

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE THREE-MONTH PERIOD ENDED
MARCH 31, 2017 AND 2016

Address : 10F, No.99, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)
Telephone : 886-2-2662-2660

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 March 31, 2017 and 2016, the related consolidated statements of comprehensive income for the three-month period ended March 31, 2017 and 2016 and consolidated statements of changes in equity and cash flows for the three-month period ended March 31, 2017 and 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue the reviewed report based on our reviews. We did not review the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NTD 1,249,135 thousand and NTD 29,410,031 thousand, constituting 1.53% and 35.92% of consolidated total assets as of March 31, 2017 and 2016, respectively, and total operating revenues of NTD 251,054 thousand and NTD 11,803,664 thousand, constituting 0.87% and 41.72% of consolidated operating revenues for the three-month period ended March 31, 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 associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other independent accountant. These associates and joint ventures under equity method amounted to NTD 1,966,967 thousand and NTD 2,310,180 thousand, representing 2.41% and 2.82% of consolidated total assets as of March 31, 2017 and 2016, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NTD 12,629 thousand and NTD 37,007 thousand, representing 2.54% and 4.18% of the consolidated net income before tax for the three-month period ended March 31, 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 (15,754) thousand and NTD 8,847 thousand, representing 4.60% and (10.46)% of the consolidated other comprehensive income for the three-month period ended March 31, 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 9,550,799 thousand and NTD 8,355,644 thousand, representing 11.69% and 10.20% of the total consolidated assets, total liabilities amounted to NTD 3,930,555 thousand and NTD 3,303,315 thousand, representing 7.17% and 6.01% of the total consolidated liabilities as of March 31, 2017 and 2016, and comprehensive income amounted to NTD (218,068) thousand and NTD 140,966 thousand, representing (698.80)% and 28.75% of the total consolidated comprehensive income for the three-month period ended March 31, 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 NTD1,452,986 thousand and NTD 1,403,222 thousand as of March 31, 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 398 thousand and NTD 1,355 thousand for the three-month period ended March 31, 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 (38,711) thousand and NTD (71,581) thousand for the three-month a period ended March 31, 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

May 12, 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

March 31, 2017, December 31, 2016 and March 31, 2016 (March 31, 2017 and 2016 are unaudited)

(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	As of						Liabilities and Equity	Notes	As of					
		March 31, 2017	%	December 31, 2016	%	March 31, 2016	%			March 31, 2017	%	December 31, 2016	%	March 31, 2016	%
Current assets								Current liabilities							
Cash and cash equivalents	4,6	\$5,679,489	7	\$6,441,055	8	\$7,577,775	9	Short-term borrowings	4,6	\$14,767,342	18	\$14,285,990	17	\$13,749,263	17
Current financial assets at fair value through profit or loss	4,6	8,689	-	8,612	-	187,444	-	Short-term notes and bills payable	6	1,699,929	2	1,799,813	2	1,085,040	1
Current available-for-sale financial assets, net	4,6	265,445	-	245,352	-	237,949	-	Current financial liabilities at fair value through profit or loss	4,6	5,521	-	63,056	-	449,164	1
Current investments in debt instrument without active market	4,6	187,946	-	182,241	-	150,000	-	Notes payable		4,084	-	11,588	-	3,828	-
Notes receivable, net	4,6	8,350	-	22,960	-	48,689	-	Accounts payable		21,086,106	26	22,475,433	27	19,294,327	23
Accounts receivable, net	4,6	21,408,423	26	23,000,909	28	18,680,405	23	Accounts payable to related parties	7	89,004	-	104,051	-	82,580	-
Accounts receivable due from related parties, net	4,6,7	232,497	-	272,770	-	189,882	-	Other payables		2,687,759	4	3,456,869	4	2,480,191	3
Other receivables, net	4	1,038,946	2	987,128	1	1,621,898	2	Other payables to related parties	7	320	-	526	-	209	-
Other receivables due from related parties, net	4,7	11,816	-	9	-	-	-	Current tax liabilities		400,870	-	391,838	1	256,582	-
Current tax assets	4	6,981	-	4,474	-	7,685	-	Current provisions	4,6	43,083	-	63,570	-	16,447	-
Inventories	4,6	15,246,821	19	14,806,803	18	15,240,172	19	Other current liabilities		964,548	1	708,021	1	1,434,093	2
Prepayments		418,819	1	499,498	1	281,916	1	Long-term liabilities, current portion	4,6	2,573,232	3	2,396,310	3	3,918,355	5
Other current assets	4,6	861,650	1	967,486	1	1,496,702	2	Total current liabilities		44,321,798	54	45,757,065	55	42,770,079	52
Total current assets		45,375,872	56	47,439,297	57	45,720,517	56	Non-current liabilities							
Non-current assets								Long-term borrowings	4,6	8,061,097	10	8,476,965	10	9,386,276	11
Non-current available-for-sale financial assets, net	4,6	4,412,264	5	4,109,663	5	4,204,430	5	Deferred tax liabilities	4	1,745,309	2	1,725,104	2	2,079,558	3
Non-current financial assets at cost, net	4,6	540,275	1	488,995	1	516,674	1	Other non-current liabilities		2,311	-	2,399	-	835	-
Non-current investments in debt instrument without active market	4,6	300,000	-	300,000	-	450,000	-	Net defined benefit liability, non-current	4,6	710,513	1	709,206	1	708,363	1
Investments accounted for using equity method, net	4,6	3,419,953	5	3,468,495	4	3,713,402	5	Total non-current liabilities		10,519,230	13	10,913,674	13	12,175,032	15
Property, plant and equipment	4,6	22,892,593	28	23,261,744	28	23,132,672	28	Total liabilities		54,841,028	67	56,670,739	68	54,945,111	67
Investment property, net	4,6	177,470	-	160,386	-	-	-	Equity attributable to owners of parent							
Intangible assets	4,6	347,420	-	299,404	-	119,749	-	Share capital	4,6						
Deferred tax assets	4,6	2,407,757	3	2,321,471	3	2,443,587	3	Ordinary share		14,556,572	18	14,556,572	17	14,581,132	18
Other non-current assets	6	1,841,602	2	1,837,613	2	1,586,395	2	Capital surplus	6	609,717	1	600,097	1	448,463	1
Total non-current assets		36,339,334	44	36,247,771	43	36,166,909	44	Retained earnings	6						
								Legal reserve		133,902	-	133,902	-	-	-
								Special reserve		255,058	-	255,058	-	255,058	-
								Unappropriated retained earnings		2,151,267	3	1,932,699	2	1,758,013	2
								Total other equity interest	6	(65,722)	-	118,933	-	1,338,593	2
								Treasury shares	4,6	(1,280,591)	(2)	(1,280,591)	(1)	(1,485,414)	(2)
								Total equity attributable to owners of parent		16,360,203	20	16,316,670	19	16,895,845	21
								Non-controlling interests		10,513,975	13	10,699,659	13	10,046,470	12
								Total equity		26,874,178	33	27,016,329	32	26,942,315	33
Total assets		\$81,715,206	100	\$83,687,068	100	\$81,887,426	100	Total liabilities and equity		\$81,715,206	100	\$83,687,068	100	\$81,887,426	100

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 period ended March 31, 2017 and 2016

(Expressed in thousands of New Taiwan Dollars except for earnings per share)

Item	Notes	For the three-month period ended March 31,			
		2017	%	2016	%
Operating revenue	4,6,7	\$28,832,309	100	\$28,289,227	100
Operating costs	6,7	(27,074,703)	(94)	(26,561,099)	(94)
Gross profit from operations		1,757,606	6	1,728,128	6
Operating expenses	6,7				
Selling expenses		(253,053)	(1)	(291,041)	(1)
Administrative expenses		(477,562)	(1)	(563,845)	(2)
Research and development expenses		(502,933)	(2)	(722,718)	(2)
Total operating expenses		(1,233,548)	(4)	(1,577,604)	(5)
Net operating income		524,058	2	150,524	1
Non-operating income and expenses	6,7				
Other income		271,445	1	1,851,846	7
Other gains and losses, net		(161,341)	(1)	(1,001,595)	(4)
Finance costs, net		(149,488)	-	(154,577)	(1)
Share of profit (loss) of associates and joint ventures accounted for using equity method, net		13,027	-	38,362	-
Total non-operating income and expenses		(26,357)	-	734,036	2
Profit (loss) before tax		497,701	2	884,560	3
Total tax expense	4,6	(124,331)	(1)	(309,591)	(1)
Profit		373,370	1	574,969	2
Other comprehensive income, net	6				
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation		(709,744)	(2)	(396,476)	(1)
Unrealised gains (losses) on valuation of available-for-sale financial assets		323,708	1	282,821	1
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		(54,465)	-	(62,734)	-
Other components of other comprehensive income that will be reclassified to profit or loss		1,065	-	9,790	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		97,272	-	82,019	-
Other comprehensive income, net		(342,164)	(1)	(84,580)	-
Total comprehensive income		\$31,206	-	\$490,389	2
Profit, attributable to:					
Profit, attributable to owners of parent		\$218,568	1	\$447,751	2
Profit, attributable to non-controlling interests		154,802	-	127,218	-
Total		\$373,370	1	\$574,969	2
Comprehensive income attributable to:					
Comprehensive income, attributable to owners of parent		\$33,913	-	\$348,876	1
Comprehensive income, attributable to non-controlling interests		(2,707)	-	141,513	1
Total		\$31,206	-	\$490,389	2
Earnings per share	6				
Basic earnings per share		\$0.16		\$0.33	
Diluted earnings per share		\$0.16		\$0.33	

The accompanying notes are an integral part of financial statements.

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the three-month period ended March 31, 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	\$588,922	\$885,539	\$(37,003)	\$(1,312,714)	\$16,698,202	\$530,357	\$17,228,559
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	4,245	-	-	-	-	-	-	-	4,245	-	4,245
Profit for the three-month period ended March 31, 2016	-	-	-	-	447,751	-	-	-	-	447,751	127,218	574,969
Other comprehensive income for the three-month period ended March 31, 2016	-	-	-	-	-	(362,002)	244,084	19,043	-	(98,875)	14,295	(84,580)
Total comprehensive income for the three-month period ended March 31, 2016	-	-	-	-	447,751	(362,002)	244,084	19,043	-	348,876	141,513	490,389
Purchase of treasury share	-	-	-	-	-	-	-	-	(172,700)	(172,700)	-	(172,700)
Share-based payments	-	17,222	-	-	-	-	-	-	-	17,222	1,177	18,399
Others	-	-	-	-	-	-	-	-	-	-	9,373,423	9,373,423
Balance on March 31, 2016	\$14,581,132	\$448,463	\$-	\$255,058	\$1,758,013	\$226,930	\$1,129,623	\$(17,960)	\$(1,485,414)	\$16,895,845	\$10,046,470	\$26,942,315
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
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	(11,646)	-	-	-	-	-	-	-	(11,646)	-	(11,646)
Profit for the three-month period ended March 31, 2017	-	-	-	-	218,568	-	-	-	-	218,568	154,802	373,370
Other comprehensive income for the three-month period ended March 31, 2017	-	-	-	-	-	(545,263)	349,601	11,007	-	(184,655)	(157,509)	(342,164)
Total comprehensive income for the three-month period ended March 31, 2017	-	-	-	-	218,568	(545,263)	349,601	11,007	-	33,913	(2,707)	31,206
Share-based payments	-	21,266	-	-	-	-	-	-	-	21,266	3,126	24,392
Others	-	-	-	-	-	-	-	-	-	-	(186,103)	(186,103)
Balance on March 31, 2017	\$14,556,572	\$609,717	\$133,902	\$255,058	\$2,151,267	\$(1,250,418)	\$1,194,480	\$(9,784)	\$(1,280,591)	\$16,360,203	\$10,513,975	\$26,874,178

The accompanying notes are an integral part of financial statements.

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the three-month period ended March 31, 2017 and 2016
 (Expressed in thousands of New Taiwan Dollars)

Item	For the three-month period ended March 31,	
	2017	2016
Cash flows from operating activities:		
Profit before tax	\$497,701	\$884,560
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	682,659	715,999
Amortization expenses	17,447	5,405
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(57,612)	326,928
Interest expense	110,744	122,715
Interest income	(11,496)	(42,167)
Share-based payments	24,392	18,399
Share of loss (profit) of associates and joint ventures accounted for using equity method	(13,027)	(38,362)
Loss (gain) on disposal of property, plant and equipment	(1,887)	(271)
Loss (gain) on disposal of investments	(276)	(734)
Loss (gain) on disposal of investments accounted for using equity method	-	829,121
Impairment loss on non-financial assets	-	257,875
Gain on bargain purchase	-	(1,792,583)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	14,610	(18,501)
Decrease (increase) in accounts receivable	1,592,486	11,405,664
Decrease (increase) in accounts receivable due from related parties	40,273	80,887
Decrease (increase) in other receivables	(57,699)	317,521
Decrease (increase) in other receivables due from related parties	(11,807)	383,811
Decrease (increase) in inventories	(440,018)	184,923
Decrease (increase) in prepayments	80,563	(114,359)
Decrease (increase) in other current assets	97,327	(293,195)
Decrease (increase) in other financial assets	-	37,218
Increase (decrease) in notes payable	(7,504)	789
Increase (decrease) in accounts payable	(1,389,327)	(5,210,381)
Increase (decrease) in accounts payable to related parties	(15,047)	(150,438)
Increase (decrease) in other payables	(836,336)	(704,888)
Increase (decrease) in other payables to related parties	(206)	(74,110)
Increase (decrease) in provisions	(20,487)	(4,145)
Increase (decrease) in other current liabilities	256,527	349,342
Increase (decrease) in net defined benefit liability	1,307	3,988
Cash inflow generated from operations	553,307	7,481,011
Interest received	9,386	38,472
Interest paid	(125,425)	(121,360)
Income tax paid	(74,112)	(68,348)
Net cash flows from (used in) operating activities	363,156	7,329,775
Cash flows from (used in) investing activities		
Proceeds from disposal of available-for-sale financial assets	1,841	2,971
Acquisition of financial assets at cost	(60,853)	-
Acquisition of investments accounted for using equity method	-	(196,500)
Proceeds from disposal of investments accounted for using equity method	-	2,317
Acquisition of property, plant and equipment	(1,176,367)	(1,088,975)
Proceeds from disposal of property, plant and equipment	129,451	120,605
Acquisition of intangible assets	(41,028)	(3,248)
Net cash inflows from business combination	-	3,570,771
Increase in other financial assets	10,913	104
Decrease (increase) in other non-current assets	(126,215)	5,738
Decrease in prepayments for business facilities	(69,585)	(48,528)
Net cash flows from (used in) investing activities	(1,331,843)	2,365,255
Cash flows from (used in) financing activities		
Increase in short-term loans	5,862,196	7,297,146
Decrease in short-term loans	(5,007,491)	(13,081,108)
Decrease in short-term notes and bills payable	(99,884)	(429,500)
Proceeds from long-term debt	100,000	650,000
Repayments of long-term debt	(219,482)	(230,254)
Increase (decrease) in other non-current liabilities	(88)	18
Payments to acquire treasury shares	-	(172,700)
Change in non-controlling interests	(124,095)	78,179
Net cash flows from (used in) financing activities	511,156	(5,888,219)
Effect of exchange rate changes on cash and cash equivalents	(304,035)	396,177
Net increase (decrease) in cash and cash equivalents	(761,566)	4,202,988
Cash and cash equivalents at beginning of period	6,441,055	3,374,787
Cash and cash equivalents at end of period	\$5,679,489	\$7,577,775

The accompanying notes are an integral part of financial statements.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements
For the three-month period ended March 31, 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.

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

The consolidated financial statements of the Group for the three-month period ended March 31, 2017 and 2016 were authorized for issue by the Board of Directors on May 12, 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, by IASB but not yet recognized by FSC 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 recognises 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.

(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) *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 January 1, 2019.

(e) *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.

(f) *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.

(g) *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.

(h) *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.

(i) *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).

(j) *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.

(k) *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 organisation, 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.

(1) 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 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~g, j~l, 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 three-month period ended March 31, 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 (%)		
			March 31, 2017	December 31, 2016	March 31, 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%
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.	Manufacturing and sales products of other companies' electronic products	100.00%	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%	-
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 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%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			March 31, 2017	December 31, 2016	March 31, 2016
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%
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 & Note 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%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			March 31, 2017	December 31, 2016	March 31, 2016
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)	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%	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp (India) Private Limited (Note10)	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%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			March 31, 2017	December 31, 2016	March 31, 2016
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 (Philippine), 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%	62.84%
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria e Comercio de Electronica e Informatica Ltda. (Note 2)	Manufacturing	99.18%	99.18%	98.03%
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc. (Note 3)	Investment holding company	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%	-
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.

The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of March 31, 2017 and 2016, the related total assets amounted to \$9,550,799 thousand and \$8,355,644 thousand and the total related liabilities amounted to \$3,930,555 thousand and \$3,303,315 thousand, respectively. The comprehensive income amounted to \$(218,068) thousand and \$140,966 thousand for the three-month period ended March 31, 2017 and 2016, respectively.

(4) The same accounting policies have been applied in the Company's consolidated financial statements for the three-month period ended March 31, 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 three-month period ended March 31, 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		
	March 31, 2017	December 31, 2016	March 31, 2016
Petty cash / revolving funds	\$4,496	\$3,457	\$3,501
Cash in banks	4,569,231	5,020,685	6,390,147
Time deposit	1,025,703	1,333,908	1,182,027
Cash equivalents	80,059	83,005	2,100
Total	<u>\$5,679,489</u>	<u>\$6,441,055</u>	<u>\$7,577,775</u>

(4) Non-current financial assets at cost

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Available-for-sale financial assets			
Stocks	\$540,275	\$488,995	\$448,929
Others (Note)	-	-	67,745
Total	<u>\$540,275</u>	<u>\$488,995</u>	<u>\$516,674</u>

Note: Individual investment amount not exceeded \$50,000 thousand are aggregated as others.

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		
	March 31, 2017	December 31, 2016	March 31, 2016
Bonds	<u>\$487,946</u>	<u>\$482,241</u>	<u>\$600,000</u>

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Current	\$187,946	\$182,241	\$150,000
Non-current	300,000	300,000	450,000
Total	<u>\$487,946</u>	<u>\$482,241</u>	<u>\$600,000</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 March 31, 2017, \$300,000 thousand of the principal had been repaid.

B. The subsidiaries of the Group acquired convertible corporate bond of Mojoose Inc. at par for \$37,946 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		
	March 31, 2017	December 31, 2016	March 31, 2016
Notes receivable arising from operating activities	\$8,350	\$22,960	\$48,689
Less: allowance for uncollectible accounts	-	-	-
Total	<u>\$8,350</u>	<u>\$22,960</u>	<u>\$48,689</u>

Notes receivable were not pledged.

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

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Accounts receivable	\$21,467,123	\$23,133,319	\$18,783,475
Less: allowance for uncollectible accounts	(58,700)	(132,410)	(103,070)
Subtotal	<u>21,408,423</u>	<u>23,000,909</u>	<u>18,680,405</u>
Accounts receivable due from related parties	232,497	272,770	189,882
Less: allowance for uncollectible accounts	-	-	-
Subtotal	<u>232,497</u>	<u>272,770</u>	<u>189,882</u>
Total	<u>\$21,640,920</u>	<u>\$23,273,679</u>	<u>\$18,870,287</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	(25,808)	2,453	(23,355)
Write off	(47,890)	-	(47,890)
Effect of exchange rate change and others	(1,817)	(648)	(2,465)
As of March 31, 2017	<u>\$45,405</u>	<u>\$13,295</u>	<u>\$58,700</u>

	Individually impaired	Collectively impaired	Total
As of January 1, 2016	\$8,956	\$36	\$8,992
Acquisition through business merging	80,657	16,021	96,678
Effect of exchange rate change and others	(731)	(1,869)	(2,600)
As of March 31, 2016	<u>\$88,882</u>	<u>\$14,188</u>	<u>\$103,070</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	
March 31, 2017	\$19,920,738	\$1,204,027	\$226,724	\$96,921	\$192,510	\$21,640,920
December 31, 2016	20,391,689	1,654,164	946,794	122,742	158,290	23,273,679
March 31, 2016	17,134,243	1,479,246	136,820	18,731	101,247	18,870,287

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		
	March 31, 2017	December 31, 2016	March 31, 2016
Raw materials	\$9,367,726	\$10,219,931	\$8,338,761
Work in process	1,828,705	584,031	1,917,678
Finished goods	2,603,343	2,892,681	3,750,943
Merchandise inventory	722,470	750,113	329,714
Goods in transit	724,577	360,047	903,076
Total	<u>\$15,246,821</u>	<u>\$14,806,803</u>	<u>\$15,240,172</u>

A. Expense and loss incurred on inventories for the three-month period ended March 31, 2017 and 2016 were as follows:

	For the three-month periods ended	
	March 31, 2017	March 31, 2016
Cost of inventories sold	\$26,805,724	\$26,379,340
Expense reversal from inventory write-down to net realizable value (Note)	16,414	(4,001)
Total	<u>\$26,822,138</u>	<u>\$26,375,339</u>

Note: The rising on net realizable value of inventories for the three-month period ended March 31, 2016 was due to the rising price of consuming electronic products and image products.

B. Inventories were not pledged.

(9) Other current assets

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Time deposit (Note)	\$16,261	\$16,261	\$-
Temporary debits	412,197	418,325	540,948
Others	433,192	532,900	955,754
Total	<u>\$861,650</u>	<u>\$967,486</u>	<u>\$1,496,702</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	March 31, 2017		December 31, 2016		March 31, 2016	
	Carrying amount	% of ownership	Carrying amount	% of ownership	Carrying amount	% of ownership
<u>Associates</u>						
AcBel Polytech Inc.	\$1,966,967	24.07%	\$1,975,781	24.00%	\$2,118,200	24.09%
Ascendant Private Equity Investment, Ltd.	1,047,319	34.72%	1,089,920	34.72%	993,160	34.72%
Teleport Access Services, Inc.	265,573	23.70%	261,189	23.83%	267,115	24.35%
CastleNet Technology Inc. (Note1)	-	-%	-	-%	191,980	14.87%
Daviscomms (S) Pte Ltd.	111,530	20.00%	111,426	20.00%	108,663	20.00%
Others (Note 2)	28,564		30,179		34,284	
Total	<u>\$3,419,953</u>		<u>\$3,468,495</u>		<u>\$3,713,402</u>	

Note 1: The company incorporated CastleNet Technology Inc. and its subsidiaries with the consolidated financial statements from May 11, 2016. Please refer to Note 4(3) and Note 6(29) for relevant information.

Note 2: 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 \$2,976,216 thousand, \$3,001,173 thousand and \$3,325,624 thousand as at March 31, 2017, December 31, 2016 and March 31, 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		
	March 31, 2017	December 31, 2016	March 31, 2016
Current assets	\$10,170,925	\$11,279,014	\$10,609,802
Non-current assets	4,283,904	4,399,883	4,903,754
Current liabilities	(5,162,080)	(6,290,521)	(5,554,989)
Non-current liabilities	(851,892)	(873,022)	(886,793)
Equity	8,440,857	8,515,354	9,071,774
Non-controlling interest	(268,994)	(282,932)	(278,915)
Shareholders of the parent	8,171,863	8,232,422	8,792,859
Proportion of the Group's ownership	24.07%	24.00%	24.09%
Carrying amount of the investment	\$1,966,967	\$1,975,781	\$2,118,200

	For the three-month period ended March 31	
	2017	2016
Operating revenue	\$4,231,409	\$4,753,352
Profit or loss from continuing operations	65,124	149,305
Other comprehensive income, net	(127,776)	(13,404)
Total comprehensive income	(62,652)	135,901

- (b) The Group's investments in other companies are not individually material. The aggregate carrying amount of the Group's interests in other companies are \$1,452,986 thousand, \$1,492,714 thousand and \$1,595,202 thousand as at March 31, 2017, December 31, 2016 and March 31, 2016, respectively. The aggregate financial information based on Group's share of other companies are as follows:

	For the three-month period ended March 31	
	2017	2016
Profit or loss from continuing operations	\$398	\$3,395
Other comprehensive income, net	(38,711)	(70,415)
Total comprehensive income	(38,313)	(67,020)

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

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

- D. The associates had no contingent liabilities or capital commitments as at March 31, 2017, December 31, 2016 and March 31, 2016.
- E. Certain investments accounted for under the equity method were unreviewed by independent accountant. The carrying amount of the investments are amounted to \$1,452,986 thousand and \$1,403,222 thousand, as at March 31, 2017 and 2016, respectively. Share of the profit or loss of these associates and joint ventures accounted for using the equity method amount to \$398 thousand and \$1,355 thousand for the three-month period ended March 31, 2017 and 2016, respectively. Share of other comprehensive income of these associates and joint ventures accounted for using the equity method amount to \$(38,711) thousand and \$(71,581) thousand for the three-month period ended March 31, 2017 and 2016, respectively.

(11)Property, plant and equipment

A. Movement of property, plant and equipment of the Group for the three-month period ended March 31, 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	-	37,597	130,726	97,960	683,654	949,937
Disposals	-	(1,611)	(207,731)	(166,693)	-	(376,035)
Reclassification, effect of exchange rate changes and other changes	(13,024)	(385,794)	(813,508)	537,248	(751,804)	(1,426,882)
As of March 31, 2017	<u>\$1,771,313</u>	<u>\$12,601,869</u>	<u>\$19,074,852</u>	<u>\$3,368,652</u>	<u>\$1,846,909</u>	<u>\$38,663,595</u>
As of January 1, 2016	\$841,707	\$4,378,356	\$5,433,485	\$849,403	\$280,682	\$11,783,633
Additions	-	61,664	450,662	81,364	495,285	1,088,975
Acquisitions through business combinations	930,554	7,608,205	14,077,681	1,905,328	1,612,217	26,133,985
Disposals	(2,775)	(4,488)	(399,724)	(49,603)	-	(456,590)
Reclassification, effect of exchange rate changes and other changes	8,140	258,881	102,672	(508)	(630,008)	(260,823)
As of March 31, 2016	<u>\$1,777,626</u>	<u>\$12,302,618</u>	<u>\$19,664,776</u>	<u>\$2,785,984</u>	<u>\$1,758,176</u>	<u>\$38,289,180</u>
Accumulated depreciation and impairment:						
As of January 1, 2017	\$-	\$3,391,319	\$10,944,086	\$1,919,426	\$-	\$16,254,831
Depreciation	-	119,403	470,006	92,055	-	681,464
Disposals	-	(1,611)	(151,241)	(11,364)	-	(164,216)
Reclassification, effect of exchange rate changes and other changes	-	(92,662)	(631,389)	(277,026)	-	(1,001,077)
As of March 31, 2017	<u>\$-</u>	<u>\$3,416,449</u>	<u>\$10,631,462</u>	<u>\$1,723,091</u>	<u>\$-</u>	<u>\$15,771,002</u>
As of January 1, 2016	\$-	\$1,470,155	\$2,733,809	\$558,243	\$-	\$4,762,207
Depreciation	-	115,974	499,930	100,095	-	715,999
Acquisitions through business combinations	-	1,577,263	7,031,403	1,137,555	-	9,746,221
Impairment losses	-	-	251,619	6,256	-	257,875
Disposals	-	(4,488)	(293,274)	(38,494)	-	(336,256)
Reclassification, effect of exchange rate changes and other changes	-	9,123	4,609	(3,270)	-	10,462
As of March 31, 2016	<u>\$-</u>	<u>\$3,168,027</u>	<u>\$10,228,096</u>	<u>\$1,760,385</u>	<u>\$-</u>	<u>\$15,156,508</u>
Net carrying amount as of						
March 31, 2017	<u>\$1,771,313</u>	<u>\$9,185,420</u>	<u>\$8,443,390</u>	<u>\$1,645,561</u>	<u>\$1,846,909</u>	<u>\$22,892,593</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>
March 31, 2016	<u>\$1,777,626</u>	<u>\$9,134,591</u>	<u>\$9,436,680</u>	<u>\$1,025,599</u>	<u>\$1,758,176</u>	<u>\$23,132,672</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 three-month period ended March 31, 2017 and 2016 were as follows:

	Land	Buildings and Structures	Total
Cost:			
As of January 1, 2017	\$-	\$175,965	\$175,965
Additions	-	30,262	30,262
Effect of exchange rate changes and other changes	-	(13,120)	(13,120)
As of March 31, 2017	<u>\$-</u>	<u>\$193,107</u>	<u>\$193,107</u>
Accumulated depreciation and impairment:			
As of January 1, 2017	\$-	\$15,579	\$15,579
Depreciation	-	1,195	1,195
Effect of exchange rate changes and other changes	-	(1,137)	(1,137)
As of March 31, 2017	<u>\$-</u>	<u>\$15,637</u>	<u>\$15,637</u>

For the three-month period ended March 31, 2016: no such circumstances.

Net carrying amount as of			
March 31, 2017	<u>\$-</u>	<u>\$177,470</u>	<u>\$177,470</u>
December 31, 2016	<u>\$-</u>	<u>\$160,386</u>	<u>\$160,386</u>
March 31, 2016	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

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

	For the three-month period ended March 31, 2017
Rental income from investment property	<u>\$6,286</u>
Direct operating expenses derived from investment property with rental revenue in current period	<u>\$2,342</u>

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 both \$153,151 thousand as of March 31, 2017 and December 31, 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 three-month period ended March 31, 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	30,201	..	10,827	-	41,028
Disposal	-	(71,089)	(2,812)	-	(73,901)
Reclassification, effect of exchange rate changes and other changes	(69,327)	(10,588)	40,940	26,158	(12,817)
As of March 31, 2017	<u>\$768,103</u>	<u>\$267,913</u>	<u>\$172,281</u>	<u>\$119,322</u>	<u>\$1,327,619</u>
As of January 1, 2016	\$27,073	\$88,910	\$90,625	\$-	\$206,608
Addition	2,244	-	1,004	-	3,248
Disposal	-	-	(5,528)	-	(5,528)
Acquisitions through business combinations	792,632	113,628	-	79,268	985,528
Reclassification, effect of exchange rate changes and other changes	2,127	(2,213)	(567)	354	(299)
As of March 31, 2016	<u>\$824,076</u>	<u>\$200,325</u>	<u>\$85,534</u>	<u>\$79,622</u>	<u>\$1,189,557</u>
Amortization:					
As of January 1, 2017	\$778,701	\$214,696	\$80,508	\$-	\$1,073,905
Amortization	987	8,966	7,494	-	17,447
Disposal	-	(71,089)	(2,812)	-	(73,901)
Reclassification, effect of exchange rate changes and other changes	(45,596)	3,262	5,082	-	(37,252)
As of March 31, 2017	<u>\$734,092</u>	<u>\$155,835</u>	<u>\$90,272</u>	<u>\$-</u>	<u>\$980,199</u>

	Patents	Know-how	Computer software	Goodwill	Total
As of January 1, 2016	\$403	\$88,910	\$74,923	\$-	\$164,236
Amortization	75	-	5,330	-	5,405
Disposal	-	-	(5,528)	-	(5,528)
Acquisitions through business combinations	791,442	113,628	-	-	905,070
Reclassification, effect of exchange rate changes and other changes	3,302	(2,213)	(464)	-	625
As of March 31, 2016	<u>\$795,222</u>	<u>\$200,325</u>	<u>\$74,261</u>	<u>\$-</u>	<u>\$1,069,808</u>
Net carrying amount as of:					
March 31, 2017	<u>\$34,011</u>	<u>\$112,078</u>	<u>\$82,009</u>	<u>\$119,322</u>	<u>\$347,420</u>
December 31, 2016	<u>\$28,528</u>	<u>\$134,894</u>	<u>\$42,818</u>	<u>\$93,164</u>	<u>\$299,404</u>
March 31, 2016	<u>\$28,854</u>	<u>\$-</u>	<u>\$11,273</u>	<u>\$79,622</u>	<u>\$119,749</u>

B. Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month period ended	
	March 31	
	2017	2016
Operating cost	\$320	\$1,313
Operating expenses	17,127	4,092
Total	<u>\$17,447</u>	<u>\$5,405</u>

(14) Other non-current assets

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Long-term prepaid rents	\$1,302,768	\$1,364,663	\$1,433,057
Prepayments for business facilities	176,670	309,070	102,125
Others	362,164	163,880	51,213
Total	<u>\$1,841,602</u>	<u>\$1,837,613</u>	<u>\$1,586,395</u>

A. Long-term prepaid rent is the land use right of the subsidiaries, and the contract period is 50-75 years.

B. Other non-current assets were pledged for bank loans, please refer to Note 8.

(15) Short-term borrowings

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Unsecured bank loans	\$14,692,828	\$14,218,587	\$13,685,503
Secured bank loans	74,514	67,403	63,760
Total	\$14,767,342	\$14,285,990	\$13,749,263
Unused amount	\$26,645,123	\$27,274,538	\$40,880,597
Interest rate	0.9%~10.13%	0.90%~5.28%	0.98%~5.25%

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		
	March 31, 2017	December 31, 2016	March 31, 2016
Short-term notes	\$1,701,500	\$1,801,500	\$1,086,000
Discount of short-term notes	(1,571)	(1,687)	(960)
Total	\$1,699,929	\$1,799,813	\$1,085,040
Interest rate	1.058%~1.7%	1.078%~1.74%	0.59%~1.30%

(17) Current provisions

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Paid absences	\$43,083	\$63,570	\$16,447

(18) Long-term borrowings

A. Details of long-term borrowings as of March 31, 2017, December 31, 2016 and March 31, 2016 are as follows:

Creditor	As of	
	March 31, 2017	Payment of principal
E.Sun Bank – Syndication unsecured loan	\$5,464,329 (USD 180,000)	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.

Creditor	As of	
	March 31, 2017	Payment of principal
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.
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.

Creditor	As of	
	March 31, 2017	Payment of principal
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.
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	10,634,329	
Less: current portion	(2,573,232)	
Total	<u>\$8,061,097</u>	
Interest rate	<u>1.225%~1.88%</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.

Creditor	As of	
	December 31, 2016	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.
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	
	December 31, 2016	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.
Subtotal	10,873,275	
Less: current portion	(2,396,310)	
Total	\$8,476,965	
Interest rate	1.223%~2.43%	

Creditor	As of	
	March 31, 2016	Payment of principal
E.Sun Bank– Syndication unsecured loan	\$5,796,277 (USD 180,000)	The period of the loan is from March 12, 2014 to March 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	2,008,355 (USD 62,400)	The period of the loan is from December 16, 2011 to December 16, 2016. After receiving the loan 3 years later, the principal should be repaid semi-annually in 5 installments.
Mega Bank – Syndication unsecured loan	1,600,000	The period of the loan is from December 16, 2011 to December 16, 2016. 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 December 30, 2015 to December 29, 2017. 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 March 31, 2016	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.
Export-Import Bank of the Republic of China	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.
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.
O-Bank (formerly Industrial Bank of Taiwan) – Unsecured loan	100,000	The period of the loan is from August 15, 2014 to August 15, 2016. 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 November 28, 2014 to November 28, 2017. 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	300,000	The period of the loan is from September 4, 2015 to September 4, 2017. 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 March 31, 2016	Payment of principal
Ta Chong Bank – Unsecured loan	50,000	The period of the loan is from February 11, 2014 to February 10, 2017. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Subtotal	13,304,632	
Less: current portion	(3,918,355)	
Total	\$9,386,277	
Interest rate	0.95%~2.43%	

B. Long-term loans were not pledged.

(19) Post-employment benefits

A. Defined contribution plan

Pension expenses under the defined contribution plan for the three-month period ended March 31, 2017 and 2016 were \$54,453 thousand and \$59,928 thousand, respectively.

B. Defined benefits plan

Pension expenses under the defined benefits plan for the three-month period ended March 31, 2017 and 2016 were \$7,649 thousand and \$3,585 thousand, respectively.

(20) Equity

A. Ordinary share

As of March 31, 2017, December 31, 2016 and March 31, 2016, the Company's authorized capital was both \$20,000,000 thousand. The paid-in capital were \$14,556,572 thousand, \$14,556,572 thousand and \$14,581,132 thousand, respectively. The outstanding shares were 1,455,657, 1,455,657 and 1,458,113 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		
	March 31, 2017	December 31, 2016	March 31, 2016
Treasury share transactions	\$398,957	\$398,957	\$345,037
Changes in equity of associates and joint ventures accounted for using equity method	79,952	86,932	37,714
Employee stock options	125,585	108,985	60,489
Others	5,223	5,223	5,223
Total	<u>\$609,717</u>	<u>\$600,097</u>	<u>\$448,463</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 March 31, 2017, December 31, 2016 and March 31, 2016, the treasury shares held by the Group was \$1,280,591 thousand, \$1,280,591 thousand and \$1,485,414 thousand, respectively, and the number of treasury shares held by the Group was 88,223 thousand shares, 88,223 thousand shares and 110,679 thousand shares, respectively. The shares held by the Company's subsidiaries are as follows:

- (a) As of March 31, 2017, December 31, 2016 and March 31, 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 March 31, 2017, December 31, 2016 and March 31, 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 approved and resolved by the Board of Directors' meeting and shareholders' meeting on May 12, 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

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

E. Non-controlling interests

	For the three-month period ended March 31	
	2017	2016
Beginning balance	\$10,699,659	\$530,357
Profit, attributable to non-controlling interest	154,802	127,218
Other comprehensive income, attributable to non-controlling interest:		
Exchange differences on translation	(160,176)	16,131
Unrealized gains (losses) on valuation of available-for-sale financial assets	2,456	(1,793)
Other components of other comprehensive income that will be reclassified to profit or loss	211	(43)
Share-based payments	3,126	1,177
Other	(186,103)	9,373,423
		(Note)
Ending balance	<u>\$10,513,975</u>	<u>\$10,046,470</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 three-month period ended March 31			
	2017		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	-	-	-	-
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 March 31, 2017, December 31, 2016 and March 31, 2016 is as follows:

	Range of exercise price (\$)	Weighted average remaining contractual life (years)
	<u>price (\$)</u>	<u>life (years)</u>
As of March 31, 2017		
Share options outstanding at the end of the period	\$12.04	5.13
As of December 31, 2016		
Share options outstanding at the end of the period	\$12.04	5.38
As of March 31, 2016		
Share options outstanding at the end of the period	\$12.35	6.13

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)
<u>Date of grant</u>	<u>granted (in thousands)</u>	<u>options (THB)</u>
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 three-month period ended March 31			
	2017		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 March 31, 2017, December 31, 2016 and March 31, 2016 is as follows:

	Range of exercise price (THB)	Weighted average remaining contractual life (years)
As of March 31, 2017		
Share options outstanding at the end of	\$3.38	1.25

	Range of exercise price (THB)	Weighted average remaining contractual life (years)
the period		
As of December 31, 2016		
Share options outstanding at the end of the period	\$3.38	1.50
As of March 31, 2016		
Share options outstanding at the end of the period	\$3.38	2.25

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 is 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 are shown below:

	For the three-month period ended March 31	
	2017	2016
Equity-settled	\$24,392	\$18,399

(22) Operating revenues

	For the three-month period ended March 31	
	2017	2016
Sales revenue	\$28,503,057	\$27,965,304
Service revenue	312,576	315,821
Others	16,676	8,102
Total	\$28,832,309	\$28,289,227

(23) Operating costs

	For the three-month period ended March 31	
	2017	2016
Cost of sales	\$26,822,138	\$26,375,339
Cost of services	192,326	171,247
Others	60,239	14,513
Total	<u>\$27,074,703</u>	<u>\$26,561,099</u>

(24) Additional information of expenses by function

A. Summary statement of employee benefits, depreciation and amortization expenses by function during for the three-month period ended March 31, 2017 and 2016:

By feature	For the three-month period ended March 31					
	2017			2016		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Wages and salaries	\$1,477,453	\$518,975	\$1,996,428	\$1,576,798	\$573,904	\$2,150,702
Labor and health insurance	36,656	39,682	76,338	37,359	30,617	67,976
Pension	36,959	32,818	62,102	41,652	21,861	63,513
Others	51,516	30,529	82,045	40,607	14,221	54,828
Depreciation	607,942	74,717	682,659	644,702	71,297	715,999
Amortization	320	17,127	17,447	1,313	4,092	5,405

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 three-month period ended March 31, 2017 and 2016, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors to be 2.5%, 1.5%, 7.5% and 1.5%, respectively. As such, employees' compensation and remuneration to directors are recognized as employee benefits expense at \$6,988 thousand, \$4,193 thousand, \$57,533 thousand and \$11,506 thousand, respectively.

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	
	March 31	
	2017	2016
Gain recognised in bargain purchase transaction	\$-	\$1,792,583
Interest income	11,495	42,167
Others	259,950	17,096
Total	<u>\$271,445</u>	<u>\$1,851,846</u>

B. Other gains and losses

	For the three-month period ended	
	March 31	
	2017	2016
Losses on financial assets (liabilities) at fair value through profit or loss	\$(93,492)	\$(284,357)
Gains on disposals of investments	276	734
Losses on disposals of investments accounted for using equity method	-	(829,121) (Note)
Foreign exchange gains (losses), net	(70,463)	407,006
Impairment loss on non-financial assets	-	(257,875)
Gains on disposal of property, plant and equipment	1,887	271
Compensation losses	-	(37,820)
Others	451	(433)
Total	<u>\$(161,341)</u>	<u>\$(1,001,595)</u>

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

C. Finance costs

	For the three-month period ended March 31	
	2017	2016
Interest expense	\$110,744	\$122,715
Others	38,744	31,862
Total	<u>\$149,488</u>	<u>\$154,577</u>

(26) Components of other comprehensive income

For the three-month period ended March 31, 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	\$(709,744)	\$-	\$(709,744)	\$91,119	\$(618,625)
Unrealized gains (losses) on valuation of available-for-sale financial assets	323,708	-	323,708	(396)	323,312
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(54,465)	-	(54,465)	6,581	(47,884)
Other components of other comprehensive income that will be reclassified to profit or loss	1,065	-	1,065	(32)	1,033
Total of other comprehensive income	<u>\$(439,436)</u>	<u>\$-</u>	<u>\$(439,436)</u>	<u>\$97,272</u>	<u>\$(342,164)</u>

For the three-month period ended March 31, 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	\$(396,476)	\$-	\$(396,476)	\$70,056	\$(326,420)
Unrealized gains (losses) on valuation of available-for-sale financial assets	282,821	-	282,821	1,346	284,167
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(62,734)	-	(62,734)	12,169	(50,565)
Other components of other comprehensive income that will be reclassified to profit or loss	9,790	-	9,790	(1,552)	8,238
Total of other comprehensive income	<u>\$(166,599)</u>	<u>\$-</u>	<u>\$(166,599)</u>	<u>\$82,019</u>	<u>\$(84,580)</u>

(27)Income Tax

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

Income tax expense (income) recognized in profit or loss

	For the three-month period ended March 31	
	2017	2016
Current tax expense (income):		
Current income tax charge	\$95,631	\$221,163
Adjustments in respect of current income tax of prior periods	-	51
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	33,304	88,377
Deferred tax related to recognition and derecognition of tax losses and unused tax credits	(4,604)	-
Total income tax expense	<u>\$124,331</u>	<u>\$309,591</u>

Income tax relating to components of other comprehensive income

	For the three-month period ended March 31	
	2017	2016
Deferred tax expense (income):		
Exchange differences on translation	\$(91,119)	\$(70,056)
Unrealized gains (losses) on valuation of available-for-sale financial assets	396	(1,346)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(6,581)	(12,169)
Other components of other comprehensive income that will be reclassified to profit or loss	32	1,552
Income tax relating to components of other comprehensive income	<u>\$(97,272)</u>	<u>\$(82,019)</u>

B. Imputation credit information

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Balances of imputation tax credit account	<u>\$649,840</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 is as follows:

	<u>The assessment of income tax returns</u>
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 2014
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 2014, 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.

	<u>For the three-month period ended</u>	
	<u>March 31</u>	
	<u>2017</u>	<u>2016</u>
A. Basic earnings per share		
Profit (in thousands of NTD)	<u>\$218,568</u>	<u>\$447,751</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>1,367,434</u>	<u>1,347,434</u>
Basic earnings per share (NTD)	<u>\$0.16</u>	<u>\$0.33</u>

	For the three-month period ended	
	March 31	
	2017	2016
B. Diluted earnings per share		
Profit (in thousands of NTD)	\$218,568	\$447,751
Profit after dilution (in thousands of NTD)	\$218,568	\$447,751
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,367,434	1,347,434
Effect of dilution:		
Employee bonus – stock (in thousands)	12,021	16,830
Weighted average number of ordinary shares outstanding after dilution (in thousands)	1,379,455	1,364,264
Diluted earnings per share (NTD)	\$0.16	\$0.33

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 is as follows:

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	143,460
Others	341,040
	<u>\$1,485,652</u>
Liabilities	
Accounts payable	\$(220,784)
Others	(158,792)
	<u>(379,576)</u>
Identifiable net assets	<u><u>\$1,106,076</u></u>
Gain recognised in bargain purchase transaction of CastleNet Technology Inc. is as follows:	
Purchase consideration	\$152,393
Add: non-controlling interests at fair value	816,435
Less: identifiable net assets at fair value	(1,106,076)
Gain recognised in bargain purchase transaction	<u><u>\$(137,248)</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>\$152,393</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>\$195,700</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		
		March 31, 2017	December 31, 2016	March 31, 2016
Cal-Comp Electronics (Thailand) Public Company Limited	Thailand	52.98%	52.98%	52.98%

Accumulated balances of material non-controlling interest:

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Cal-Comp Electronics (Thailand) Public Company Limited	<u>\$9,266,689</u>	<u>\$9,504,422</u>	<u>\$9,605,944</u>

Profit (loss) for the three-month period ended March 31, 2017 and 2016 allocated to material non-controlling interest:

	For the three-month period ended March 31	
	2017	2016
Cal-Comp Electronics (Thailand) Public Company Limited	<u>\$181,491</u>	<u>\$131,283</u>

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

Summarized information of profit or loss for the three-month period ended March 31, 2017 and 2016:

	For the three-month period ended March 31	
	2017	2016
Operating revenue	\$22,395,281	\$22,442,137
Profit (loss) from continuing operations for the period	354,906	236,888
Total comprehensive income for the period	428,176	202,683

Summarized information of financial position as at March 31, 2017, December 31, 2016 and March 31, 2016:

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Current assets	\$31,144,677	\$33,367,606	\$32,457,111
Non-current assets	16,288,439	16,375,547	16,539,464
Current liabilities	(27,651,394)	29,704,271	(26,419,263)
Non-current liabilities	(3,466,880)	3,671,440	(5,998,426)

Summarized cash flow information for the three-month period ended March 31, 2017 and 2016:

	For the three-month period ended March 31	
	2017	2016
Operating activities	\$242,167	\$6,894,616
Investing activities	(737,373)	(777,877)
Financing activities	(369,201)	(6,260,232)
Net increase (decrease) in cash and cash equivalents	(718,213)	327,265

7. Related party transactions

The following is 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
SaveCom International Inc.	Substantive related party
LCFutureCenter Inc.	Substantive related party
Compal Information (Kunshan) Co., Ltd.	Substantive related party
Compal Information Technology (Kunshan) Co., Ltd.	Substantive related party
Metal Component Engineering Limited	Substantive related party
GEBO Limited	Substantive related party
Power Station Holding Ltd.	Substantive related party

Significant transactions with the related parties

(1)Sales

	For the three-month period ended March 31	
	2017	2016
Associates		
Others	\$974	\$791
Substantive related parties		
Compal Information Technology (Kunshan) Co., Ltd.	98,744	62,028
Others	45,291	46,325
Total	<u>\$145,009</u>	<u>\$109,144</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 March 31	
	2017	2016
Associates		
AcBel Polytech Inc.	\$121,412	\$93,395
Substantive related parties		
Others	4,203	-
Total	<u>\$125,615</u>	<u>\$93,395</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		
	March 31, 2017	December 31, 2016	March 31, 2016
Associates			
Others	\$1,580	\$932	\$977
Substantive related parties			
Compal Information Technology (Kunshan) Co., Ltd.	162,286	197,270	117,776
Compal Information (Kunshan) Co., Ltd.	26,738	33,149	22,033
Others	41,893	41,419	49,096
Total	<u>\$232,497</u>	<u>\$272,770</u>	<u>\$189,882</u>

(4)Other receivables due from related parties

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Associates			
Others	\$8	\$9	\$-
Substantive related parties			
Metal Component Engineering Limited	11,808	-	-
Total	<u>\$11,816</u>	<u>\$9</u>	<u>\$-</u>

(5)Accounts payable to related parties

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Associates			
AcBel Polytech Inc.	\$85,991	\$97,749	\$82,580
Substantive related parties			
Others	3,013	6,302	-
Total	<u>\$89,004</u>	<u>\$104,051</u>	<u>\$82,580</u>

(6) Other accounts payable to related parties

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Associates			
AcBel Polytech Inc.	\$38	\$17	\$-
Kinpo Group Management Service Company	-	195	-
Substantive related parties			
SaveCom International Inc.	195	210	198
LCFutureCenter Inc.	64	68	-
Others	23	36	11
Total	<u>\$320</u>	<u>\$526</u>	<u>\$209</u>

(7) Operating lease

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

	Nature	For the three-month period ended March 31	
		2017	2016
Associates			
Kinpo Group Management Service Company	Office building and network equipment	\$166	\$166
AcBel Polytech Inc.	Office building	7	62
Substantive related parties			
GEBO Limited	Office building	36	-
Others	Office building	7	7
Total		<u>\$216</u>	<u>\$235</u>

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

(8) Others

A. Service revenues

	For the three-month period ended March 31	
	2017	2016
Associates		
Kinpo Group Management Service Company	<u>\$60</u>	<u>\$60</u>

The above-mentioned service revenues were generated from providing information service.

B. Compensation of key management personnel

	For the three-month period ended March 31	
	2017	2016
Short-term employee benefits	\$35,111	\$46,584
Post-employment benefits	1,320	707
Share-based payments	3,358	3,369
Total	<u>\$39,789</u>	<u>\$50,660</u>

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
	March 31, 2017	December 31, 2016	March 31, 2016	
Buildings and structures	\$131,220	\$140,398	\$166,933	Short-term borrowings
Long-term prepaid rent (presented in other non-current assets)	7,538	7,899	8,853	Short-term borrowings
Machinery and equipment	-	-	40,595	Short-term borrowings
Time deposit (presented in other current assets)	16,261	16,261	-	Short-term borrowings
Total	<u>\$155,019</u>	<u>\$164,558</u>	<u>\$216,381</u>	

9. Commitments and contingencies

- (1) As of March 31, 2017, the Group provided endorsement and guarantee to subsidiaries were amounted to USD 730,500 thousand, THB 900,000 thousand and EUR 500 thousand.
- (2) As of March 31, 2017, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to NTD 50,000 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 March 31, 2017, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to NTD 440,000 thousand to XYZprinting, Inc., Ltd. (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 March 31, 2017, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to USD 50,000 thousand and PHP 700,000 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 March 31, 2017, December 31, 2016 and March 31, 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		
	March 31, 2017	December 31, 2016	March 31, 2016
THB	\$23,000	\$25,000	\$44,000
USD	23,000	13,000	2,000
JPY	35,000	61,000	40,000
CNY	-	-	1,000
PHP	-	-	1,045,305

(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		
	March 31, 2017	December 31, 2016	March 31, 2016
Not exceed 1 year	\$194,508	\$198,856	\$136,171
Over 1 year but not exceed 5 years	423,104	456,199	134,343
Total	<u>\$617,612</u>	<u>\$655,055</u>	<u>\$270,514</u>

(7) Other commitment

As of March 31, 2017, the Group's subsidiary had outstanding commitments of NTD 30,000 thousand, PHP 2,000 thousand, MYR 22,000 thousand and INR 104,000 thousand in respect of uncalled portion of investments.

(8) Agreements for hire of production of molds

As of March 31, 2017, December 31, 2016 and March 31, 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 March 31, 2017	As of December 31, 2016	As of March 31, 2016
THB	\$6,000	\$400,000	\$6,000
USD	168,000	102,000	25,000
NTD	-	31,000	-
SGD	-	4,000	-

(9) Guarantees

As of March 31, 2017, there were outstanding bank guarantees of approximately THB 295,000 thousand, PHP 10,000 thousand and MYR 1,000 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 March 31, 2017, the Group's subsidiary had unused letters of credit of USD 1,575 thousand issued for purchase of materials.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Financial instruments

Financial assets

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss at initial recognition	\$8,689	\$8,612	\$187,444
Available-for-sale financial assets			
Financial assets at fair value (including non-current portion)	4,677,709	4,355,015	4,442,379
Financial assets at cost	540,275	488,995	516,674
Subtotal	<u>5,217,984</u>	<u>4,844,010</u>	<u>4,959,053</u>
Loans and receivables:			
Cash and cash equivalents	\$5,679,489	\$6,441,055	\$7,577,775
Investment in debt instrument without active market (including non-current)	487,946	482,241	600,000
Notes receivable	8,350	22,960	48,689
Accounts receivable	21,408,423	23,000,909	18,680,405
Accounts receivable due from related parties	232,497	272,770	189,882
Other receivables	1,038,946	987,128	1,621,898
Other receivables due from related party	11,816	9	-
Other current assets (Note)	16,261	16,261	-
Subtotal	<u>28,883,728</u>	<u>31,223,333</u>	<u>28,718,649</u>
Total	<u>\$34,110,401</u>	<u>\$36,075,955</u>	<u>\$33,865,146</u>

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

Financial liabilities

	As of		
	March 31, 2017	December 31, 2016	March 31, 2016
Financial liabilities at amortized cost:			
Short-term borrowings	\$14,767,342	\$14,285,990	\$13,749,263
Short-term notes and bills payable	1,699,929	1,799,813	1,085,040
Notes payable	4,084	11,588	3,828
Accounts payable	21,086,106	22,475,433	19,294,327
Accounts payable to related parties	89,004	104,051	82,580
Other payables	2,687,759	3,456,869	2,480,191
Other payables to related parties	320	526	209
Long-term borrowings (including current portion)	10,634,329	10,873,275	13,304,631
Subtotal	<u>50,968,873</u>	<u>53,007,545</u>	<u>50,000,069</u>
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss at initial recognition	5,521	63,056	449,164
Total	<u>\$50,974,394</u>	<u>\$53,070,601</u>	<u>\$50,449,233</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 for USD, CNY, JPY and THB. 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 three-month period ended March 31, 2017 and 2016 to decrease/increase by \$3,388 thousand and \$3,382 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 three-month period ended March 31, 2017 and 2016 to increase or decrease by \$0 thousand and \$225 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 three-month period ended March 31, 2017 and 2016 to decrease by \$46,777 thousand and \$44,424 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 March 31, 2017, December 31, 2016 and March 31, 2016, receivables from top three customers represented 43.57% , 49.43% and 37.73% 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 March 31, 2017</u>				
Short-term borrowings (including interest to be paid)	\$14,847,865	\$-	\$-	\$14,847,865
Short-term notes and bills payable	1,701,500	-	-	1,701,500
Notes payable	4,084	-	-	4,084
Accounts payable	21,086,106	-	-	21,086,106
Accounts payable to related parties	89,004	-	-	89,004
Other payable	2,687,759	-	-	2,687,759
Other payable to related parties	320	-	-	320
Long-term borrowings (including interest to be paid)	2,688,299	5,911,730	2,262,590	10,862,619
	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 payable	3,456,869	-	-	3,456,869
Other payable 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 March 31, 2016</u>				
Short-term borrowings (including interest to be paid)	\$14,177,553	\$-	\$-	\$14,177,553
Short-term notes and bills payable	1,085,040	-	-	1,085,040
Notes payable	3,828	-	-	3,828
Accounts payable	19,294,327	-	-	19,294,327
Accounts payable to related parties	82,580	-	-	82,580
Other payable	2,480,191	-	-	2,480,191
Other payable to related parties	209	-	-	209
Long-term borrowings (including interest to be paid)	4,118,387	7,687,146	1,785,130	13,590,663

Derivative financial instruments

The derivative financial instruments of the Group as of March 31, 2017, December 31, 2016 and March 31, 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 related party), other receivables (including related party), short-term loans, short-term notes, accounts payable (including related party), other payable (including related party), 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 March 31, 2017, December 31, 2016 and March 31, 2016 are as follows:

Forward currency contracts

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

As of March 31, 2017

Items	Notional Amount	Exchange Currency	Contract Period
Forward currency contract	Buy USD 15,970 thousand	NTD	From April 5, 2017 to May 31, 2017
Forward currency contract	Buy USD 58,000 thousand	BRL	From April 24, 2017 to May 2, 2017
Forward currency contract	Sell USD 15,970 thousand	NTD	From April 7, 2017 to June 2, 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 BRL 86,000 thousand	USD	From January 3, 2017 to January 31, 2017
Forward currency contract	Sell USD 19,970 thousand	NTD	From January 5, 2017 to February 7, 2017

As of March 31, 2016

Items	Notional Amount	Exchange Currency	Contract Period
Forward currency contract	Buy USD 21,450 thousand	NTD	From April 6, 2016 to May 25, 2016
Forward currency contract	Buy USD 330,000 thousand	CNY	From April 6, 2016 to August 15, 2016
Forward currency contract	Buy USD 71,000 thousand	THB	From April 4, 2016 to April 30, 2016
Forward currency contract	Buy USD 131,000 thousand	BRL	From April 4, 2016 to April 30, 2016
Forward currency contract	Sell USD 21,450 thousand	NTD	From April 1, 2016 to May 27, 2016
Forward currency contract	Sell USD 330,000 thousand	CNY	From April 6, 2016 to August 15, 2016

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is 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 does 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 is as follows:

As of March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	\$-	\$8,689	\$-	\$8,689
Available-for-sale financial assets				
Stocks	3,644,136	-	1,033,573	4,677,709
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	5,521	-	5,521

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

	Level 1	Level 2	Level 3	Total
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 March 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$164,970	\$-	\$164,970
Stocks	22,474	-	-	22,474
Available-for-sale financial assets				
Stocks	3,440,266	-	1,002,113	4,442,379
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	449,164	-	449,164

Transfers between Level 1 and Level 2 during the period

During the three-month period ended March 31, 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 is as follows:

Beginning balances as of January 1, 2017	Equity securities \$1,029,633
Total gains and losses recognized for the three-month period ended March 31, 2017:	
Amount recognized in OCI (presented in “unrealized gains (losses) on valuation of available-for-sale financial assets”)	3,940
Ending balances as of March 31, 2017	\$1,033,573

	<u>Equity securities</u>
Beginning balances as of January 1, 2016	\$1,002,113
Total gains and losses recognized for the three-month period ended March 31, 2016:	
Amount recognized in OCI (presented in “unrealized gains (losses) on valuation of available-for-sale financial assets”)	-
Ending balances as of March 31, 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 is as follows:

As of March 31, 2017

	<u>Valuation</u>	<u>Significant</u> <u>unobservable</u>	<u>Quantitative</u>	<u>Relationship</u>	<u>Sensitivity of the</u>
	<u>techniques</u>	<u>inputs</u>	<u>information</u>	<u>between inputs</u> <u>and fair value</u>	<u>input to fair value</u>
Financial assets:					
Available-for-sale					
Stocks	Market approach	Discount for lack of marketability	2.01	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 \$10,336 thousand

As of December 31, 2016

	<u>Valuation</u>	<u>Significant</u> <u>unobservable</u>	<u>Quantitative</u>	<u>Relationship</u>	<u>Sensitivity of the</u>
	<u>techniques</u>	<u>inputs</u>	<u>information</u>	<u>between inputs</u> <u>and fair value</u>	<u>input to fair value</u>
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 March 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	1.47	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 is disclosed

As of March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment in debt instruments without active market	\$-	\$-	\$487,946	\$487,946
Investments accounted for using equity method (Note)	2,976,216	-	-	2,976,216
Investment property	-	-	153,151	153,151
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Long-term borrowings (including current portion)	-	10,634,329	-	10,634,329

As of December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is 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 not measured at fair value but for which the fair value is disclosed:				
Long-term borrowings (including current portion)	-	10,873,275	-	10,873,275

As of March 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment in debt instruments without active market	\$-	\$-	\$600,000	\$600,000
Investments accounted for using equity method (Note)	3,325,624	-	-	3,325,624
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Long-term borrowings (including current portion)	-	13,304,631	-	13,304,631

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

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(In thousands)

As of March 31, 2017

	Foreign currencies (in thousand)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis	
				Fluctuation	Effect on income/ equity
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$738,810	30.33	\$22,408,113	0.5%	\$112,041
CNY	273,987	4.3961	1,204,476	0.5%	6,022
JPY	449,313	0.2713	121,899	0.5%	609
EUR	3,885	32.4197	124,990	0.5%	625
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	331,927	30.33	10,067,360	0.5%	50,337
CNY	485,173	4.3961	2,132,869	0.5%	10,664
JPY	331,670	0.2713	89,982	0.5%	450

(In thousands)

As of December 31, 2016

	Foreign currencies (in thousand)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis	
				Fluctuation	Effect on income/ equity
<u>Financial assets</u>					
<u>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</u>					
<u>Monetary items</u>					
USD	282,069	32.25	9,096,737	0.5%	45,484
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 March 31, 2016

	Foreign currencies (in thousand)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis	
				Fluctuation	Effect on income/ equity
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$841,401	32.185	\$27,080,491	0.50%	\$135,402
CNY	416,478	4.9813	2,074,602	0.50%	10,373
JPY	859,430	0.2862	245,969	0.50%	1,230
HKD	100,052	4.1507	415,286	0.50%	2,076

As of March 31, 2016

	Foreign currencies (in thousand)	Exchange rate	Carrying amount (NTD)	Sensitivity analysis	
				Fluctuation	Effect on income/ equity
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$1,033,425	32.185	\$33,260,784	0.50%	\$166,304
CNY	330,688	4.9813	1,647,256	0.50%	8,236
JPY	2,006,827	0.2862	574,354	0.50%	2,872
EUR	12,236	36.4946	446,548	0.50%	2,233
HKD	102,205	4.1507	424,222	0.50%	2,121

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 is not applicable for disclosure. For the three-month period ended March 31, 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 \$(70,463) thousand and \$407,006 thousand, respectively.

The above information is 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, no such circumstances.
 - 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 4 for more details.
 - H. Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital, please refer to table 5 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 6.
- (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, no such circumstances.
 - 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 4 for more details.

H. Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital, please refer to table 5 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 7 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 8 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 table 4 to 6.

14. Segment information

	For the three-month period ended March 31, 2017			
	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer	\$28,269,301	\$563,008	\$-	\$28,832,309
Segment profit	\$456,405	\$(83,035)	\$-	\$373,370

	For the three-month period ended March 31, 2016			
	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer	\$27,606,452	\$682,775	\$-	\$28,289,227
Segment profit	\$1,125,231	\$(550,262)	\$-	\$574,969

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 March 31, 2017, December 31, 2016 and March 31, 2016, were as follows:

	Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
March 31, 2017	\$63,163,862	\$18,551,344	\$-	\$81,715,206
December 31, 2016	\$65,161,477	\$18,525,591	\$-	\$83,687,068
March 31, 2016	\$62,082,780	\$19,804,646	\$-	\$81,887,426

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 Actually 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 600,000 (170,850)	JPY 300,000 (90,000)	0.5%-1.5%	2	-	Need for operating	-	-	-	\$3,272,041	\$13,088,162
0	Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Other receivables due from related parties	Yes	USD 25,000 (790,375)	USD 25,000 (790,375)	USD 25,000 (790,375)	0.7%-2.5%	2	-	Need for operating	-	-	-	3,272,041	13,088,162
1	Kinpo Electronics (China) Co., Ltd.	XYZprinting (Suzhou) Co., Ltd.	Other receivables due from related parties	Yes	CNY 20,000 (93,478)	CNY 20,000 (93,478)	CNY 20,000 (93,478)	3.50%	2	-	Need for operating	-	-	-	4,664,958	4,664,958
2	Dongguan Kaipo Electronics Co., Ltd.	XYZprinting (Suzhou) Co., Ltd.	Other receivables due from related parties	Yes	CNY 13,500 (68,132)	CNY 0 -	CNY 0 -	0.00%	2	-	Need for operating	-	-	-	154,275	154,275
3	Kinpo International Ltd.	XYZprinting, Inc. (USA)	Other receivables due from related parties	Yes	USD 5,000 (159,600)	USD 5,000 (159,600)	USD 3,000 (95,760)	1.5%-2.5%	2	-	Need for operating	-	-	-	2,768,068	2,768,068
4	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria de Semicondutores S.A.	Other receivables due from related parties	Yes	USD 15,000 (475,463)	USD 15,000 (475,463)	USD 5,500 (177,513)	2.50%	2	-	Need for operating	-	-	-	12,883,354	12,883,354
5	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Electronics and Communications (Suzhou) Co. Ltd.	Other receivables due from related parties	Yes	USD 31,000 (986,665)	USD 31,000 (986,665)	USD 12,000 (387,300)	1.5%-1.68215%	2	-	Need for operating	-	-	-	3,421,626	3,421,626
6	Cal-Comp Electronis (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	Other receivables due from related parties	Yes	USD 5,500 (177,513)	USD 5,500 (171,160)	USD 5,500 (171,160)	1.982%	2	-	Need for operating	-	-	-	612,551	612,551
6	Cal-Comp Electronis (USA) Co., Ltd.	Cal-Comp USA (Indiana), Inc.	Other receivables due from related parties	Yes	USD 11,000 (355,025)	USD 8,500 (264,520)	USD 8,500 (264,520)	1.982%	2	-	Need for operating	-	-	-	612,551	612,551
7	Cal-Comp Technology (Philippines), Inc.	Cal-Comp Precision (Philippines), Inc.	Other receivables due from related parties	Yes	USD 3,000 (93,360)	USD 3,000 (93,360)	USD 0 -	3.500%	2	-	Need for operating	-	-	-	511,634	511,634

<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 higher 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 higher 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	\$16,360,203	USD 357,500 (11,393,800)	USD 357,500 (11,306,850)	USD 113,500 (3,589,727)	\$-	69.11%	\$16,360,203	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	2	16,104,193	USD 312,000 (10,145,895)	USD 312,000 (10,080,170)	USD 195,000 (6,300,106)	-	61.61%	16,104,193	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronis (USA) Co., Ltd.	2	16,104,193	USD 30,000 (948,750)	USD 30,000 (948,750)	USD 0 -	-	5.80%	16,104,193	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	2	16,104,193	USD 18,000 THB 900,000 EUR 500 (1,400,878)	USD 18,000 THB 900,000 EUR 500 (1,400,878)	USD 1,995 THB 618,648 EUR 0 (628,546)	-	8.56%	16,104,193	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Singapore) Limited	2	16,104,193	USD 18,000 (594,010)	USD 13,000 (404,560)	USD 0 -	-	2.47%	16,104,193	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 endorser/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 at year-end (excluding 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	March 31, 2017				Remark
					Share/Units	Carrying Value <Note2>	Percentage of ownership (%)	Fair Value <Note3>	
0	Kinpo Electronics, Inc.	Innolux Corporation / Stock	—	Current available-for-sale financial assets	16,842,770	\$211,377	0.17%	\$12.55	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	3,002,248	3.47%	19.80	Public: 2324
0	Kinpo Electronics, Inc.	BAOTEK Industrial Materials Ltd. / Stock	—	"	24,415,654	208,998	12.53%	8.56	TPEX: 5340
0	Kinpo Electronics, Inc.	Taiwan Micropaq Corp. / Stock	—	"	927,227	6,528	1.54%	-	
0	Kinpo Electronics, Inc.	Helios Semiconductors, Inc. / Stock	—	"	278,137	1,481	3.60%	-	
0	Kinpo Electronics, Inc.	Taiwan Star Telecom Corp. Ltd. / Stock	—	"	98,854,105	988,541	2.98%	4.97	
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	426,582	-	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%	4.84	
0	Kinpo Electronics, Inc.	Global Strategic Investment Inc. / Stock	—	"	735,000	22,697	3.77%	USD 0.80	
0	Kinpo Electronics, Inc.	Prudence Capital Management Ltd. / Stock	—	"	1,207,224	9,512	1.00%	9.02	
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)	-	450,000	-	-	
1	Forward International Ltd.	Overseas beneficiary certificate	—	Non-current available-for-sale financial assets	20,933,253	248,075	-	USD 0.39	<Note4>
2	Jipo Investment Co., Ltd.	Innolux Corporation / Stock	—	Current available-for-sale financial assets	4,308,238	54,068	0.04%	12.55	Public: 3481
2	Jipo Investment Co., Ltd.	Kinpo Electronics, Inc. / Stock	Parent company	Non-current available-for-sale financial assets	46,197,155	547,436	3.17%	11.85	Public: 2312 <Note4>
2	Jipo Investment Co., Ltd.	Taiwan Star Telecom Corp. Ltd. / Stock	—	Non-current financial assets at cost	6,237	-	-	4.97	
3	CastleNet Technology Inc.	Sampo / Stock	—	Non-current available-for-sale financial assets	8,698,400	167,445	1.74%	19.25	Public: 1604
4	Cal-Comp Electronics (Thailand) Public Company Limited	Metal Component Engineering Ltd. / Stock	—	Non-current available-for-sale financial assets	37,805,800	THB 40,519	10.11%	SGD 0.043	
4	Cal-Comp Electronics (Thailand) Public Company Limited	Metal Component Engineering Ltd. / Warrants	—	Non-current available-for-sale financial assets	30,000,000	THB 1,496	-	SGD 0.001	
4	Cal-Comp Electronics (Thailand) Public Company Limited	Memoright Memoritech 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	—	Non-current financial assets at cost	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 43,062	-	-	
6	Cal-Comp Electronics (USA) Co., Ltd.	Fellow, Inc. / Stock	—	Non-current financial assets at cost	480,815	THB 68,900	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.

Kinpo Electronics, Inc. and subsidiaries

Notes to consolidated financial statements (continued)

Table 4: 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	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total <Note>	
Kinpo Electronics, Inc.	Kinpo International Ltd.	Subsidiary	Purchases	\$1,668,585	67.68%	About 30 days	Similar to general terms and conditions	About 30 days	\$(1,212,293)	80.85%	
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Subsidiary	Purchases	796,454	32.30%	About 30 days	Similar to general terms and conditions	About 30 days	(286,827)	19.13%	
Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Subsidiary	Sales	157,286	6.02%	About 120 days	Similar to general terms and conditions	About 120 days	219,124	12.31%	
Kinpo International Ltd.	Kinpo Electronics, Inc.	Parent company	Sales	CNY 368,867	96.49%	About 30 days	Similar to general terms and conditions	About 30 days	CNY 291,272	26.53%	
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Subsidiary	Purchases	CNY 368,495	31.00%	—	Similar to general terms and conditions	—	(CNY 199,740)	26.27%	
Kinpo International Ltd.	Logistar International Holding Co., Ltd.	Associate	Services	CNY 22,717	67.20%	About 60 days	Similar to general terms and conditions	About 60 days	CNY 16,545	1.51%	
Kinpo Electronics (China) Co., Ltd.	Kinpo International Ltd.	Parent company	Sales	CNY 368,495	39.87%	—	Similar to general terms and conditions	—	CNY 199,740	21.03%	
XYZprinting, Inc. (USA)	Cal-Comp Big Data, Inc.	Associate	Purchases	USD 9,861	98.46%	About 360 days	Similar to general terms and conditions	About 360 days	(USD 9,913)	46.43%	
Kinpo Electronics (Philippines), Inc.	Kinpo Electronics, Inc.	Parent company	Sales	PHP 1,271,693	70.52%	About 30 days	Similar to general terms and conditions	About 30 days	PHP 474,357	46.44%	
Cal-Comp Big Data, Inc.	XYZprinting, Inc. (USA)	Associate	Sales	327,874	100.00%	About 360 days	Similar to general terms and conditions	About 360 days	THB 300,817	99.53%	
Cal-Comp Electronics (Thailand) Public Company Limited	Kinpo Electronics, Inc.	Parent company	Purchases	THB 177,854	0.00%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 249,854)	1.88%	
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subsidiary	Sales	THB 5,815,827	30.75%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 4,137,989	29.58%	
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	Subsidiary	Sales	THB 127,931	0.68%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 1,403,882	10.04%	
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	Subsidiary	Purchases	THB 627,255	0.00%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 235,575)	1.77%	
Logistar International Holding Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Purchases	THB 5,740,073	0.08%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 4,209,945)	55.55%	
Logistar International Holding Co., Ltd.	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Associate	Purchases	THB 1,019,381	0.02%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 3,130,337)	41.30%	
Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Purchases	THB 129,908	0.01%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 1,511,734)	47.09%	
Cal-Comp Precision (Thailand) Limited	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Sales	THB 642,241	68.83%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 245,644	47.18%	
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Logistar International Holding Co., Ltd.	Associate	Sales	THB 995,366	96.97%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 3,150,047	101.54%	
Cal-Comp Electronics & Communications Co., Ltd.	Logistar International Holding Co., Ltd.	Associate	Sales	THB 558,443	100.00%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 750,589	100.00%	

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

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

Table 5: Receivables 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 International Ltd.	Subidiary	Other receivables due from related parties	\$129,993	-	\$-	-	\$-	\$-
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Subidiary	Other receivables due from related parties	762,590	-	-	-	-	-
Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Subidiary	Accounts receivable due from related parties	219,124	2.07	-	-	66,483	-
Kinpo International Ltd.	Kinpo Electronics, Inc.	Parent company	Accounts receivable due from related parties	CNY 291,272	6.52	-	-	CNY 68,596	-
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Subidiary	Accounts receivable due from related parties	CNY 776,879	-	-	-	CNY 386,391	-
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Subidiary	Other receivables due from related parties	CNY 79,853	-	-	-	CNY 34,479	-
Kinpo Electronics (China) Co., Ltd.	Kinpo International Ltd.	Parent company	Accounts receivable due from related parties	CNY 199,740	8.37	-	-	CNY 199,740	-
Kinpo Electronics (China) Co., Ltd.	XYZprinting, Inc.	Associate	Accounts receivable due from related parties	CNY 41,085	0.58	-	-	CNY 116	-
Crownpo Technology Inc.	Compal Information Technology (Kunshan) Co., Ltd.	Associate	Accounts receivable due from related parties	151,990	2.16	-	-	-	-
Kinpo Electronics (Philippines), Inc.	Kinpo Electronics, Inc.	Parent company	Accounts receivable due from related parties	PHP 474,357	13.53	-	-	-	-
Cal-Comp Big Data, Inc.	XYZprinting, Inc. (USA)	Associate	Accounts receivable due from related parties	300,817	8.64	-	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Big Data, Inc.	Associate	Accounts receivable due from related parties	THB 242,668	0.06	-	-	THB 1,107	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Electronica e Informatica Ltda.	Subidiary	Accounts receivable due from related parties	THB 1,403,882	0.09	-	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	Associate	Accounts receivable due from related parties	THB 441,467	0.11	-	-	THB 45,369	-
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subidiary	Accounts receivable due from related parties	THB 4,137,989	1.36	-	-	THB 4,091,735	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd.	Subidiary	Accounts receivable due from related parties	THB 1,563,930	-	-	-	-	-
Cal-Comp Electronics & Communications Co., Ltd.	Logistar International Holding Co., Ltd.	Associate	Accounts receivable due from related parties	THB 750,589	0.73	-	-	-	-
Logistar International Holding Co., Ltd.	Cal-Comp Precision (Dongguan) Limited	Associate	Other receivables due from related parties	THB 188,567	-	-	-	-	-
Logistar International Holding Co., Ltd.	Cal-Comp Precision (Philippines), Inc.	Associate	Other receivables due from related parties	THB 116,851	-	-	-	-	-
Logistar International Holding Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Other receivables due from related parties	THB 2,176,647	-	-	-	-	-
Cal-Comp Precision (Thailand) Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Accounts receivable due from related parties	THB 245,644	2.68	-	-	-	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Logistar International Holding Co., Ltd.	Associate	Accounts receivable due from related parties	THB 3,150,047	0.33	-	-	-	-
Cal-Comp Technology (Suzhou) Co., Ltd	Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Associate	Other receivables due from related parties	THB 826,089	-	-	-	-	-
Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Other receivables due from related parties	THB 667,468	-	-	-	-	-

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

Table 6: Intercompany Relationships and Significant Intercompany Transactions

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Company Name	Counter-party	Nature of Relationship <Note2>	Intercompany Transactions			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets <Note3>
0	Kinpo Electronics, Inc.	Kinpo International Ltd. and subsidiaries	1	Other receivables	\$129,993	Similar to general terms and conditions	0.16%
			1	Account payable	1,212,293	Similar to general terms and conditions	1.48%
			1	Purchases	1,668,585	Similar to general terms and conditions	5.79%
0	Kinpo Electronics, Inc.	Kinpo Electronics (Philippines) Inc.	1	Other receivables	762,590	Similar to general terms and conditions	0.93%
			1	Account payable	286,827	Similar to general terms and conditions	0.35%
			1	Purchases	796,454	Similar to general terms and conditions	2.76%
0	Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	1	Account receivable	225,342	Similar to general terms and conditions	0.28%
			1	Sales	157,295	Similar to general terms and conditions	0.55%
1	Kinpo International Ltd. and subsidiaries	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	3	Account receivable	135,266	Similar to general terms and conditions	0.17%
			3	Services	102,631	Similar to general terms and conditions	0.36%
1	Kinpo International Ltd. and subsidiaries	XYZprinting, Inc. and subsidiaries	3	Account receivable	180,944	Similar to general terms and conditions	0.22%
			3	Other receivables	180,134	Similar to general terms and conditions	0.22%
2	XYZprinting, Inc. and subsidiaries	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	3	Account payable	366,072	Similar to general terms and conditions	0.45%
			3	Purchases	308,052	Similar to general terms and conditions	1.07%
2	XYZprinting, Inc. and subsidiaries	Cal-Comp Big Data, Inc. and subsidiaries	3	Account payable	302,104	Similar to general terms and conditions	0.37%
			3	Account payable	212,953	Similar to general terms and conditions	0.26%

<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 7: Names, locations and related information of investees over which the company exercises significant influence (excluding 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
				March 31, 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%	\$7,068,034	\$368,812	\$149,037	Subsidiary
Kinpo Electronics, Inc.	Kinpo International (Singapore) Pte. Ltd.	Singapore	Reinvestment on domestic and overseas business	216,098	216,098	12,000,000	100.00%	1,170,606	24,379	24,379	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%	8,468	(540)	(540)	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%	3,460,085	251,669	251,669	Subsidiary
Kinpo Electronics, Inc.	Jipo Investment Co., Ltd.	Taiwan	General investment	990,000	990,000	99,000,000	100.00%	17,910	270	270	Subsidiary
Kinpo Electronics, Inc.	Lipo Holding Co., Ltd.	Cayman Islands	Reinvestment on domestic and overseas business	505,305	505,305	102,000	51.00%	351,552	5,358	2,733	Subsidiary
Kinpo Electronics, Inc.	Crownpo Technology Inc.	Taiwan	Manufacturing and sales of chip diodes, etc.	341,730	341,730	5,805,765	51.61%	74,295	(6,172)	(3,185)	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%	20,518	(704)	(704)	Subsidiary
Kinpo Electronics, Inc.	XYZprinting, Inc.	Taiwan	Trading 3D printer	268,468	268,468	26,846,760	44.74%	19,940	(33,406)	(14,946)	Subsidiary
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Philippines	Processing manufacturing and selling products of other company	3,382,225	3,382,225	49,260,075	100.00%	2,986,961	70,904	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	398,323	27,458,907	31.89%	442,070	(31,168)	(16,657)	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%	236,992	(65,174)	(32,587)	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%	1,846,841	52,577	11,855	Associate
Kinpo Electronics, Inc.	Kinpo Group Management Service Company	Taiwan	Investment and management consulting	3,000	3,000	300,000	37.50%	5,597	390	146	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%	265,573	19,983	4,759	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%	1,047,224	(11,205)	(3,890)	Associate
Kinpo Electronics, Inc.	Ascendant Private Equity Investment Ltd. (Stock)	BVI	Reinvestment on domestic and overseas business	95	95	3,125	34.72%	95	(11,205)	-	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 38,119	368,812	<Note1>	Subsidiary
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%	120,126	52,577	<Note1>	Associate
Crownpo Technology Inc.	Ranash International Ltd.	BVI	Reinvestment on domestic and overseas business	137,962	137,962	50,000	100.00%	81,392	USD 33	<Note1>	Sub-subsidiary
XYZprinting, Inc.	XYZprinting, Inc. (USA)	USA	Trading 3D printer	29,590	29,590	5,000	100.00%	(172,694)	(15,104)	<Note1>	Sub-subsidiary
XYZprinting, Inc.	XYZprinting Japan, Inc.	Japan	Trading 3D printer	14,472	14,472	1,013,200	100.00%	(61,306)	(3,200)	<Note1>	Sub-subsidiary
XYZprinting, Inc.	XYZprinting Netherlands, B.V.	Netherlands	Trading 3D printer	59,829	59,829	1,488,901	100.00%	(29,116)	(2,463)	<Note1>	Sub-subsidiary
XYZprinting, Inc.	XYZprinting, Inc. (SAMOA)	Samoa	Reinvestment on business in China	38,851	38,851	1,300,000	100.00%	(39,767)	(4,053)	<Note1>	Sub-subsidiary
XYZprinting, Inc.	XYZprinting (Thailand) Co., Ltd.	Thailand	Trading 3D printer	16,178	16,178	1,800,000	100.00%	12,866	73	<Note1>	Sub-subsidiary
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%	88,471	(USD 1,121)	<Note1>	Sub-subsidiary
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc.	BVI	Investment holding company	538,992	538,992	17,208	100.00%	401,979	USD 213	<Note1>	Sub-subsidiary
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 13,396)	<Note1>	Sub-subsidiary
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 592,871	114,897	<Note1>	Sub-subsidiary
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 315,703	USD 193	<Note1>	Sub-subsidiary
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 1,038,922	MYR 5,358	<Note1>	Sub-subsidiary
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 869,701	(USD 780)	<Note1>	Sub-subsidiary
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%	THB 11,582	BRL 10,881	<Note1>	Sub-subsidiary
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 315,208	(MXN 1,334)	<Note1>	Sub-subsidiary
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 629,781	PHP 64,601	<Note1>	Sub-subsidiary
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 2,111,984	THB 2,789	<Note1>	Sub-subsidiary
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 2,124,948	BRL 7,356	<Note1>	Sub-subsidiary
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%	19,940	(33,406)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Pehome (Thailand) Co., Ltd.	Thailand	E-commerce, selling and customer services	THB 32,500	THB 32,500	32,500,000	32.50%	THB 24,926	(THB 4,451)	<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%	236,992	(65,174)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Qbit Semiconductor Ltd.	Taiwan	Design of semiconductors	USD 5,000	USD 5,000	-	100.00%	THB 74,192	(12,340)	<Note1>	Sub-subsidiary
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 172,649	USD 207	<Note1>	Sub-subsidiary
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 17,058	-	<Note1>	Sub-subsidiary
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 126,566	-	<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%	THB 1,400,813	BRL 10,881	<Note1>	Sub-subsidiary
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 35,896	(BRL 3,367)	<Note1>	Sub-subsidiary
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 163,607	THB 8,349	<Note1>	Sub-subsidiary
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Philippine) Inc.	Philippines	Plastic Molding	PHP 853,962	PHP 853,962	8,539,625	100.00%	THB 544,608	(THB 4,367)	<Note1>	Sub-subsidiary
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	USA	Manufacturing	USD 860	USD 860	860,000	100.00%	(USD 11,042)	USD 48	<Note1>	Sub-subsidiary
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 7,523	(USD 328)	<Note1>	Sub-subsidiary
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 1,137	390	<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 8: Informations on investment in Mainland China

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 March 31, 2017	Percentage of Ownership	Net Income (Loss) of The Investee Company	Share of Profits/Losses	Carrying Amount as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
					Outflow	Inflow						
Kinpo Electronics (China) Co., Ltd.	Processing, manufacturing and selling electronic products of other companies	CNY 889,298 (3,909,443)	Indirect investment via Kinpo International Ltd.	USD 55,100 (1,671,183)	\$-	\$-	USD 55,100 (1,671,183)	100.00%	CNY 12,726 (57,495)	Please refer to <Note1>(2)-iii	CNY 1,326,448 (5,831,198)	-
Dongguan Kaipo Electronics Co., Ltd.	Manufacturing and sales of other companies' products	CNY 128,945 (566,855)	Indirect investment via Kinpo International Ltd.	USD 1,000 (30,330)	-	-	USD 1,000 (30,330)	100.00%	(CNY 139) (-628)	Please refer to <Note1>(2)-iii	CNY 43,867 (192,844)	-
Superpower Mould & Plastic Ltd.	Manufacturing and sales of other companies products	-	Indirect investment via Kinpo International Ltd.	USD 1,573 (47,709)	-	-	USD 1,573 (47,709)	-	-	-	-	-
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 (33,970)	-	-	USD 1,120 (33,970)	-	-	-	-	-
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 (30,330)	-	-	USD 1,000 (30,330)	-	-	-	-	-
MeTECH Guangzhou Co., Ltd.	Producing automatic bike & battery exchange station	CNY 63,304 (278,291)	Indirect investment via MeTEC Taiwan Limited	USD 1,350 (40,946)	-	-	USD 1,350 (40,946)	19.61%	-	-	-	-
LIZ Electronics (Kunshan) Co., Ltd.	Producing and marketing chip resistors & ceramic multilayer capacitors & chip diodes	CNY 252,202 (1,108,705)	Indirect investment via Lipo Holding Co., Ltd.	USD 14,270 (432,809)	-	-	USD 14,270 (432,809)	51.07%	CNY 2,009 (8,981)	Please refer to <Note1>(2)-iii	USD 11,567 (350,827)	-
LIZ Electronics (Nantong) Co., Ltd.	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	CNY 69,427 (305,208)	Indirect investment via Lipo Holding Co., Ltd.	USD 1,530 (46,405)	-	-	USD 1,530 (46,405)	51.05%	(CNY 2,035) (-9,098)	Please refer to <Note1>(2)-iii	USD 4,896 (148,496)	-
XYZprinting (Suzhou) Co., Ltd.	Trading 3D printer	CNY 6,104 (26,834)	Indirect investment via XYZ Printing, Inc. (SAMOA)	-	-	-	-	65.78%	(CNY 871) (-3,935)	Please refer to <Note1>(2)-iii	(CNY 5,528) (-24,302)	-
XYZprinting (Shanghai) Cloud Technology Co., Ltd.	Internet technology development	CNY 1,343 (5,904)	Indirect investment via XYZ Printing, Inc. (SAMOA)	-	-	-	-	65.78%	(CNY 18) (-81)	Please refer to <Note1>(2)-iii	CNY 872 (3,833)	-
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 1,498 (7,083)	Please refer to <Note1>(2)-iii	USD 4,153 (125,954)	-
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 (2,405,317)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	47.02%	CNY 3,375 (15,248)	Please refer to <Note1>(2)-iii	THB 2,290,457 (2,018,351)	-
Cal-Comp Technology (Suzhou) Co., Ltd.	Manufacturing	CNY 73,046 (321,118)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	47.02%	(CNY 932) (-4,211)	Please refer to <Note1>(2)-iii	THB 418,728 (368,983)	-
Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Manufacturing	CNY 239,598 (1,053,297)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	47.02%	(CNY 4,006) (-18,099)	Please refer to <Note1>(2)-iii	THB 110,559 (97,425)	-
Cal-Comp Precision (Dongguan) Limited	Plastic Molding	CNY 110,805 (487,110)	Indirect investment via Cal-Comp Precision (Thailand) Limited	-	-	-	-	47.02%	(CNY 4,047) (-18,284)	Please refer to <Note1>(2)-iii	THB 195,699 (172,450)	-
Cal-Comp Precision (Wujiang) Co., Ltd.	Plastic Molding	CNY 32,863 (144,469)	Indirect investment via Cal-Comp Precision (Thailand) Limited	-	-	-	-	47.02%	(CNY 2) (-9)	Please refer to <Note1>(2)-iii	THB 2,846 (2,508)	-
Jun-Hui LED Electronics, Co., Limited	R&D and manufacturing optical electronics technique	HKD 494,706 (1,931,382)	Others	-	-	-	-	1.52%	-	-	USD 567 (17,197)	-

Accumulated Investment in Mainland China as of Mar. 31, 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 (2,333,682)	USD 241,867 (7,335,826)	9,816,122

<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: 30.3300
 - CNY:NTD 1: 4.3961
 - THB:NTD 1: 0.8812
- (2) Investment gains or losses were translated using the average rates for the three-month period ended Mar. 31, 2017 as follows:
 - USD:NTD 1: 30.7750
 - CNY:NTD 1: 4.5179
 - THB:NTD 1: 0.8832