holding Co., Ltd.	Associate	Sales	THB 953,738	100.00%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 636,275	100.00%	

<Note> Percentage to total sales, purchases, accounts and notes receivable (payable).

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 7: Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital

(Unit: thousands of NTD/ foreign currency)

Company Name	Related Party	Nature of Relationship	Financial Statement Account	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Subidiary	Other receivables due from related parties	\$768,671	-	\$-	-	\$-	\$-
Kinpo Electronics, Inc.	AcBel Polytech Inc.	Associate	"	164,027	-	-	-	-	-
Kinpo Electronics, Inc.	Compal Electronics, Inc.	Associate	"	181,954	-	-	-	-	-
Kinpo International Ltd.	Kinpo Electronics, Inc.	Parent company	Accounts receivable due from related parties	CNY 191,152	7.41	-	-	CNY 195,426	-
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Subidiary	"	CNY 589,418	-	-	-	CNY 203,245	-
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Subidiary	Other receivables due from related parties	CNY 50,550	-	-	-	-	-
Kinpo Electronics (China) Co., Ltd.	Kinpo International Ltd.	Parent company	Accounts receivable due from related parties	CNY 164,150	8.34	-	-	CNY 67,750	-
Kinpo Electronics (China) Co., Ltd.	XYZprinting, Inc.	Associate	"	CNY 41,712	0.43	-	-	-	-
Crownpo Technology Inc.	Compal Information Technology (Kunshan) Co., Ltd.	Associate	"	159,031	2.17	-	-	25,205	-
Kinpo Electronics (Philippines), Inc.	Kinpo Electronics, Inc.	Parent company	"	PHP 2,336,227	5.25	-	-	PHP 1,064,514	-
Cal-Comp Big Data, Inc.	XYZprinting, Inc. (USA)	Associate	"	318,964	4.09	-	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Big Data, Inc.	Associate	Accounts receivable due from related parties	THB 259,162	0.14	-	-	THB 231,579	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	Subidiary	"	THB 1,462,463	0.15	-	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	Associate	"	THB 333,736	0.22	-	-	THB 71,349	-
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subidiary	"	THB 3,460,154	3.02	-	-	THB 2,625,915	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd.	Subidiary	"	THB 1,336,145	0.01	-	-	-	-
Cal-Comp Electronics & Communications Co., Ltd.	Logistar International Holding Co., Ltd.	Associate	"	THB 636,275	1.34	-	-	-	-
Logistar International Holding Co., Ltd.	Cal-Comp Precision (Dongguan) Limited	Associate	Other receivables due from related parties	THB 184,333	-	-	-	-	-
Logistar International Holding Co., Ltd.	Cal-Comp Precision (Philippines), Inc.	Associate	"	THB 114,227	-	-	-	-	-
Logistar International Holding Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	"	THB 2,709,288	-	-	-	-	-
Cal-Comp Precision (Thailand) Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Accounts receivable due from related parties	THB 351,051	4.96	-	-	-	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Logistar International Holding Co., Ltd.	Associate	"	THB 3,202,617	0.64	-	-	THB 519,328	-
Cal-Comp Technology (Suzhou) Co., Ltd	Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Associate	Other receivables due from related parties	THB 796,821	-	-	-	-	-
Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	"	THB 119,167	-	-	-	-	-
Cal-Comp Electronics (USA) Co., Ltd.	Qbit Semiconductor Ltd.	Associate	"	THB 120,508	-	-	-	-	-

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 8: Significant intercompany transactions between consolidated entities

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Company Name	Counter-party	Nature of Relationship <Note2>	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets <Note3>
				Financial Statement Account	Amount	Terms	
0	Kinpo Electronics, Inc.	Kinpo International Ltd. and subsidiaries	1	Account payable	\$830,226	Similar to general terms and conditions	0.90%
0	Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	1	Purchases	2,918,221	Similar to general terms and conditions	5.11%
			1	Other receivables	768,671	Similar to general terms and conditions	0.83%
			1	Account payable	1,406,723	Similar to general terms and conditions	1.52%
			1	Purchases	2,098,173	Similar to general terms and conditions	3.67%
0	Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	1	Sales	157,295	Similar to general terms and conditions	0.28%
1	Kinpo International Ltd. and subsidiaries	XYZprinting, Inc. and subsidiaries	3	Account receivable	187,303	Similar to general terms and conditions	0.20%
			3	Other receivables	274,940	Similar to general terms and conditions	0.30%
2	XYZprinting, Inc. and subsidiaries	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	3	Account payable	293,290	Similar to general terms and conditions	0.32%
2	XYZprinting, Inc. and subsidiaries	Cal-Comp Big Data, Inc. and subsidiaries	3	Account payable	337,843	Similar to general terms and conditions	0.36%
			3	Purchases	338,836	Similar to general terms and conditions	0.59%
3	Cal-Comp Big Data, Inc. and subsidiaries	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	3	Account payable	231,683	Similar to general terms and conditions	0.25%

<Note1> The numbers filled in represent:

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

<Note2> The following lists the three types of intercompany transactions (one transaction between parent company and subsidiary or between subsidiaries could be disclosed only once.)

- (1) Transactions from parent company to subsidiary is "1".
- (2) Transactions from subsidiary to parent company is "2".
- (3) Transactions between subsidiaries is "3".

<Note3> The percentage is divided by:

- (1) Consolidated total assets if the transaction account belongs to balance sheet.
- (2) Consolidated net revenue if the transaction account belongs to comprehensive income statement.

<Note4> We included only the intercompany transactions with amount larger than 100 millions in the table.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 9: Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China)

(Unit: thousands of NTD/ foreign currency)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance at The End of Period			Net Income (Losses) of The Investee	Share of Profits (Losses) of Investee	Nature of Relationship
				June 30, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and sales of computer peripherals and IT products	\$1,921,485	\$1,921,485	1,839,526,249	40.41%	\$7,273,086	\$631,054	\$255,009	Subsidiary
Kinpo Electronics, Inc.	Kinpo International (Singapore) Pte. Ltd.	Singapore	Reinvestment on domestic and overseas business	3,203,059	216,098	149,559,881	100.00%	4,233,524	94,262	94,262	Subsidiary
Kinpo Electronics, Inc.	Forward International Ltd.	BVI	Reinvestment on domestic and overseas business; purchases and sales of marketable securities; manufacturing and sales of calculators	297,731	297,731	31,712	100.00%	13,506	4,498	(526)	Subsidiary
Kinpo Electronics, Inc.	Kinpo International Ltd.	BVI	Reinvestment on domestic and overseas business	2,218,189	2,218,189	69,223,270	100.00%	3,594,479	310,765	310,765	Subsidiary
Kinpo Electronics, Inc.	Jipo Investment Co., Ltd.	Taiwan	General investment	990,000	990,000	99,000,000	100.00%	47,398	15,276	1,416	Subsidiary
Kinpo Electronics, Inc.	Lipo Holding Co., Ltd.	Cayman Islands	Reinvestment on domestic and overseas business	505,305	505,305	102,000	51.00%	359,664	6,472	3,301	Subsidiary
Kinpo Electronics, Inc.	Crownpo Technology Inc.	Taiwan	Manufacturing and sales of chip diodes, etc.	341,730	341,730	5,805,765	51.61%	76,444	(3,476)	(1,794)	Subsidiary
Kinpo Electronics, Inc.	Cal-Comp Biotech Co., Ltd.	Taiwan	Cultivation and retail of agricultural products	100,000	100,000	10,000,000	100.00%	19,277	(2,146)	(2,146)	Subsidiary
Kinpo Electronics, Inc.	XYZprinting, Inc.	Taiwan	Trading 3D printer	268,468	268,468	26,846,760	44.74%	2,166	(74,587)	(33,370)	Subsidiary
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Philippines	Processing manufacturing and selling products of other company	-	3,382,225	-	-	-	123,601	70,904	Subsidiary
Kinpo Electronics, Inc.	CastleNet Technology Inc.	Taiwan	Development, manufacturing and sales of products including cable modem, powerline communication and digital home application	398,323	263,026	27,458,907	31.89%	413,990	(69,611)	(37,381)	Subsidiary
Kinpo Electronics, Inc.	Cal-Comp Big Data, Inc.	Taiwan	Medical equipment, data processing and provision service	325,000	325,000	32,500,000	50.00%	192,525	(154,484)	(77,242)	Subsidiary
Kinpo Electronics, Inc.	AcBel Polytech Inc.	Taiwan	Manufacturing switching power supply & sales of main materials	1,107,044	1,107,044	117,162,063	22.60%	1,708,340	132,975	29,994	Associate
Kinpo Electronics, Inc.	Kinpo Group Management Service Company	Taiwan	Investment and management consulting	3,000	3,000	300,000	37.50%	5,737	764	286	Associate
Kinpo Electronics, Inc.	Teleport Access Services, Inc.	Taiwan	First rate telecommunications, system design and engineering, integration, construction, and product services; restrained telecom radio frequency equipments and materials import	322,376	322,376	10,145,800	23.70%	251,831	47,497	11,286	Associate
Kinpo Electronics, Inc.	Ascendant Private Equity Investment Ltd. (Preferred Stock)	BVI	Reinvestment on domestic and overseas business	949,219	949,219	31,250,000	34.72%	1,021,788	(41,608)	(14,446)	Associate
Kinpo Electronics, Inc.	Ascendant Private Equity Investment Ltd. (Stock)	BVI	Reinvestment on domestic and overseas business	95	95	3,125	34.72%	95	(41,608)	-	Associate
Kinpo Electronics, Inc.	McTEC Taiwan Limited	Samoa	Reinvestment on domestic and overseas business	47,193	47,193	1,500,000	26.04%	-	-	-	Associate
Kinpo International (Singapore) Pte. Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and sales of computer peripherals and IT products	USD 12,609	USD 12,609	300,788,019	6.61%	USD 39,109	631,054	<Note1>	Subsidiary
Kinpo International (Singapore) Pte. Ltd.	Kinpo Electronics (Philippines), Inc.	Philippines	Processing manufacturing and selling products of other company	USD 98,482	-	49,260,075	100.00%	USD 99,589	123,601	<Note1>	Sub-subsiary
Jipo Investment Co., Ltd.	AcBel Polytech Inc.	Taiwan	Manufacturing switching power supply & sales of main materials	67,500	67,500	7,626,854	1.47%	111,118	132,975	<Note1>	Associate
Crownpo Technology Inc.	Ranashe International Ltd.	BVI	Reinvestment on domestic and overseas business	137,962	137,962	50,000	100.00%	84,317	USD 71	<Note1>	Sub-subsiary
XYZprinting, Inc.	XYZprinting, Inc. (USA)	USA	Trading 3D printer	29,590	29,590	5,000	100.00%	(174,231)	(26,199)	<Note1>	Sub-subsiary
XYZprinting, Inc.	XYZprinting Japan, Inc.	Japan	Trading 3D printer	14,472	14,472	1,013,200	100.00%	(65,811)	(7,649)	<Note1>	Sub-subsiary
XYZprinting, Inc.	XYZprinting Netherlands, B.V.	Netherlands	Trading 3D printer	59,829	59,829	1,488,901	100.00%	(25,274)	(5,287)	<Note1>	Sub-subsiary
XYZprinting, Inc.	XYZprinting, Inc. (SAMOA)	Samoa	Reinvestment on business in China	38,851	38,851	1,300,000	100.00%	(45,671)	(9,318)	<Note1>	Sub-subsiary
XYZprinting, Inc.	XYZprinting (Thailand) Co., Ltd.	Thailand	Trading 3D printer	16,178	16,178	1,800,000	100.00%	12,623	(374)	<Note1>	Sub-subsiary
Cal-Comp Big Data, Inc.	Cal-Comp Big Data International Ltd.	BVI	Reinvestment on domestic and overseas business	157,125	157,125	50,000	100.00%	52,082	(USD 2,326)	<Note1>	Sub-subsiary
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc.	BVI	Investment holding company	538,992	538,992	17,208	100.00%	402,808	(USD 37)	<Note1>	Sub-subsiary

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 9: Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China)

(Unit: thousands of NTD/ foreign currency)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance at The End of Period			Net Income (Losses) of The Investee	Share of Profits (Losses) of Investee	Nature of Relationship
				June 30, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	BVI	Dealer	USD 30,050	USD 30,050	30,050,000	100.00%	\$-	(USD 9,600)	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communication Co., Ltd.	Taiwan	Purchasing materials and R&D	69,921	69,921	6,992,078	100.00%	THB 497,270	32,456	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Singapore) Limited	Singapore	Manufacturing and selling	SGD 10,900	SGD 10,900	118,452,574	100.00%	THB 331,870	USD 564	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal Comp Malaysia SDN. BHD.	Malaysia	Manufacturing	MYR 28,040	MYR 28,040	28,038,680	100.00%	THB 1,096,774	MYR 10,537	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd.	USA	Manufacturing	USD 59,820	USD 59,820	60,000,000	100.00%	THB 789,239	(USD 2,800)	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	Brazil	Manufacturing	BRL 1,350	BRL 1,350	1,350,000	0.82%	BRL 1,009	BRL 7,162	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics de Mexico Co., S.A. de C.V.	Mexico	Manufacturing	MXN 141,182	MXN 141,182	141,182,050	100.00%	THB 320,228	(MXN 2,556)	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Technology (Philippines), Inc.	Philippines	Manufacturing	PHP 212,720	PHP 212,720	2,127,113	100.00%	THB 661,265	PHP 130,305	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	Thailand	Plastic Molding	THB 2,210,000	THB 2,210,000	22,100,000	100.00%	THB 2,065,307	(THB 31,211)	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Holding (Brasil) S.A.	Brazil	Holding	BRL 258,200	BRL 258,200	258,220,566	99.99%	THB 1,878,512	(BRL 2,474)	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	Taiwan	Manufacturing of computers and peripheral devices	THB 285,331	THB 285,331	26,846,760	44.74%	2,166	(74,587)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Pchome (Thailand) Co., Ltd.	Thailand	E-commerce, selling and customer services	THB 32,500	THB 32,500	32,500,000	32.50%	THB 23,405	(THB 9,130)	<Note1>	Associate
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Big Data, Inc.	Taiwan	Medical equipment, data processing and provision service	USD 10,000	USD 10,000	32,500,000	50.00%	192,526	(154,484)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Qbit Semiconductor Ltd.	Taiwan	Design of semiconductors	-	USD 5,000	-	-	-	-	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Qbit Semiconductor Holding Ltd.	Cayman Islands	Holding	USD 5,000	USD 5,000	5,900,000	100.00%	THB 121,019	(USD 1,853)	<Note1>	Sub-subsiidary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp (India) Private Limited	India	Operating and designing electronic products	USD 500	-	3,222,500	100.00%	THB 16,970	-	<Note1>	Sub-subsiidary
Qbit Semiconductor Holding Ltd.	Qbit Semiconductor Ltd.	Taiwan	Design of semiconductors	USD 2,152	-	16,250,000	100.00%	USD 691	(56,608)	<Note1>	Sub-subsiidary
Logistar International Holding Co., Ltd.	A-Ten Technology Co., Ltd.	Taiwan	Developing and selling of communication products	THB 12,614	THB 12,614	1,029,900	34.33%	-	-	<Note1>	Associate
Cal-Comp Precision (Singapore) Limited	Daviscomms (S) Pte. Ltd.	Singapore	Designing and manufacturing of communication products	THB 104,139	THB 104,139	616,000	20.00%	THB 132,722	USD 223	<Note1>	Associate
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	Brazil	Manufacturing	BRL 163,674	BRL 163,674	163,673,798	99.18%	BRL 122,064	BRL 7,162	<Note1>	Sub-subsiidary
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria de Semicondutores S.A.	Brazil	Manufacturing	BRL 40,466	BRL 40,466	40,466,000	58.03%	BRL 32,391	(BRL 9,408)	<Note1>	Sub-subsiidary
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Malaysia) SDN. BHD.	Malaysia	Plastic Molding	MYR 11,970	MYR 11,970	11,970,000	100.00%	THB 168,473	THB 10,606	<Note1>	Sub-subsiidary
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Philippine) Inc.	Philippines	Plastic Molding	PHP 853,962	PHP 853,962	853,962,500	100.00%	THB 734,612	(THB 19,826)	<Note1>	Sub-subsiidary
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	USA	Manufacturing	USD 860	USD 860	860,000	100.00%	(USD 11,227)	(USD 184)	<Note1>	Sub-subsiidary
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (Indiana), Inc.	USA	Manufacturing	USD 5,400	USD 5,400	5,400,000	100.00%	USD 6,997	(USD 401)	<Note1>	Sub-subsiidary
Cal-Comp Electronics & Communication Co., Ltd.	Kinpo Group Management Service Company	Taiwan	Investment and management consulting	1,000	1,000	100,000	12.50%	THB 1,118	764	<Note1>	Associate

<Note1> The share of profits (losses) of investee have already been included in the net income of the investor company. We decided not to further disclose in case of causing confusion.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 10: Informations on investments in Mainland China

(Unit: thousands of NTD/ foreign currency)

Investee Company	Main Business and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2017	Percentage of Ownership	Net Income (Loss) of the Investee Company	Share of Profits/Losses	Carrying Amount as of June 30, 2017	Accumulated Inward Remittance of Earnings as of June 30, 2017
					Outflow	Inflow						
Kinpo Electronics (China) Co., Ltd.	Processing, manufacturing and selling electronic products of other companies	CNY 889,298 (3,993,304)	Indirect investment via Kinpo International Ltd.	USD 55,100 (1,676,142)	\$-	\$-	USD 55,100 (1,676,142)	100.00%	CNY 19,967 (89,127)	Please refer to <Note1>(2)-iii	CNY 1,333,689 (5,988,797)	-
Dongguan Kaipu Electronics Co., Ltd.	Manufacturing and sales of other companies' products	CNY 128,945 (579,015)	Indirect investment via Kinpo International Ltd.	USD 1,000 (30,420)	-	-	USD 1,000 (30,420)	100.00%	(CNY 312) (-1,393)	Please refer to <Note1>(2)-iii	CNY 43,695 (196,208)	-
Superpower Mould & Plastic Ltd.	Manufacturing and sales of other companies products	-	Indirect investment via Kinpo International Ltd.	USD 1,573 (47,851)	-	-	USD 1,573 (47,851)	-	-	-	-	-
Kinpo Electronics (Shanghai) Co., Ltd.	Manufacturing & wholesaling electronics dictionary, design, R&D and sales for calculator software.	-	Indirect investment via Kinpo International Ltd.	USD 1,120 (34,070)	-	-	USD 1,120 (34,070)	-	-	-	-	-
Kinpo Electronics (Beijing) Co., Ltd.	Manufacturing & wholesaling electronics dictionary, design, R&D and sales for calculator software.	-	Indirect investment via Kinpo International Ltd.	USD 1,000 (30,420)	-	-	USD 1,000 (30,420)	-	-	-	-	-
McTECH Guangzhou Co., Ltd.	Producing automatic bike & battery exchange station	CNY 63,304 (284,260)	Indirect investment via McTEC Taiwan Limited	USD 1,350 (41,067)	-	-	USD 1,350 (41,067)	19.61%	-	-	-	-
LIZ Electronics (Kunshan) Co., Ltd.	Producing and marketing chip resistors & ceramic multilayer capacitors & chip diodes	CNY 252,202 (1,132,488)	Indirect investment via Lipo Holding Co., Ltd.	USD 14,270 (434,093)	-	-	USD 14,270 (434,093)	51.07%	CNY 4,139 (18,483)	Please refer to <Note1>(2)-iii	USD 11,942 (363,276)	-
LIZ Electronics (Nantong) Co., Ltd.	R&D, manufacturing chip components, sales of products and provide after-sales service; wholesaling, improting and exporting electronic components, semiconductors special materials and spare parts	CNY 69,427 (311,755)	Indirect investment via Lipo Holding Co., Ltd.	USD 1,530 (46,543)	-	-	USD 1,530 (46,543)	51.05%	(CNY 7,767) (-34,684)	Please refer to <Note1>(2)-iii	USD 4,554 (138,533)	-
XYZprinting (Suzhou) Co., Ltd.	Trading 3D printer	CNY 6,104 (27,409)	Indirect investment via XYZ Printing, Inc.(SAMOA)	-	-	-	-	65.78%	(CNY 2,021) (-9,131)	Please refer to <Note1>(2)-iii	(CNY 6,285) (-28,222)	-
XYZprinting (Shanghai) Cloud Technology Co., Ltd.	Internet technology development	CNY 1,343 (6,031)	Indirect investment via XYZ Printing, Inc.(SAMOA)	-	-	-	-	65.78%	(CNY 51) (-230)	Please refer to <Note1>(2)-iii	CNY 851 (3,821)	-
CastleNet Technology Inc.	Design and manufacture of modem; sale of self-produced products	CNY 110,561 (505,192)	Indirect investment via CastleNet Technology Inc.	-	-	-	-	31.89%	(CNY 239) (-539)	Please refer to <Note1>(2)-iii	USD 4,148 (126,170)	-
Cal-Comp Electronics (Suzhou) Co., Ltd.	Manufacturing	-	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	47.02%	-	-	-	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Manufacturing	CNY 547,148 (2,456,913)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	47.02%	(CNY 1,287) (-5,815)	Please refer to <Note1>(2)-iii	THB 1,845,337 (1,653,053)	-
Cal-Comp Technology (Suzhou) Co., Ltd	Manufacturing	CNY 73,046 (328,006)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	47.02%	(CNY 4,041) (-18,257)	Please refer to <Note1>(2)-iii	THB 391,689 (350,875)	-
Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Manufacturing	CNY 239,598 (1,075,891)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	47.02%	(CNY 2,748) (-12,415)	Please refer to <Note1>(2)-iii	THB 172,061 (154,132)	-
Cal-Comp Precision (Dongguan) Limited	Plastic Molding	CNY 110,805 (497,559)	Indirect investment via Cal-Comp Precision (Thailand) Limited	-	-	-	-	47.02%	(CNY 8,197) (-37,033)	Please refer to <Note1>(2)-iii	THB 186,375 (166,955)	-
Cal-Comp Precision (Wujiang) Co., Ltd.	Plastic Molding	CNY 32,863 (147,568)	Indirect investment via Cal-Comp Precision (Thailand) Limited	-	-	-	-	47.02%	(CNY 5) (-23)	Please refer to <Note1>(2)-iii	THB 2,845 (2,549)	-
Jun-Hui LED Electronics, Co., Limited	R&D and manufacturing optical electronics technique	HKD 494,706 (1,928,067)	Others	-	-	-	-	1.52%	-	-	USD 567 (17,248)	-

Accumulated Investment in Mainland China as of June 30, 2017 (in thousands)	Investment Amount Authorized by Investment Commission, MOEA (in thousands)	Upper Limit of Investment (60% of Net value) (in thousands)
USD 76,943 (2,340,606)	USD 241,867 (7,357,594)	9,781,918

<Note1> In the shared profits/losses column:

- (1) The investments that are in preparation and thus haven't generated any profits/losses should be specified.
- (2) The resources of shared profits/losses should be specified as one of the three below:
 - i. Financial report audited by international audit firm that has partnership with audit firm in Taiwan.
 - ii. Financial report audited by CPA who audits the parent company in Taiwan.
 - iii. Others. (The share of profits/losses were already included in the investor's profits/losses. In case of causing confusion, we decided not to disclose in this table.)

<Note2> The figures in this table are presented in NTD. The exchange rate on the financial reporting date used for translating the amount of investment in foreign currency is as following:

(1) Ending investment balance as of report date were translated using the exchange rates as follows:

USD:NTD 1: 30.4200
CNY:NTD 1: 4.4904
THB:NTD 1: 0.8958

(2) Investment gains or losses were translated using the average rates for the six-month period ended June 30, 2017 as follows:

USD:NTD 1: 30.6807
CNY:NTD 1: 4.4637
THB:NTD 1: 0.8837