CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2016 AND 2015

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

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHICONY ELECTRONICS CO., LTD.

Opinion

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

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

Basis for opinion

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

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Key audit matters

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

Impairment valuation on available-for-sale financial assets

Description

Please refer to Notes 4(10), 5(1) and 6(3) for accounting policies, significant accounting judgments, estimates; and assumptions and details of available-for-sale financial assets, respectively.

Each individual available-for-sale financial asset the Group held had direct or indirect quoted price in active market as its fair value. Based on management's assessment, there is objective evidence of impairment for certain equity investments with prolonged decline in fair values below their acquisition costs, weak financial positions and, continuing operation losses. As a result, the Group recognised impairment loss of NT$ 1,403,575 thousand for the year ended December 31, 2016.

The Group recognised impairment loss after considering that the situation wherein the fair values below their acquisition costs are permanent. As this assessment was subject to management's judgment and the amount involved was material to the consolidated financial statements, and therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding and assessed the reasonableness of the Group's policies and procedures for loss provision of impairment valuation on available-for-sale financial assets, including collecting internal and external data of individual equity investment, analyzing significant financial ratios, assessing short-term business forecast and technological shifts in respective industries.

B. For investments identified with objective evidence of impairment and incurred with impairment losses, assessed the reasonableness of fair values used in calculating impairment losses, and validated the recycle of discrepancies between acquisition costs and current fair values from other comprehensive income to profit or loss for the year.

Changes in accounting policies for investment properties and subsequent measurement

Description

Starting from the fourth quarter of 2016, the Group changed its accounting policies for investment properties on subsequent measurement to fair value model. Please refer to Notes 4(16), 6(9), 4(33), 5(1), 5(2) and 6(10) for accounting policies, reclassification, retrospective application, significant accounting judgments, estimates; and assumptions and details of investment properties, respectively.

The Group's headquarters building was completed and put in use starting from the fourth quarter of 2016. Except for certain self-use floors, the Group leased out the remaining floors to enhance its operating performance; also, the Group leased the original building out for the same purpose. To reflect the fair value information of properties, management determined to transfer self-owned leasing out properties to investment properties, and also changed the accounting policies on subsequent measurement from cost model to fair value model. For the year ended December 31, 2016, the Group undertook a revaluation of assets because of the changes in the purposes of those properties. The Group recognised the difference between the carrying amounts and the fair values of NT$ 1,473,052 thousand as other comprehensive income-revaluation increment; and increased the revaluation increment of shareholders' equity.

The aforementioned investment properties were evaluated using the income approach by independent external appraisers. The valuation method involved significant assumptions, including growth rates and discount rates, which were subject to professional judgment and with high uncertainty. As the valuation results were material to the consolidated financial statements, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained and inspected the minutes of Board of Directors meeting which resolved and approved the changes in accounting policies for investment properties.

B. Verified the original data used in the independent external appraisers' valuation with the data provided by management.

C. Inspected the supporting documents used in the key assumptions and methods, and compared the growth rates and discount rates used in key assumptions with the data of the Group's economic environment and respective industries.

D. Validated costs and expenses with respective supporting documents and contracts and recalculated the accuracy.

Other matter - Reference to audit of other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information disclosed in Note 13 was based solely on the reports of other independent accountants. Total assets (including investments accounted for under the equity method) of NT$ 1,361,720 thousand, NT$ 1,294,677 thousand and NT$ 1,268,817 thousand, constituted 2.12%, 2.20% and 2.23% of consolidated total assets as of December 31, 2016, December 31, 2015 and January 1, 2015, respectively. Total sales revenue of NT$ 2,739,798 thousand and NT$ 2,468,615 thousand, constituted 3.56% and 3.06% of consolidated total sales revenue for the years ended December 31, 2016 and 2015, respectively.

Other matter - Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Chicony Electronics Co., Ltd. as at and for the years ended December 31, 2016 and 2015.

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

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

to fraud or error.

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

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

Independent accountant's responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Hui-Hsien

Lin, Chun-Yao

Wang, Hui-Hsien
For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2017

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2016	December 31, 2015	January 1, 2015
	Current assets				
1100	Cash and cash equivalents	6(1)	$ 3,076,607	$ 2,349,599	$ 1,980,696
1110	Financial assets at fair value through profit or loss - current	6(2)	237,458	437,429	267,564
1125	Available-for-sale financial assets - current	6(3)	4,321,515	3,969,736	5,151,339
1144	Financial assets carried at cost - current	6(4)	-	10,617	-
1150	Notes receivable, net		667,235	266,456	15,999
1170	Accounts receivable, net	6(5)	18,890,909	18,073,961	18,913,995
1180	Accounts receivable - related parties	7	473,676	329,439	241,285
1200	Other receivables		446,761	452,479	596,465
130X	Inventories, net	6(7)	10,294,196	9,413,581	10,018,702
1410	Prepayments		1,248,502	972,681	1,305,852
1470	Other current assets	8	165,633	141,818	27,886
11XX	**Current Assets**		39,822,492	36,417,796	38,519,783
	Non-current assets				
1523	Available-for-sale financial assets - noncurrent	6(3)	1,388,312	1,596,614	382,573
1543	Financial assets carried at cost - noncurrent	6(4)	1,836,330	917,494	1,097,746
1550	Investments accounted for under equity method	6(8)	837,950	999,597	1,176,824
1600	Property, plant and equipment, net	6(9)	13,495,266	15,461,482	14,204,652
1760	Investment property, net	6(10) and 8	5,547,494	1,855,650	-
1780	Intangible assets, net	6(11)	255,143	263,118	246,430
1840	Deferred income tax assets		147,971	135,676	194,281
1900	Other non-current assets	6(12) and 8	966,818	1,322,668	1,177,469
15XX	**Non-current assets**		24,475,284	22,552,299	18,479,975
1XXX	**Total assets**		$ 64,297,776	$ 58,970,095	$ 56,999,758

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CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2016	December 31, 2015	January 1, 2015
	Current liabilities				
2100	Short-term borrowings	6(13) and 8	$ 2,101,177	$ 2,473,216	$ 2,098,920
2120	Financial liabilities at fair value through profit or loss - current	6(2)	93,327	107,399	143,388
2150	Notes payable		6,819	16,298	31,341
2170	Accounts payable	6(14)	20,182,530	18,588,195	19,115,143
2180	Accounts payable - related parties	7	605,394	500,250	425,304
2200	Other payables	6(15)	8,481,776	7,181,716	6,939,367
2230	Current income tax liabilities		1,329,482	1,082,321	1,135,472
2300	Other current liabilities		264,263	273,716	567,847
21XX	**Current Liabilities**		33,064,768	30,223,111	30,456,782
	Non-current liabilities				
2540	Long-term borrowings	6(16) and 8	2,352,377	2,389,694	500,000
2570	Deferred income tax liabilities		121,917	37,189	36,999
2600	Other non-current liabilities	6(17)	233,781	205,673	179,335
25XX	**Non-current liabilities**		2,708,075	2,632,556	716,334
2XXX	**Total Liabilities**		35,772,843	32,855,667	31,173,116
	Equity attributable to owners of parent				
	Share capital	6(19)			
3110	Share capital - common stock		7,120,820	7,038,101	6,948,654
	Capital surplus	6(20)			
3200	Capital surplus		4,629,152	4,090,426	3,602,741
	Retained earnings	6(21)			
3310	Legal reserve		3,861,939	3,477,140	3,069,046
3320	Special reserve		951,488	433,524	433,524
3350	Unappropriated retained earnings	6(29)	8,049,113	8,505,468	8,440,750
	Other equity interest	6(22)			
3400	Other equity interest		63,660	(955,085)	(52,986)
3500	**Treasury stocks**	6(19) and 8	(517,165)	(311,277)	(311,277)
31XX	**Equity attributable to owners of the parent**		24,159,007	22,278,297	22,130,452
36XX	**Non-controlling interest**		4,365,926	3,836,131	3,696,190
3XXX	**Total equity**		28,524,933	26,114,428	25,826,642
	Significant contingent liabilities and unrecognized contract commitments	9			
	Significant events after the balance sheet date	11			
3X2X	**Total liabilities and equity**		$ 64,297,776	$ 58,970,095	$ 56,999,758

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	For the Years ended December 31 2016	2015
4000	**Sales revenue**	6(23) and 7	$ 77,018,060	$ 80,663,369
5000	**Operating costs**	6(17)(26)(27) and 7	(63,500,611)	(68,411,552)
5900	**Net operating margin**		13,517,449	12,251,817
	Operating expenses	6(17)(26)(27)		
6100	Selling expenses		(3,679,579)	(3,026,581)
6200	General and administrative expenses		(2,498,969)	(2,394,555)
6300	Research and development expenses		(2,310,824)	(2,225,418)
6000	**Total operating expenses**		(8,489,372)	(7,646,554)
6900	**Operating profit**		5,028,077	4,605,263
	Non-operating income and expenses			
7010	Other income	6(24)	591,925	735,082
7020	Other gains and losses	6(25)	(49,844)	124,272
7050	Finance costs	6(28)	(77,983)	(76,212)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(8)	(132,814)	(168,666)
7000	**Total non-operating income and expenses**		331,284	614,476
7900	**Profit before income tax**		5,359,361	5,219,739
7950	Income tax expense	6(29)	(1,050,290)	(826,499)
8200	**Profit for the year**		$ 4,309,071	$ 4,393,240

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CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	For the Years ended December 31 2016	2015
	Other comprehensive income			
	Components of other comprehensive income that will not be reclassified to profit or loss			
8311	Other comprehensive income, before tax, actuarial losses on defined benefit plans	6(17)	($ 26,861)	($ 28,133)
8312	Other comprehensive income, before tax, gains on revaluation	6(9)	1,473,052	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(152)	(344)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(84,773)	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		1,361,266	(28,477)
	Components of other comprehensive income that will be reclassified to profit or loss			
8361	Other comprehensive income, before tax, exchange differences on translation		(1,466,409)	144,557
8362	Other comprehensive loss, before tax, available-for-sale financial assets		1,113,482	(1,078,453)
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under the equity method		(28,833)	(8,216)
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(381,760)	(942,112)
8300	**Total other comprehensive income for the year**		$ 979,506	($ 970,589)
8500	**Total comprehensive income for the year**		$ 5,288,577	$ 3,422,651
	Profit, attributable to:			
8610	Owners of the parent		$ 3,531,068	$ 3,761,498
8620	Non-controlling interest		$ 778,003	$ 631,742
	Comprehensive income, attributable to:			
8710	Owners of the parent		$ 4,526,727	$ 2,836,580
8720	Non-controlling interest		$ 761,850	$ 586,071
	Earnings per share	6(30)		
9750	**Total basic earnings per share**		$ 5.24	$ 5.63
9850	**Total diluted earnings per share**		$ 5.18	$ 5.55

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
				Retained Earnings			Other equity interest						
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statement translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Revaluation increment	Treasury stocks	Total	Non-controlling interest	Total equity
Year 2015													
Balance at January 1, 2015		$ 6,948,654	$ 3,602,741	$ 3,069,046	$ 433,524	$ 8,440,750	$ 1,229,944	($ 1,282,930)	$ -	($311,277)	$ 22,130,452	$ 3,696,190	$ 25,826,642
Appropriation of 2014 earnings	6(21)												
Appropriation of legal reserve		-	-	408,094	-	(408,094)	-	-	-	-	-	-	-
Distribution of stock dividends		34,743	-	-	-	(34,743)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(3,231,124)	-	-	-	-	(3,231,124)	-	(3,231,124)
Employees' stock dividends		54,704	366,296	-	-	-	-	-	-	-	421,000	-	421,000
Profit for 2015		-	-	-	-	3,761,498	-	-	-	-	3,761,498	631,742	4,393,240
Other comprehensive income (loss) for 2015	6(22)	-	-	-	-	(22,819)	172,220	(1,075,665)	-	-	(926,264)	(45,671)	(971,935)
Cash dividends paid to the subsidiaries		-	170,307	-	-	-	-	-	-	-	170,307	-	170,307
Difference between proceeds from addition and disposal of subsidiary and book value		-	9,353	-	-	-	(1,711)	3,057	-	-	10,699	(9,353)	1,346
Adjustments to share of changes in equity of associates and joint ventures		-	(58,271)	-	-	-	-	-	-	-	(58,271)	(94,762)	(153,033)
Cash dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	-	-	(418,812)	(418,812)
Minority interest adjustment		-	-	-	-	-	-	-	-	-	-	76,797	76,797
Balance at December 31, 2015		$ 7,038,101	$ 4,090,426	$ 3,477,140	$ 433,524	$ 8,505,468	$ 1,400,453	($ 2,355,538)	$ -	($311,277)	$ 22,278,297	$ 3,836,131	$ 26,114,428

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CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
				Retained Earnings			Other equity interest						
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statement translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Revaluation increment	Treasury stocks	Total	Non-controlling interest	Total equity
Year 2016													
Balance at January 1, 2016		$ 7,038,101	$ 4,090,426	$ 3,477,140	$ 433,524	$ 8,591,961	$ 1,404,049	($ 2,355,538)	$ -	($311,277)	$ 22,368,386	$ 3,836,131	$ 26,204,517
Effect of retrospective application and restatement	4(33)	-	-	-	-	(86,493)	(3,596)	-	-	-	(90,089)	-	(90,089)
Balance at 1 January after adjustments		7,038,101	4,090,426	3,477,140	433,524	8,505,468	1,400,453	(2,355,538)	-	(311,277)	22,278,297	3,836,131	26,114,428
Appropriation of 2015 earnings	6(21)												
Appropriation of legal reserve		-	-	384,799	-	(384,799)	-	-	-	-	-	-	-
Special reserve appropriated		-	-	-	517,964	(517,964)	-	-	-	-	-	-	-
Distribution of stock dividends		35,191	-	-	-	(35,191)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(3,026,383)	-	-	-	-	(3,026,383)	-	(3,026,383)
Employees' stock dividends		47,528	327,472	-	-	-	-	-	-	-	375,000	-	375,000
Profit for 2016		-	-	-	-	3,531,068	-	-	-	-	3,531,068	778,003	4,309,071
Other comprehensive income (loss) for 2016	6(9)(22)	-	-	-	-	(23,086)	(1,345,442)	975,908	1,388,279	-	995,659	(16,153)	979,506
Purchase of treasury share		-	-	-	-	-	-	-	-	(205,888)	(205,888)	-	(205,888)
Cash dividends paid to the subsidiaries		-	158,276	-	-	-	-	-	-	-	158,276	-	158,276
Difference between proceeds from addition and disposal of subsidiary and book value		-	11,848	-	-	-	-	-	-	-	11,848	(11,848)	-
Adjustments to share of changes in equity of associates and joint ventures		-	40,284	-	-	-	-	-	-	-	40,284	178,821	219,105
Changes in equity of associates and joint ventures accounted for using equity method		-	846	-	-	-	-	-	-	-	846	-	846
Cash dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	-	-	(438,376)	(438,376)
Minority interest adjustment		-	-	-	-	-	-	-	-	-	-	39,348	39,348
Balance at December 31, 2016		$ 7,120,820	$ 4,629,152	$ 3,861,939	$ 951,488	$ 8,049,113	$ 55,011	($ 1,379,630)	$ 1,388,279	($517,165)	$ 24,159,007	$ 4,365,926	$ 28,524,933

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 5,359,361	$ 5,219,739
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(26)	2,002,577	2,008,712
Amortization	6(11)(26)	76,757	87,546
Other non-current assets recognized as expenses	6(26)	92,252	113,447
Long-term lease amortization	6(12)(26)	8,757	12,243
Provision for (reversal of) allowance for uncollectible accounts		9,580	(3,801)
Interest expense	6(28)	77,983	76,212
Interest income	6(24)	(34,953)	(71,602)
Dividend income	6(24)	(196,714)	(228,005)
Loss (gain) on valuation of financial assets	6(2)(25)	304,315	(565,867)
Investment loss recognized under the equity method	6(8)	132,814	168,666
(Gain) loss on disposal of property, plant and equipment	6(25)	(19,829)	17,400
Loss on disposal of intangible assets		1,387	2,044
Gain on disposal of investments	6(25)	(1,087,648)	(162,019)
Impairment loss of financial assets	6(25)	1,403,575	-
Impairment loss of non-financial assets	6(11)(25)	-	53,000
Loss on fair value adjustment of investment property	6(10)(25)	-	126,636
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		(118,416)	360,013
Notes receivable		(400,779)	(250,457)
Accounts receivable		(826,528)	1,000,127
Accounts receivable - related parties		(144,237)	(88,154)
Other receivables		(60,346)	(9,280)
Inventories		(880,615)	651,917
Prepayments		(275,821)	335,120
Other current assets		(25,561)	27,165
Changes in operating liabilities			
Notes payable		(9,479)	(15,043)
Accounts payable		1,594,335	(594,330)
Accounts payable - related parties		105,144	74,946
Other payables		1,279,772	442,782
Other current liabilities		(9,453)	114,334
Other non-current liabilities		1,247	(1,795)
Cash inflow generated from operations		8,359,477	8,901,696
Interest received		34,456	71,741
Dividend received		197,808	228,005
Interest paid		(78,611)	(78,144)
Income tax paid		(815,469)	(820,855)
Net cash flows from operating activities		7,697,661	8,302,443

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from government grants		$ 19,760	$ 198,834
Decrease (increase) in other current assets		1,746	(141,097)
Acquisition of available-for-sale financial assets		(3,294,633)	(3,678,560)
Proceeds from disposal of available-for-sale financial assets		3,927,233	3,396,981
Acquisition of financial assets carried at cost – non-current		(955,981)	(431,696)
Return of capital from financial assets carried at cost – non-current		35,263	4,205
Acquisition of property, plant and equipment	6(32)	(2,433,718)	(2,817,104)
Proceeds from disposal of property, plant and equipment		152,096	307,884
Acquisition of investment property	6(10)	-	(1,893,763)
Acquisition of intangible assets	6(11)	(62,860)	(63,004)
Increase in other non-current assets		(154,404)	(875,456)
Cash flows from business combinations		-	(210,437)
Decrease (increase) in refundable deposits		186,107	(114,021)
Net cash flows used in investing activities		(2,579,391)	(6,317,234)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(372,039)	374,296
Increase in long-term borrowings		260,000	6,847,944
Decrease in long-term borrowings		(320,000)	(5,369,310)
Change in non-controlling interests		27,500	(134,157)
Cash dividend distributed by subsidiaries		(438,376)	(418,812)
Payment of cash dividends		(2,868,107)	(3,060,817)
Payments to acquire treasury shares		(205,888)	-
Net cash flows used in financing activities		(3,916,910)	(1,760,856)
Effect of exchange rate changes		(474,352)	144,550
Net increase in cash and cash equivalents		727,008	368,903
Cash and cash equivalents at beginning of year	6(1)	2,349,599	1,980,696
Cash and cash equivalents at end of year	6(1)	$ 3,076,607	$ 2,349,599

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Chicony Electronics Co., Ltd. (the "Company") was incorporated in 1983 as a company limited by shares under the provisions of the Company Law of the Republic of China. The Company has been a listed company since 1999. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the manufacturing and sales of keyboards and other computer peripheral components.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 10, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 'Financial instruments with IFRS 4'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

A. IFRS 9, 'Financial instruments'

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

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

B. IFRS 16, 'Leases'

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

C. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)			
Name of Investor	Name of Subsidiary	Main Business Activities	December 31, 2016	December 31, 2015	January 1, 2015	Description
Chicony Electronics Co., Ltd. (CEC)	Chicony Overseas Inc. (COI)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	100%	
"	Unikey Electronics Co., Ltd. (UNIKEY)	Manufacturing and sales of computer and computers peripherals	100%	100%	100%	
"	Hipro Overseas(BVI) Inc. (HOI)	Sales of switching power supplies and other electronic parts and management of overseas acquisitions and investments	100%	100%	100%	
"	Hipro Electronics Ltd. (HEC)	Sales of switching power supplies and other electronic parts	100%	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%) December 31, 2016	Ownership(%) December 31, 2015	Ownership(%) January 1, 2015	Description
Chicony Electronics Co., Ltd. (CEC)	XAVi Technology Corp. (XAVi)	Researching, manufacturing and sales of DSL bridges and routers	43.05%	48.87%	60.35%	Note B
"	Chicony Electronics (Thailand) Co., Ltd. (CET)	Manufacturing and sales of computer peripherals	100%	100%	100%	
"	Chicony Global Inc. (CGI)	Sales of computer peripherals	100%	100%	100%	
"	Chicony Power Technology Co., Ltd. (CP)	Manufacturing and sales of the plastic goods	48.94%	49.36%	49.07%	Note B
"	Had Eri Iou Industrial Inc. Ltd. (HEI)	Manufacturing and sales of plastic goods	50.25%	50.25%	50.25%	
COI	Chicony America Inc. (CAI)	Sales of computer peripherals	100%	100%	100%	
"	Chicony Electronics GmbH. (CEG)	"	-	-	100%	Note G
"	Chicony Electronics(Dong Guan) Co., Ltd. (CEM2)	Manufacturing and sales of computers and computer peripherals	100%	100%	100%	
"	Mao-Feng International Inc.(Mao-Feng)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	100%	
"	Chicony Electronics (Suzhou) Co., Ltd. (CEM3)	Manufacturing and sales of computers and computer peripherals	100%	100%	100%	
"	Global Faith Inc. (GFI)	Sales of computer peripherals and management of overseas acquisitions and investments	60%	60%	60%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%) December 31, 2016	Ownership(%) December 31, 2015	Ownership(%) January 1, 2015	Description
COI	Real Young Electronics Co., Ltd. (Real Young)	Design and sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	100%	
"	Mao-Ray Electronics (DongGuan) Co., Ltd. (Mao-Ray)	Manufacturing of electronic parts, keyboards and plastic products	100%	100%	100%	
"	Suzhou Mao-Qun Electronics Co., Ltd. (Mao-Qun)	Manufacturing of electronic parts, keyboards and plastic products	60%	60%	60%	
"	Chicony Electronics CEZ s.r.o. (CEZ)	Sales of computer peripherals	100%	100%	100%	
"	Suzhou Qun-Yang Electronics Co., Ltd. (Qun-Yang)	Manufacturing and sales of electronic parts, keyboard and plastic products	60%	60%	60%	
"	Chicony Electronics Japan Co., Ltd. (CEJ)	Sales of computer peripherals	100%	100%	100%	
"	Kuang Mao International Inc. (Kuang Mao)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	100%	
"	Chicony America Group Inc. (CAGI)	Internet solution for E-Commerce solution	100%	100%	100%	
"	Chicony Electronics (Chong-Qing) Co., Ltd. (CEM5)	Manufacturing and sales of computer peripherals	100%	100%	100%	
″	Hikari Investment GK (Hikari)	Investment holdings	99%	99%	-	Note C

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%) December 31, 2016	Ownership(%) December 31, 2015	Ownership(%) January 1, 2015	Description
HEC	Quansun Investment Corp. Ltd. (Quansun)	Investment holdings	100%	100%	100%	
"	Qun-Jing Power Co., Ltd. (Qun-Jing)	Sales of computer peripherals and consumer equipment	100%	100%	100%	
CP	Chicony Power Holdings Inc. (CPH)	Investment holdings	100%	100%	100%	
"	Chicony Power International Inc. (CPI)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	100%	
"	Chicony Power USA Inc. (CPUS)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	100%	
"	Chicony Power Technology HongKong Limited (CPHK)	Research and development centre	100%	100%	100%	
"	WitsLight Technology Co., Ltd (WTS)	Design, research and development, manufacturing and sale of LED lighting modules	78.125%	78.125%	78.125%	
WTS	WitsLight Technology Co., Ltd (WT)	Design, research and development of LED lighting modules and international trade	100%	100%	100%	
"	WitsLight Technology (Kunshan) Co., Ltd (WTK)	Manufacturing and sales of LED lighting modules	100%	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%) December 31, 2016	Ownership(%) December 31, 2015	Ownership(%) January 1, 2015	Description
WTS	Zhuzhou Torch Auto Lamp CO., Ltd (Zhuzhou Torch)	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	100%	100%	-	Note F
"	Carlight Technology Co., Ltd. (CT)	Design, researching and developing and sales of automotive and motorcycle lamps and other components	100%	-	-	Note H
CPHK	Chicony Power Technology (DongGuan) Co., Ltd. (CPDG) (Formerly Hipro Electronics (Dong Guan) Co., Ltd.)(HDG)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	100%	Note E, I
"	Chicony Power Technology (Suzhou) Co., Ltd. (CPSZ)	Production and sales of electronic equipment (high-performance power supply, power module and voltage transformer) and LED lighting equipment	100%	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%) December 31, 2016	December 31, 2015	January 1, 2015	Description
CPHK	Quang Sheng Electronics (Nanchang) Co., Ltd. (GSE)	Production and sales of electronic equipment (magnetic element, circuit board and keyboard) and voltage transformer	100%	100%	100%	
"	Chicony Power Technology (Chong-Qing) Co., Ltd. (CPCQ)	Production and sales of electronic equipment (high-performance power supply, power module and voltage transformer) and LED lighting equipment	100%	100%	100%	
"	Chicony Energy Saving Technology (Shanghai) Co., Ltd. (CPSH)	Sales of LED lighting equipments	100%	100%	100%	
"	Trading (Dong Guan) Co., Ltd. (CPDGT)	Importing and exporting of switching power supplies, LED lighting equipment, and other electronics parts	100%	100%	100%	
XAVi	Directmax International Ltd. (Directmax)	Management of overseas acquisitions and investments	100%	100%	100%	
"	XAVi Overseas Ltd. (XAVi Overseas)	Management of overseas acquisitions and investments	100%	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%) December 31, 2016	December 31, 2015	January 1, 2015	Description
XAVi	Systemax Development Ltd. (Systemax)	Sales of DSL bridges and routers	100%	100%	100%	
"	XAVi Technologies (Suzhou) Co., Ltd.	Manufacturing and sales of DSL bridges and routers	100%	100%	100%	
HEI	GUIDWAY GLOBAL LIMITED	Investment	100%	100%	100%	
"	HAD ERI IOU INTERNATIONAL Co., LIMITED (Haderiiou HK)	Investment	100%	100%	100%	
"	HOLYU INTERNATIONAL Co., Ltd.	Sales of plastic toys, plastic hardware molds, plastic cases, components for computer hardware and business	80.70%	80.70%	80.70%	Note A
"	Dong Guan Had Eri Iou Plastics Corporation (Haderiiou DG)	Manufacturing and sales of plastic goods and computer parts	80.70%	80.70%	80.70%	Note D

Note A: Held 57.27% of the voting shares with COI as a whole.

Note B: Although the Company holds less than 50% of the voting shares directly or indirectly, it meets the criteria of having control power that is reported in the consolidated financial statements.

Note C: In January 2015, the Board of Directors has resolved COI to acquire 99% of the share capital of Hikari which was established in Japan for US $32,760 thousand and obtained the control of Hikari.

Note D: On March 20, 2015, the Board of Directors of HEI has resolved to liquidate Haderiiou DG.

Note E: On March 23, 2015, the Board of Directors has resolved CPDG to increase capital by USD 4,000 thousand and increase capital through capitalisation of earnings by USD 6,000 thousand. The capital increase was reinvestment through CPHK, a subsidiary of Chicony Power in the third area. As of December 31, 2015, CPDG has completed the capital increase through capitalisation of earnings by USD 6,000 thousand and the registration has been completed in December 2015.

Note F: WTK has acquired 100% of share ownership in Zhuzhou Torch in April 2015 and Zhuzhou Torch is included in consolidated entities from the date when WTK has obtained control of Zhuzhou Torch.

Note G: CEG was dissolved in November 2015.

Note H: It was newly established in June 2016.

Note I: Hipro Electronics (Dong Guan) Co., Ltd. (HDG) has been renamed as Chicony Power Technology (Dong Guan) Co., Ltd. (CPDG) on July 20, 2016 as resolved by the Board of Directors.

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

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

E. Significant restrictions: None.

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

As of December 31, 2016, December 31, 2015 and January 1, 2015 the non-controlling interest amounted to $4,365,926, $3,836,131 and $3,696,190, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2016		December 31, 2015	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Chicony Power Technology Co., Ltd.	Taiwan	$ 3,627,962	51.06%	$ 3,327,010	50.64%

		January 1, 2015	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
Chicony Power Technology Co., Ltd.	Taiwan	$ 3,344,234	50.93%

Summarized financial information of the subsidiaries:

Balance sheets

	Chicony Power Technology Co., Ltd.		
	December 31, 2016	December 31, 2015	January 1, 2015
Current assets	$ 15,883,208	$ 13,690,605	$ 14,237,400
Non-current assets	3,580,227	4,542,067	4,269,267
Current liabilities	(12,135,838)	(11,536,592)	(11,821,502)
Non-current liabilities	(175,769)	(71,618)	(56,861)
Total net assets	$ 7,151,828	$ 6,624,462	$ 6,628,304

Statements of comprehensive income

	Chicony Power Technology Co., Ltd.	
	Year ended December 31, 2016	Year ended December 31, 2015
Revenue	$ 27,419,463	$ 26,518,732
Profit before income tax	$ 1,711,012	$ 1,404,995
Income tax expense	(373,981)	(255,747)
Profit for the year	1,337,031	1,149,248
Other comprehensive loss, net of tax	(94,351)	(155,140)
Total comprehensive income for the year	$ 1,242,680	$ 994,108
Comprehensive loss attributable to non-controlling interest	($ 8,001)	($ 7,432)
Dividends paid to non-controlling interest	$ 430,786	$ 414,616

Statements of cash flows

	Chicony Power Technology Co., Ltd.	
	Year ended December 31, 2016	Year ended December 31, 2015
Net cash provided by operating activities	$ 2,435,216	$ 2,053,801
Net cash used in investing activities	(79,673)	(1,102,041)
Net cash used in financing activities	(2,083,037)	(1,077,017)
Effect of exchange rates on cash and cash equivalents	(73,669)	(47,905)
Increase (decrease) in cash and cash equivalents	198,837	(173,162)
Cash and cash equivalents, beginning of year	712,881	886,043
Cash and cash equivalents, end of year	$ 911,718	$ 712,881

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

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

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

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

(iii) All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

A. Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading or financial assets and liabilities designated as at fair value through profit or loss on initial recognition. Financial assets and liabilities are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets and liabilities held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets and liabilities at fair value through profit or loss are recognized and derecognized using trade date accounting.

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

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

(9) Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(10) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

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

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

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

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

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

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

(a) Financial assets measured at amortized cost

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

reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

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

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

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

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

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

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

(12) Inventories

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

(13) Lease receivables/ operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or

loss during the financial period in which they are incurred.

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

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives for the buildings and structures are 7~55 years, the machinery and testing equipment are 1~10 years, the molding equipment are 1~5 years and the other equipment are 1~20 years.

(16) Investment properties

An investment property is stated initially at its cost and measured subsequently using the fair value model, A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(17) Operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(18) Intangible assets

A. Trademarks and licenses

Separately acquired trademarks and licenses are stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date.

Trademarks and licenses have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 1~10 years.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1~10 years.

C. Goodwill

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

D. Other intangible assets are mainly technical skill and amortised on a straight-line basis over its estimated useful life of 4~14 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where

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

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

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

(20) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(21) Notes and accounts payable

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

(22) Derecognition of financial liabilities

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

(23) Derivative financial instruments

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier.

Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

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

(25) Employee share-based payment

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

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions

where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

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

(27) Share capital

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

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

(28) Dividends

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

(29) Revenue recognition

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

(30) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortized to profit or loss over the estimated useful lives of the related assets as reduced depreciation expense.

(31) Business combinations

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

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date.

(32) Operating segments

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

(33) Changes in accounting policies

Starting from the fourth quarter of 2016, the Group changed its accounting policy for investment property to be measured subsequently using the fair value model. By applying the new accounting policy, the Group would be able to provide more relevant information about its investment property. The Group adopted this accounting policy retrospectively, and the effect of adoption on prior periods is shown in the tables below.

	December 31, 2016	December 31, 2015	January 1, 2015
Increase (decrease) in investment property	$ 1,374,494	($ 113,205)	$ -
Increase in deferred tax assets	$ 23,116	$ 23,116	$ -
Increase in deferred tax liabilities	$ 84,773	$ -	$ -
Increase (decrease) in other equity	$ 1,381,547	($ 3,596)	$ -
Decrease in retained earnings	($ 68,710)	($ 86,493)	$ -

	Years ended December 31,	
	2016	2015
Decrease in depreciation charges (shown as "other gains and losses")	$ 17,783	$ 17,027
Loss on fair value adjustment of investment property	$ -	($ 126,636)
Decrease in income tax expense	$ -	$ 23,116
Increase (decrease) in net income	$ 17,783	($ 86,493)
Increase (decrease) in basic earnings per share (in dollars)	$ 0.03	($ 0.13)
Increase (decrease) in diluted earnings per share (in dollars)	$ 0.03	($ 0.13)

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

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

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

A. Financial asset — equity investment impairment

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

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

B. Evaluation of investment property

The Group follows the guidance of IAS 40 'Investment property' to determine the assets to be measured at fair value. The Group's investment properties are mainly land and buildings. Their fair value is determined by an external appraiser and the fair value may be adjusted by the judgment of the external appraiser.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of investments accounted for using equity method

The Group assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyzes the reasonableness of related assumptions.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates.

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

As of December 31, 2016, the balance of inventories was $10,294,196.

C. Evaluation of investment property

The Group's investment properties are measured at fair value. The fair value is evaluated using the income approach by an external appraiser. It involves critical assumptions including occupancy rate, rent growth rate, discount rate, etc.. Those assumptions may be affected by the economic conditions, market needs, etc. that may change.

As of December 31, 2016, the balance of investment property was $5,547,494.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015	January 1, 2015
Cash on hand and revolving funds	$ 32,256	$ 23,555	$ 23,785
Checking accounts and demand deposits	2,545,486	2,244,721	1,855,393
Time deposits	498,865	81,323	101,518
Total	$ 3,076,607	$ 2,349,599	$ 1,980,696

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

B. Details of cash and cash equivalents pledged as collaterals are provided in Note 8.

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

Items	December 31, 2016	December 31, 2015	January 1, 2015
Financial assets held for trading			
Non-hedging derivatives			
Forward foreign exchange contracts	$ 200,715	$ 429,105	$ 259,362
Exchange rate swaps	36,743	-	-
Futures	-	8,324	8,202
Total	$ 237,458	$ 437,429	$ 267,564
Financial liabilities held for trading			
Non-hedging derivatives			
Forward foreign exchange contracts	$ 93,327	$ 107,399	$ 141,668
Exchange rate swaps	-	-	1,720
Total	$ 93,327	$ 107,399	$ 143,388

A. The Group recognized net (loss) gain of ($304,315) and $565,867 on financial assets held for trading for the years ended December 31, 2016 and 2015, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	December 31, 2016		
Derivative Instruments	Contract Amount (Notional Principal) (In thousands)		Due Date
Forward foreign exchange contracts			
－SELL USD/BUY NTD	USD	106,000	2017.2.2~2017.6.27
－SELL NTD/BUY USD	USD	533,000	2017.1.26~2018.1.4
－SELL RMB/BUY USD	USD	15,000	2017.5.4~2017.12.4
－SELL USD/BUY RMB	USD	55,000	2017.12.4~2018.7.31
Exchange rate swaps			
－SELL NTD/BUY USD	USD	73,000	2017.1.3~2017.3.3

Derivative Instruments	December 31, 2015 Contract Amount (Notional Principal) (In thousands)		Due Date
Forward foreign exchange contracts			
－SELL NTD/BUY USD	USD	488,000	2016.1.4~2016.12.30
－SELL RMB/BUY USD	USD	30,069	2016.9.23~2016.10.25
－SELL USD/BUY RMB	USD	80,000	2016.7.5~2016.10.25
Futures			
－Metals Futures	USD	5,792	2012.1.6

Derivative Instruments	January 1, 2015 Contract Amount (Notional Principal) (In thousands)		Due Date
Financial assets held for trading			
Forward foreign exchange contracts			
－SELL USD/BUY RMB	USD	393,000	2015.1.7~2015.12.23
－SELL NTD/BUY USD	USD	340,000	2015.3.31~2016.1.6
－SELL USD/BUY NTD	USD	4,000	2015.1.7
Exchange rate swaps			
－SELL USD/BUY NTD	USD	4,000	2015.1.12
Futures			
－TAIEX Futures	$	37,300	2015.2.28
－Metals Futures	USD	5,792	2012.1.6

(a) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to buy (sell) various forward foreign currencies and these contracts are not accounted for under hedge accounting.

(b) Exchange rate swaps

The Group entered into exchange rate swap contracts with financial institutions to hedge exchange rate risk of import and export proceeds. However, these exchange rate swap contracts are not accounted for under hedge accounting.

(c) Futures

The Group has no stock market index future transactions for the years ended December 31, 2016 and 2015. As of January 1, 2015, the Group entered into futures contracts, which are stock index futures, to earn the spread. As of December 31, 2016, there were no margin deposits for these contracts.The Group entered into futures contracts and commodity swap to hedge price risk of raw materials. However, these futures are not accounted for under hedge accounting.

C. Due to the financial meltdown in 2008, listed stocks amounting to $1,180,881 that were initially classified as 'financial assets at fair value through profit or loss' were reclassified to 'available-for-sale financial assets' on July 24, 2008 in accordance with paragraph 50(c) of IAS 39. The relevant information is set forth below:

(a) The balance of the above mentioned reclassified assets as of December 31, 2016, December 31, 2015 and January 1, 2015 is as follows:

	Decemer 31, 2016 Book value /Fair value	Decemer 31, 2015 Book value /Fair value	January 1, 2015 Book value /Fair value
Listed stocks	$ 174,774	$ 198,349	$ 311,198

(b) The relevant information in fair value change of the reclassified financial assets is as follows:

	Years ended December 31,	
	2016	2015
	Loss recognized in comprehensive income	Loss recognized in comprehensive income
Listed stocks	($ 23,575)	($ 112,848)

The accumulated total changes in fair value of the above that were recognized in other comprehensive income before January 1, 2015 amounted to $155,187.

(c) If the above financial assets were not classified to "available-for-sale financial assets" on July 24, 2008, the Group would have recognized net gain (loss) as follows:

	Years ended December 31,	
	2016	2015
Listed stocks	($ 23,575)	($ 112,848)

(d) The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

Items	December 31, 2016	December 31, 2015	January 1, 2015
Current items:			
Listed stocks	$ 6,112,238	$ 5,553,987	$ 5,694,055
Emerging stocks	20,809	52,022	-
Convertible bonds	269,614	281,562	10,000
Beneficiary certificates	127,867	128,818	33,539
Subtotal	6,530,528	6,016,389	5,737,594
Valuation adjustment	(2,035,713)	(2,046,653)	(586,255)
Accumulated impairment	(173,300)	-	-
Total	$ 4,321,515	$ 3,969,736	$ 5,151,339
Non-current items:			
Listed stocks	$ 1,469,350	$ 1,469,350	$ 1,282,851
Beneficiary certificates	565,029	645,598	-
Subtotal	2,034,379	2,114,948	1,282,851
Valuation adjustment	584,208	(518,334)	(900,278)
Accumulated impairment	(1,230,275)	-	-
Total	$ 1,388,312	$ 1,596,614	$ 382,573

A. The above listed stocks of available-for-sale financial assets – non-current were private placements that could not be sold during the private lock-up period in accordance with the R.O.C. Securities Exchange Law. These private placements are remeasured and stated at value adjusted by the same item's fair value in active markets considering the effect of restriction.

B. As of December 31, 2015, the Group's available-for-sale financial assets – non-current beneficiary certificate is a private equity fund. The Trust Fund's only invested share started to be listed in the Taiwan Stock Exchange in the fourth quarter of 2015. As the stock has a quoted market price in an active market, it was reclassified from financial assets measured at cost to available-for-sale financial assets beneficiary certificates.

C. Some of the Group's emerging stock has a quoted market price in an active market since the second quarter of 2016. It was reclassified from financial assets measured at cost – current to available-for-sale financial assets – current emerging stock.

D. The Group recognized $795,792 and ($916,276) in other comprehensive income (loss) for fair value change and reclassified ($1,085,885) and ($162,178) from equity to profit or loss for the years ended December 31, 2016 and 2015, respectively.

E. The Group assessed the impaired objective evidence of some of the above mentioned shares for the year ended December 31, 2016. The Group therefore recognised impairment loss of $1,403,575 and transferred from equity to profit or loss for the year ended December 31, 2016.

F. The Group's counterparties of debt instrument investments the Group invests in have good credit quality.

G. The Group recognized no interest income for the convertible bonds for the years ended December 31, 2016 and 2015.

H. As of December 31, 2016, December 31, 2015 and January 1, 2015, no available-for-sale financial assets owned by the Group were pledged to others.

(4) Financial assets measured at cost

	December 31, 2016	December 31, 2015	January 1, 2015
Current items:			
Unlisted stocks			
- Emerging stocks	$ -	$ 10,617	$ -
Non-current items:			
Unlisted stocks	$ 1,577,929	$ 822,024	$ 517,155
Beneficiary certificates	332,196	169,265	654,386
Less: accumulated impairment	(73,795)	(73,795)	(73,795)
Total	$ 1,836,330	$ 917,494	$ 1,097,746

A. Based on the Group's intention, its investment in stocks and beneficiary certificates above should be classified as available-for-sale financial assets. However, the stocks above are not traded in active market, and no sufficient industry information of companies similar to them is available. Thus, the fair value of the investment in the stocks above cannot be measured reliably. The Group classified those stocks as 'financial assets measured at cost'.

B. Information about the financial assets measured at cost reclassified to available-for-sale financial assets in the second quarter of 2016 and the fourth quarter of 2015 is provided in Note 6(3).

C. Based on the objective information that LumenMax Corporation was reorganized due to financial difficulty, the Group assessed and recognized accumulated impairment of $73,795 on equity investments –LumenMax Corporation as of December 31, 2016, December 31, 2015 and January 1, 2015.

D. As of December 31, 2016, December 31, 2015 and January 1, 2015, no financial assets measured at cost held by the Group were pledged to others.

(5) Accounts receivable

	December 31, 2016	December 31, 2015	January 1, 2015
Accounts receivable	$ 19,000,745	$ 18,177,026	$ 19,009,325
Less: allowance for bad debts	(109,836)	(103,065)	(95,330)
	$ 18,890,909	$ 18,073,961	$ 18,913,995

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

B. The credit quality information of accounts receivable is provided in Note 12(3) C.

(6) Transfer of financial assets

A. The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable and does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable. As of December 31, 2016, details of the guarantee notes issued for the factoring agreement are provided in Note 9(2).

B. As of December 31, 2016, December 31, 2015 and January 1, 2015, the outstanding accounts receivable sold were as follows:

December 31, 2016

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced
Taishin Bank	$ 113,564	$ 113,564	$ 386,820	$ 87,035	2.35%~2.56%
Ta Chong Bank	254,805	254,805	515,760	222,773	1.55%~1.98%
	$ 368,369	$ 368,369	$ 902,580	$ 309,808	

December 31, 2015

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced
SMBC	$ 74,265	$ 74,265	$ 393,960	$ 74,265	1.28%~1.37%
Taishin Bank	40,067	40,067	393,960	29,547	1.10%
E.SUN BANK	220,324	220,324	492,450	193,040	1.32%~1.65%
Ta Chong Bank	201,154	199,487	590,940	169,411	1.15%~1.30%
	$ 535,810	$ 534,143	$ 1,871,310	$ 466,263	

January 1, 2015

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced
SMBC	$ 146,378	$ 146,378	$ 379,440	$ 146,378	1.16%~1.20%
Taishin Bank	153,300	153,300	189,720	120,156	1.50%
Ta Chong Bank	386,013	378,557	474,300	328,848	1.35%~1.45%
	$ 685,691	$ 678,235	$ 1,043,460	$ 595,382	

(7) Inventories

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,858,232	($ 335,138)	$ 3,523,094
Work in process	2,045,832	(206,399)	1,839,433
Finished goods	5,236,040	(627,037)	4,609,003
Inventory in transit	322,666	-	322,666
Total	$ 11,462,770	($ 1,168,574)	$ 10,294,196

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,243,887	($ 393,179)	$ 2,850,708
Work in process	1,617,327	(75,668)	1,541,659
Finished goods	5,464,207	(762,169)	4,702,038
Inventory in transit	319,176	-	319,176
Total	$ 10,644,597	($ 1,231,016)	$ 9,413,581

	January 1, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,924,899	($ 556,567)	$ 3,368,332
Work in process	2,267,978	(137,298)	2,130,680
Finished goods	5,066,084	(840,408)	4,225,676
Inventory in transit	294,014	-	294,014
Total	$ 11,552,975	($ 1,534,273)	$ 10,018,702

The cost of inventories recognized as expense for the period:

	Years ended December 31,	
	2016	2015
Cost of inventories sold	$ 62,980,407	$ 67,755,469
Provision for inventory obsolescence and market price decline	520,526	659,142
Others	(322)	(3,059)
	$ 63,500,611	$ 68,411,552

The inventory gains represent income from sale of scraps and wastes and the gain on physical count.

(8) Investments accounted for under the equity method

A. Investments accounted for under the equity method were as follows:

	December 31, 2016	December 31, 2015	January 1, 2015
Newmax Technology Co., Ltd (Newmax)	$ 771,252	$ 916,280	$ 1,087,233
Sky-Fine Investment Limited (Sky-Fine)	66,698	83,317	89,591
	$ 837,950	$ 999,597	$ 1,176,824

B. The share of profit (loss) of associates accounted for using equity method are as follows for the years ended December 31, 2016 and 2015:

	Years ended December 31,	
	2016	2015
Newmax Technology Co., Ltd (Newmax)	($ 120,918)	($ 159,271)
Sky-Fine Investment Limited (Sky-Fine)	(11,896)	(9,395)
	($ 132,814)	($ 168,666)

The amount of profit or loss of associates and other comprehensive profit or loss of the above associates accounted for using equity method, Sky - Fine Investment Limited, is evaluated by its financial statements audited by independent accountants for the same reporting period.

C. Associates

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

Company name	Principal place of business	Shareholding ratio: December 31, 2016	Shareholding ratio: December 31, 2015	Shareholding ratio: January 1, 2015	Nature of relationship	Methods of measurement
Newmax	Taiwan	22.38%	22.32%	22.32%	Owns at least 20% of the voting rights	Equity method

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

Balance sheet

	Newmax		
	December 31, 2016	December 31, 2015	January 1, 2015
Current assets	$ 1,658,730	$ 1,794,080	$ 2,037,624
Non-current assets	1,362,113	2,167,778	2,444,859
Current liabilities	(1,407,054)	(1,683,455)	(1,434,264)
Non-current liabilities	(27,035)	(26,345)	(24,883)
Total net assets	$ 1,586,754	$ 2,252,058	$ 3,023,336
Share in associate's net assets (Note)	$ 355,116	$ 502,659	$ 674,809

Note: Differences between carrying amount were mainly arising from the difference of initial investment cost less the fair value of acquired identifiable net assets and the unrealized gain (loss) on transactions between associates.

Statement of comprehensive income

	Newmax	
	Years ended December 31,	
	2016	2015
Revenue	$ 1,107,502	$ 985,961
Loss for the period from continuing operations	($ 541,990)	($ 713,211)
Other comprehensive loss, net of tax	(123,314)	(58,067)
Total comprehensive loss	($ 665,304)	($ 771,278)

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

As of December 31, 2016, December 31, 2015 and January 1, 2015, the carrying amount of the Group's individually immaterial associates amounted to $66,698, $83,317 and $89,591, respectively.

	Years ended December 31,	
	2016	2015
Loss for the period from continuing operations	($ 11,896)	($ 9,394)
Other comprehensive (loss) income, net of tax	(4,722)	3,120
Total comprehensive loss	($ 16,618)	($ 6,274)

D. The Group's investment in Newmax Technology Co., Ltd. has quoted market price. The fair value of Newmax Technology Co., Ltd. as at December 31, 2016, December 31, 2015 and January 1, 2015 was $476,323, $385,595 and $890,270, respectively.

(9) Property, plant and equipment

	Land	Buildings	Machinery	Tooling equipment	Test equipment	Construction in progress	Others	Total
At January 1, 2016								
Cost	$2,085,279	$4,802,940	$6,609,336	$5,429,217	$1,972,456	$3,439,681	$3,475,504	$ 27,814,413
Accumulated depreciation and impairment	-	(1,435,442)	(3,086,944)	(4,013,734)	(1,383,707)	-	(2,433,104)	(12,352,931)
	$2,085,279	$3,367,498	$3,522,392	$1,415,483	$ 588,749	$3,439,681	$1,042,400	$ 15,461,482
2016								
Opening net book amount	$2,085,279	$3,367,498	$3,522,392	$1,415,483	$ 588,749	$3,439,681	$1,042,400	$ 15,461,482
Additions	14,181	51,209	504,939	521,189	75,028	1,415,909	313,158	2,895,613
Disposals	-	-	(8,107)	(97,622)	(1,646)	-	(24,892)	(132,267)
Reclassifications	(745,156)	2,518,813	154,615	153,881	40,903	(4,308,495)	206,336	(1,979,103)
Depreciation	-	(217,758)	(589,709)	(626,211)	(207,376)		(361,523)	(2,002,577)
Net exchange differences	(514)	(285,606)	(62,255)	(144,764)	(60,803)	(55,634)	(138,306)	(747,882)
Closing net book amount	$1,353,790	$5,434,156	$3,521,875	$1,221,956	$ 434,855	$ 491,461	$1,037,173	$ 13,495,266
At December 31, 2016								
Cost	$1,353,790	$7,011,926	$6,858,863	$5,571,793	$1,906,483	$ 491,461	$3,493,181	$ 26,687,497
Accumulated depreciation and impairment	-	(1,577,770)	(3,336,988)	(4,349,837)	(1,471,628)	-	(2,456,008)	(13,192,231)
	$1,353,790	$5,434,156	$3,521,875	$1,221,956	$ 434,855	$ 491,461	$1,037,173	$ 13,495,266

	Land	Buildings	Machinery	Tooling equipment	Test equipment	Construction in progress	Others	Total
At January 1, 2015								
Cost	$ 2,134,598	$ 4,511,512	$ 6,397,794	$ 4,879,676	$ 1,902,380	$ 2,420,507	$ 2,912,665	$25,159,132
Accumulated depreciation and impairment	-	(1,280,799)	(2,962,278)	(3,495,702)	(1,245,605)	-	(1,970,096)	(10,954,480)
	$ 2,134,598	$ 3,230,713	$ 3,435,516	$ 1,383,974	$ 656,775	$ 2,420,507	$ 942,569	$14,204,652
2015								
Opening net book amount	$ 2,134,598	$ 3,230,713	$ 3,435,516	$ 1,383,974	$ 656,775	$ 2,420,507	$ 942,569	$14,204,652
Additions	70	35,913	690,822	524,615	122,796	1,108,561	425,147	2,907,924
Acquired from business combinations	-	-	47,531	-	-	-	2,191	49,722
Disposals	(50,876)	(705)	(154,170)	(77,502)	(2,269)	(19,156)	(20,606)	(325,284)
Reclassifications	-	348,389	98,528	175,253	40,899	(65,981)	110,420	707,508
Depreciation	-	(206,897)	(576,976)	(587,169)	(223,534)	-	(414,136)	(2,008,712)
Net exchange differences	1,487	(39,915)	(18,859)	(3,688)	(5,918)	(4,250)	(3,185)	(74,328)
Closing net book amount	$ 2,085,279	$ 3,367,498	$ 3,522,392	$ 1,415,483	$ 588,749	$ 3,439,681	$ 1,042,400	$15,461,482
At December 31, 2015								
Cost	$ 2,085,279	$ 4,802,940	$ 6,609,336	$ 5,429,217	$ 1,972,456	$ 3,439,681	$ 3,475,504	$27,814,413
Accumulated depreciation and impairment	-	(1,435,442)	(3,086,944)	(4,013,734)	(1,383,707)	-	(2,433,104)	(12,352,931)
	$ 2,085,279	$ 3,367,498	$ 3,522,392	$ 1,415,483	$ 588,749	$ 3,439,681	$ 1,042,400	$15,461,482

A. Amount of borrowing costs capitalized as part of investment property and the range of the interest rates for such capitalization are as follows:

	Years ended December 31,	
	2016	2015
Amount capitalised	$ 27,699	$ 44,534
Interest rate	1.32%~2.28%	1.08%~1.80%

B. As of December 31, 2016, December 31, 2015 and January 1, 2015, no property, plant and equipment owned by the Group were pledged to others.

C. The land and headquarters building the Group owned located in Sanchong District, New Taipei City had been completed and was in use starting the fourth quarter of 2016. Some floors are self-used by the Company and the remaining floors are rented to related parties and third parties, which is the same as the old vacant building in Wugu District. The Group reclassified "Land", "Buildings" and "Construction in progress" to "Investment property", amounting to $2,186,566 (the original book value).

D. To promptly reflect the fair value information, the Group has undertaken a revaluation of the aforementioned properties in accordance with the regulations on revaluation at fair value when transferred to investment property at fair value in November 2016. The revaluation surplus amounted to $1,473,052 and recognised as other comprehensive income – revaluation surplus. After deduction of deferred tax liabilities recognised due to revaluation amounting to $106,529 and addition of deferred tax liabilities recognised in prior year due to land revaluation amounting to $21,756; the remained balance of $1,388,279 was added to revaluation surplus of shareholders' equity.

(10) Investment properties

	Years ended December 31,	
	2016	2015
At January 1	$ 1,855,650	$ -
Additions - from acquisitions	-	1,893,763
Reclassifications	3,659,618	-
Loss on fair value adjustment	-	(126,636)
Net exchange differences	32,226	88,523
At December 31	$ 5,547,494	$ 1,855,650

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

	Years ended December 31,	
	2016	2015
Rental income from investment property	$ 123,683	$ 83,982
Direct operating expenses arising from the investment property that generated rental income during the period	$ 46,186	$ 33,128
Direct operating expenses arising from the investment property that did not generate rental income during the period	$ 9,057	$ -

B. Basis of investment property at fair value:

The Group's investment properties are office building land and buildings. Office buildings are located in Tokyo City, Sanchong District and Wugu District in New Taipei City. They are mainly earn from rental revenue with rental period ranging from 1 to 7 years. The assumptions used for the years ended December 31, 2016 and 2015 are as follows:

(a) Details of the Group's investment property are as follows:

The subject	Location	Valuation method	Valuation firm	Valuer	Date of valuation
CEC Headquarters	Sanchong District, New Taipei City	Income approach	Panasia	Shao You, Chung	2016.11.30
Wugu Building	Wugu District, New Taipei City	"	"	"	"
Shinkawa Building	Tokyo, Japan	"	"	"	"
Shinkawa Building	Tokyo, Japan	"	"	"	2015.12.31

(b) The Company's office buildings' (including car parks) fair value was evaluated using the discounted cash flow analysis of income approach.

The estimation process of the valuation method involves differentiating between rented and not yet rented. The former is calculated by contract rent and the latter is calculated by market price. It also considers comparative rent information of similar properties to determine annual growth range of rent; includes idle loss, decoration offset loss, and the closing balance of disposal value of that property to calculate future cash inflow, then discounted by an appropriated discount rate accumulate till the valuation date. Future cash outflow consists of expenses directly related to operations, i.e. land tax, house tax, insurance fee, management fee, maintenance fee, replacement allocation, amortization of agent fee and etc., is estimated by the actual expenses incurred in the current year, considering the Company's current operating results and changes which may occur in the future.

(c) The rent, occupancy rate and income of past year of the Group's office buildings (including car parks) and comparative rent information of similar properties are as follows:

	Estimated rent ($3.3/m²/month)	Similar comparative property in local market	Occupancy rate	Income of past year
December 31, 2016				
CEC Headquarters	$ 521~$ 1,025	Equivalent to estimated rent	8.58%	$ 751
Wugu Building	$ 252~$ 684	Equivalent to estimated rent	-	-
Shinkawa Building	$ 2,374~ $ 7,122	Equivalent to estimated rent	100.00%	122,932
December 31, 2015				
Shinkawa Building	$ 2,111~$ 6,332	Equivalent to estimated rent	100.00%	$ 83,982

There were no investment properties as at January 1, 2015.

(d) Rent growth rate is evaluated by considering the lease contract and actual market situation. Discount rate is evaluated by risk premium approach which takes the return rate on investment of the most general goods as standard, adopted the floating interest rate on a 2-year time deposits of a small amount, as posted by the Chunghwa Post Co., Ltd. plus 0.75 percentage points; and explore the liquidity, risk level, value-added level and the ease of management of the subject. The range of rent growth rate and discount rate are as follow:

	December 31, 2016			December 31, 2015		
	CEC Headquarters	Wugu Building	Shinkawa Building	CEC Headquarters	Wugu Building	Shinkawa Building
Rent growth rate	1.00%	0.50%	3.00%	-	-	3.00%
Discount rate	3.75%	4.05%	4.10%	-	-	4.10%

There were no investment properties as at January 1, 2015.

C. The fair value information about the investment property is provided in Note 12(3).

D. Impairment of investment property: For details of loss on retrospective adjustment due to change of account policies, please refer to Note 4(33).

E. Information on investment property that was pledged to others as collaterals is provided in Notes 6(16) and 8.

(11) Intangible assets

	Trademarks and patents	Software	Goodwill	Others	Total
At January 1, 2016					
Cost	$ 25,221	$ 179,168	$ 149,706	$ 68,056	$ 422,151
Accumulated amortization and impairment	(11,660)	(116,221)	-	(31,152)	(159,033)
	$ 13,561	$ 62,947	$ 149,706	$ 36,904	$ 263,118
2016					
Opening net book amount	$ 13,561	$ 62,947	$ 149,706	$ 36,904	$ 263,118
Additions	9,673	53,187	-	-	62,860
Disposals-cost	(10,098)	(47,443)	-	(2,600)	(60,141)
Disposals-accumulated amortization	10,098	47,443	-	1,213	58,754
Reclassifications	-	11,789	-	3,887	15,676
Amortization	(11,795)	(58,170)	-	(6,792)	(76,757)
Net exchange differences	-	(1,065)	(7,069)	(233)	(8,367)
Closing net book amount	$ 11,439	$ 68,688	$ 142,637	$ 32,379	$ 255,143
At December 31, 2016					
Cost	$ 24,766	$ 199,885	$ 142,637	$ 68,772	$ 436,060
Accumulated amortization and impairment	(13,327)	(131,197)	-	(36,393)	(180,917)
	$ 11,439	$ 68,688	$ 142,637	$ 32,379	$ 255,143

	Trademarks and patents	Software	Goodwill	Others	Total
At January 1, 2015					
Cost	$ 44,962	$ 249,732	$ 120,125	$ 66,904	$ 481,723
Accumulated amortization and impairment	(33,590)	(169,201)	-	(32,502)	(235,293)
	$ 11,372	$ 80,531	$ 120,125	$ 34,402	$ 246,430
2015					
Opening net book amount	$ 11,372	$ 80,531	$ 120,125	$ 34,402	$ 246,430
Additions	15,986	38,761	-	8,257	63,004
Acquired from business combinations	-	-	79,964	-	79,964
Disposals-cost	(35,787)	(118,190)	-	(8,382)	(162,359)
Disposals-accumulated amortization	35,787	116,146	-	8,382	160,315
Reclassifications	-	13,347	-	-	13,347
Amortization	(13,800)	(67,480)	-	(6,266)	(87,546)
Impairment loss	-	-	(53,000)	-	(53,000)
Net exchange differences	3	(168)	2,617	511	2,963
Closing net book amount	$ 13,561	$ 62,947	$ 149,706	$ 36,904	$ 263,118
At December 31, 2015					
Cost	$ 25,221	$ 179,168	$ 149,706	$ 68,056	$ 422,151
Accumulated amortization and impairment	(11,660)	(116,221)	-	(31,152)	(159,033)
	$ 13,561	$ 62,947	$ 149,706	$ 36,904	$ 263,118

A. Details of amortization on intangible assets are as follows:

	Years ended December 31,	
	2016	2015
Cost of revenue	$ 3,215	$ 2,219
Selling expenses	1,835	6,901
Administrative expenses	33,689	43,828
Research and development expenses	38,018	34,598
	$ 76,757	$ 87,546

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

	December 31, 2016	December 31, 2015	January 1, 2015
Asia	$ 74,311	$ 80,119	$ 17,532
America	68,326	69,587	102,593
	$ 142,637	$ 149,706	$ 120,125

C. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount is calculated using the value-in-use. The Value-in-use is calculated using estimated cash flow before tax in the financial budget approved by management. For the years ended December 31, 2016 and 2015, the Group recognized impairment loss on goodwill amounting to $0 and $53,000, respectively.

D. Details of goodwill acquired from business combinations in 2015 are provided in Note 6(31).

(12) Other non-current assets

	December 31, 2016	December 31, 2015	January 1, 2015
Long-term prepaid rents - land use right	$ 321,250	$ 346,517	$ 226,961
Guarantee deposits paid	44,254	230,361	116,340
Prepayments for business facilities	269,568	260,495	295,463
Others	331,746	485,295	538,705
	$ 966,818	$ 1,322,668	$ 1,177,469

A. As of December 31, 2016, the Group signed a land use right contract with Bureau of Land Resources for use of the land in municipality of Chongqing, WuJiang City of Jiangsu Province and Dongguan City of Guangdong Province with term of 50 years. All rentals had been paid on the contract date, shown as 'Long-term prepaid rents - Land use right'. However, the local government of Chongqing has negotiated with the Group in October 2014 for collecting certain land use right in Chongqing and returning related rents to the Group. The Group recognized rental expenses of $8,757 and $12,243 for the years ended December 31, 2016 and 2015, respectively.

B. As of December 31, 2016, December 31, 2015 and January 1, 2015, CEM3, CEM5 and CPCQ received the local government grants amounting to $290,334, $316,709 and $326,983, respectively, as a reward for the local investment, which were deducted from the cost of land use right.

C. Information on other non-current assets that were pledged to others as collaterals is provided in Note 8.

(13) Short-term borrowings

Type of borrowings	December 31, 2016	Interest rate range	Collateral
Bank unsecured borrowings	$ 1,981,177	0.48%~1.20%	None
Bank secured borrowings	120,000	1.47%	Time deposits
	$ 2,101,177		

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Bank unsecured borrowings	$ 2,353,216	0.69%~1.77%	None
Bank secured borrowings	120,000	1.61%	Time deposits
	$ 2,473,216		

Type of borrowings	January 1, 2015	Interest rate range	Collateral
Bank unsecured borrowings	$ 2,098,920	0.86%~1.30%	None

A. As of December 31, 2016, the Group had issued promissory notes as guarantee for the short-term loans. Please see Note 9(2).

B. Information about the short-term borrowings that were pledged to others as collaterals is provided in Note 8.

(14) Accounts payable

	December 31, 2016	December 31, 2015	January 1, 2015
Accounts payable	$ 15,388,418	$ 14,702,478	$ 15,119,979
Estimated accounts payable	4,794,112	3,885,717	3,995,164
	$ 20,182,530	$ 18,588,195	$ 19,115,143

(15) Other payables

	December 31, 2016	December 31, 2015	January 1, 2015
Marketing allowance payable	$ 3,096,647	$ 2,407,127	$ 2,334,642
Salary payable and annual bonus	1,494,373	1,381,903	1,605,865
Employees' dividends and directors' and supervisors' remuneration payable	814,722	782,572	824,722
Processing expense payable	614,490	291,088	407,267
Miscellaneous purchase payable	584,952	651,632	500,021
Construction and equipment expense payable	732,154	270,259	179,439
Others	1,144,438	1,397,135	1,087,410
	$ 8,481,776	$ 7,181,716	$ 6,939,366

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2016
Long-term bank borrowings				
E.Sun Bank (Series A)	Borrowing period is from March 20, 2014 to March 20, 2019; borrowing is repayable in installments by own funds or through refinancing at the maturity date of syndicated contract.	1.60%	None	$ 840,000
Sumitomo Mitsui Banking Corporation	Borrowing period is from December 1, 2015 to December 1, 2017; interest is repayable monthly until the principal is matured.	0.66%	None	414,381
Sumitomo Mitsui Banking Corporation (Secured borrowings)	Borrowing period is from March 13, 2015 to March 12, 2022; interest is repayable monthly until the principal is matured.	0.78%	Investment property	997,996
TCB Bank	Borrowing period is from September 20, 2016 to January 20, 2017; interest is repayable until the principal is matured.	1.797%	None	100,000
				$ 2,352,377

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2015
Long-term bank borrowings				
E.Sun Bank (Series A)	Borrowing period is from March 20, 2014 to March 20, 2019; borrowing is repayable in installments by own funds or through refinancing at the maturity date of syndicated contract.	1.60%	None	$ 1,000,000
Sumitomo Mitsui Banking Corporation	Borrowing period is from December 1, 2015 to December 1, 2017; interest is repayable monthly until the principal is matured.	0.77%	None	408,734
Sumitomo Mitsui Banking Corporation (Secured borrowings)	Borrowing period is from March 13, 2015 to March 12, 2022; interest is repayable monthly until the principal is matured.	0.78%	Investment property	980,960
				$ 2,389,694

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	January 1, 2015
Long-term bank borrowings				
E.Sun Bank (Series A)	Borrowing period is from March 20, 2014 to March 20, 2019; borrowing is repayable in installments by own funds or through refinancing at the maturity date of syndicated contract.	1.63%	None	$ 500,000
TCB Bank	Borrowing period is from October 6, 2014 to January 6, 2015; interest is repayable until the principal is matured. (Note)	1.48%	None	411,060
Less: current portion (shown as other current liabilities)				(411,060)
				$ 500,000

Note: Revolving credit in five years starting from the first drawdown, each credit period limited to 90 to 180 days.

A. As of December 31, 2016 and 2015, the Company's Chairman had issued promissory notes to guarantee the long-term loans, please see Note 9(2).

B. A long-term syndicated construction loan facility amounting to $5,000,000 (Series A: $2,000,000 can be financed in batches but credit revolvable; Series B: $3,000,000, credit revolvable; Series C: USD 100,000,000, credit revolvable; the amount drawdown by Series B and Series C cumulatively must be below $3,000,000.). For five years was signed by the Company, with E. Sun Commercial Bank as the lead bank in January, 2014. The loan facility will be used for medium-term operations, and repayments will be in accordance with contract requirements. In September 2015, the credit amount of series A was renewed to $1,000,000, resulting in total loan facility amounting renew to $4,000,000. As of December 31, 2016, $840,000 has been drawndown. The main contents of the contract are as follows:

(a) The Group should maintain financial ratios based on annual consolidated financial statements as follows:

i. Current ratio is above 100%,

ii. Financial liabilities divided by net tangible assets is under 200%,

iii. Time interest earned is above 300%, and

iv. Net tangible assets are above $15,000,000,

If the Company does not conform to the contract, the Company should adjust within nine months. If the adjusted financial ratios meet the requirements, there is no breach of contract.

(b) The Company should use the debts for its intended purpose (not for treasury stock, capital expenditures, cash dividends and investments) and prepare the appropriate books and records for cash disbursements for future examination. Lenders do not take responsibility for supervision.

(c) If the Company needs additional operating capital, the Company should issue stocks for cash, borrow from stockholders, or other means. If the borrower obtains capital from stockholders, the Company should get the commitment from stockholders that the creditors' rights are subordinated, and the interest rate should not be over the lowest rate mentioned in the contract. The borrower should repay the principal, interests, and all the related expenses before repaying the advances made by the borrower's stockholders.

(d) Parts of the credit rights of qualified accounts receivable of the Company should be transferred to the lead bank after the contract date. These qualified accounts receivable plus the balance of the special-purpose bank account should be over 45% of the facility of Series B and Series C as a whole.

As of December 31, 2016, the Company did not violate any of the above requirements.

C. A long-term syndicated construction loan facility amounting to $4,500,000 for a period of five years was signed by Chicony Power Technology Co., Ltd. with Taiwan Cooperative Bank as the lead bank in October 2015. The construction loan is for repaying for medium-term operations. The loan can be drawn down in United States Dollars or New Taiwan Dollars. The main content of the contract are as follows:

(a) CP's annual consolidated financial statements should maintain financial ratios as follows:

i. Current ratio is above 100%,

ii. Financial liabilities divided by net tangible assets after subtracting cash and cash equivalents is under 250%,

iii. Time interest earned is above 300%, and

iv. Net tangible assets are above $4,000,000,

The above financial ratios are based on the annual financial statements. If the Company does not conform to the contract, the Company should increase capital by cash or by other means. From the next day of the managing bank's notification till the next interest paid date after conforms to the contract, the lending rates will be increase by 0.125% of the used but unsettled amount of this contract, it is not a breach of contract. If CP could not adjust the financial ratios by next inspection day (subjected to the consolidated financial statements audited by independent accountants), as the borrower violates the contract.

(b) CP should maintain appropriate accounts receivable ratio, which means the total of qualified accounts receivable balance and the compensation accounts balance divided by the remainder of undrawn balance should be above 50%. The remainder of undrawn balance is CP's expected drawdown amounts plus the remainder of undrawn amounts. If the ratio cannot be maintained appropriately, CP should choose any of the following actions to make the accounts receivable ratio comply with the contract within seven days after the managing bank's notification:

i. Provide other qualified accounts receivable which was certified by the managing bank, or,

ii. Repay the loan before maturity, or,

iii. Repay or deposit in compensation accounts to maintain appropriate accounts receivable ratio above (or equal to) 50%.

(c) As part of the contract, the commitment fee should be calculated every three months, which begins six months after CP drawdowns the credit for the first time. During the commitment fee calculation period, if the average drawdown amounts are less than 60% of the total loan facility, the commitment fee should be calculated quarterly, using the difference of actual drawdown amounts and 50% of the total loan facility, multiplied by 0.1%, the annual fee rate, and then pay the managing bank every three months.

D. A long-term syndicated construction loan facility amounting to $5,000,000 for a period of three years was signed by CP with Taiwan Cooperative Bank as the lead bank in May 2012 (CP applied to reduce credit line by $3,000,000 on June 30, 2014. The credit line was decreased to $2,650,000, $2,300,000, $1,950,000 and $0 on September 29, 2014, December 29, 2014, March 29, 2015 and June 29, 2015 under the contract, respectively). The construction loan is for repaying the 2009 syndicated construction loan and for medium-term operations. The loan can be drawn down in United States Dollars or New Taiwan Dollars.

The Company has repaid all the amounts mentioned above in June 2015.

E. The Group has the following undrawn borrowing facilities:

	December 31, 2016	December 31, 2015	January 1, 2015
Floating rate:			
Expiring within one year	$ -	$ -	$ 1,888,940
Expiring beyond one year	7,698,611	7,636,245	4,500,000
	$ 7,698,611	$ 7,636,245	$ 6,388,940

(17) Pensions

A. Defined benefit plans: Employee contributions

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contribution to cover the deficit by next March.

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

	December 31, 2016	December 31, 2015	January 1, 2015
Present value of defined benefit obligations	($ 348,775)	($ 346,024)	($ 338,454)
Fair value of plan assets	172,355	197,690	214,999
Net defined benefit liability	($ 176,420)	($ 148,334)	($ 123,455)

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

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	($ 346,024)	$ 197,690	($ 148,334)
Current service cost	(3,797)	-	(3,797)
Interest (expense) income	(4,971)	2,868	(2,103)
	(354,792)	200,558	(154,234)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,503)	(1,503)
Change in demographic assumptions	(11,855)	-	(11,855)
Change in financial assumptions	(8,426)	-	(8,426)
Experience adjustments	(5,077)	-	(5,077)
	(25,358)	(1,503)	(26,861)
Pension fund contribution	-	4,675	4,675
Paid Pension	31,375	(31,375)	-
Balance at December 31	($ 348,775)	$ 172,355	($ 176,420)

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	($ 338,454)	$ 214,999	($ 123,455)
Current service cost	(4,480)	-	(4,480)
Interest (expense) income	(5,933)	3,864	(2,069)
	(348,867)	218,863	(130,004)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,028	2,028
Change in demographic assumptions	(13,389)	-	(13,389)
Change in financial assumptions	(10,978)	-	(10,978)
Experience adjustments	(5,794)	-	(5,794)
	(30,161)	2,028	(28,133)
Pension fund contribution	-	4,999	4,999
Paid Pension	33,004	(28,200)	4,804
Balance at December 31	($ 346,024)	$ 197,690	($ 148,334)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2016, December 31, 2015 and January 1, 2015 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	2016	2015	2014
Discount rate	1.125%~1.400%	1.375%~1.700%	1.750%~2.250%
Future salary increases	2.500%~3.000%	2.500%~3.000%	0.500%~3.000%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2016				
Effect on present value of defined benefit obligation	($ 8,684)	$ 9,019	$ 8,718	($ 8,441)
December 31, 2015				
Effect on present value of defined benefit obligation	($ 8,507)	$ 8,880	$ 8,596	($ 8,290)
January 1, 2015				
Effect on present value of defined benefit obligation	($ 7,845)	$ 8,185	$ 7,936	($ 7,656)

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

The method and assumptions used for the preparation of sensitivity analysis during 2016 and 2015 are the same.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 amounts to $4,594.

(g) As of December 31, 2016, the weighted average duration of that retirement plan is 9.3~13.1 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	10,769
1-2 year(s)		29,900
2-5 years		45,033
Over 5 years		96,548
	$	182,250

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The overseas subsidiaries of the Company have defined contribution plans.

(c) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2016 and 2015 were $665,317 and $747,438, respectively.

(18) Share-based payment

A. (a) For the years ended December 31, 2016 and 2015, CP's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	August 28, 2015	4,008 thousand shares	2 years	Note
"	March 16, 2016	1,910 thousand shares	"	"

Note: Vesting conditions:

i. The Company's overall operating performance in the previous year should meet the following indicators:

(A) Consolidated operating revenue shall grow by at least 10% higher than the average amount over past three years.

(B) Consolidated net income shall grow by at least 10% higher than the average amount over past three years.

(C) Return on equity shall be at least 15%.

ii. For the employees who have met the vesting conditions since the allocation of restricted stocks, the ratio of vested shares is as follows:

Vesting conditions	Ratio of vested shares
A month after the restricted stocks are kept at the trust	40% of the shares
September 30, 2016	30% of the shares
September 30, 2017	30% of the shares

The restricted shares issued by the Company cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method during the vesting period. Other rights including but not limited to dividends, the distribution rights of bonuses and capital surplus, and share options and voting rights of cash capital, etc., are the same as the Company's issued ordinary shares. At the date of resign, retirement or termination, the restricted shares are considered as not meeting the vesting conditions if employees resign, retire or are terminated during the vesting period. The Company redeems at no consideration and retires the shares which do not meet the vesting condition. Employees are not required to return the dividends received.

(b) The restricted stocks issued by CP were measured at their fair value which is the closing price of CP's shares at NT$34 and $37.85 on August 28, 2015 and March 16, 2016, respectively.

(c) Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2016	2015
Equity-settled	$ 106,379	$ 73,628

B. (a) For the year ended December 31, 2016 and 2015, XAVi's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	December 12, 2016	678 thousand shares	-	Vested immediately
Cash capital increase reserved for employee preemption	September 30, 2015	670 thousand shares	-	Vested immediately

(b) Details of the share-based payment arrangements are as follows:

	2015		2015	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -	-	$ -
Options granted	678	16	670	16
Options exercised	(678)	16	(664)	16
Options expired	-	-	(6)	-
Options outstanding at December 31	-	-	-	-
Options exercisable at December 31	-	-	-	-

Note: Shares in thousands.

(c) XAVi's fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Share price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	December 12, 2016	$15.56	$16.00	29.58%	0.04	0.00%	0.59%	0.1941
Cash capital increase reserved for employee preemption	September 30, 2015	$12.90	$16.00	40.80%	0.06	0.00%	0.80%	0.0081

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

(d) Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2016	2015
Equity-settled	$ 132	$ 5

(19) Share capital

A. As of December 31, 2016, the Company's authorized capital was $8,000,000, and the paid-in capital was $7,120,820 with a par value of $10 (in dollars) per share, and the outstanding common stock was 800,000 thousand shares.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2016 (Note)	2015 (Note)
At January 1	667,002	658,240
Common stock dividends	3,519	3,475
Employee bonuses	4,753	5,470
Shares retired	(2,970)	(183)
At December 31	672,304	667,002

Note: Shares in thousands.

B. The stockholders' meeting held on June 8, 2016 had approved to issue common stock dividends amounting to $35,191 and employees' stock bonus amounting to $375,000 at the previous closing price of $78.90 (in dollars) before the day of the Board of Directors' meeting, issuing 4,753

thousand shares. A total of 8,272 thousand shares had been issued and, the Company has obtained a letter of approval from the appropriate authorities. The issued date was set on July 27, 2016, and the Company had completed the related registration on August 11, 2016.

C. Treasury Stock

(a) Reason for stocks reacquisition and movements in the number of the Company's treasury stocks are as follows:

		December 31, 2016		
Name of company shares	Reason for reacquisition	Number of shares (in thousand)	Carrying amount	Fair value (in dollars) (per share)
The Company	To be reissued to employees	2,786	205,888	75.00
UNIKEY	For investment	20,964	205,795	75.00
HEC	For investment	16,028	105,482	75.00

		December 31, 2015		
Name of company shares	Reason for reacquisition	Number of shares (in thousand)	Carrying amount	Fair value (in dollars) (per share)
UNIKEY	For investment	20,860	$ 205,795	$ 72.20
HEC	For investment	15,948	105,482	72.20

		January 1, 2015		
Name of company shares	Reason for reacquisition	Number of shares (in thousand)	Carrying amount	Fair value (in dollars) (per share)
UNIKEY	For investment	20,756	$ 205,795	$ 88.50
HEC	For investment	15,869	105,482	88.50

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(20) Capital surplus

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

A summary of the Company's capital surplus as of December 31, 2016, December 31, 2015 and January 1, 2015 are as follows:

	December 31, 2016	December 31, 2015	January 1, 2015
Share premium	$ 2,586,754	$ 2,259,282	$ 1,892,986
Treasury share transaction	960,876	802,600	632,293
Difference between consideration and carrying amount of subsidiaries acquired or disposed	668,269	656,421	647,068
Changes in ownership interests in subsidiaries	342,024	301,740	360,011
Net change in equity of associates	71,229	70,383	70,383
	$ 4,629,152	$ 4,090,426	$ 3,602,741

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, if any; and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance and as special reserve in accordance to relevant regulations when necessary; and the remainder, if any, to be appropriated shall be presented by the Board of Directors and resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policy is summarized below: the Company is in the development of electronics industry, the dividend policy should be formulated by achieving both targets that supply the new products capital requirement and increase the return on shareholders' investment. Therefore, the total dividend each year cannot be above of the total distributable earnings, and the cash dividend cannot be less than 90% of the total dividend paid. The ratio is restricted until the total distributable common stock dividends reach $0.5 per share.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion

in excess of 25% of the Company's paid-in capital.

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. The Company elected to reclassify the unrealized revaluation increment and cumulative translation adjustment to unappropriated earnings and accrue special reserve by $433,524 on initial application of IFRSs.

E. The appropriation of 2015 and 2014 earnings has been resolved at the shareholders' meeting on June 8, 2016 and June 17, 2015, respectively, and the details are summarized below:

	Years ended December 31,			
	2015		2014	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 384,799		$ 408,094	
Special reserve	517,964		-	
Stock dividends	35,191	$ 0.05	34,743	$ 0.05
Cash dividends	3,026,383	4.30	3,231,124	4.65

F. Subsequent events: The appropriation of 2016 earnings had been proposed at the Board of Directors' meeting on March 10, 2017. However, the appropriation of earnings for 2016 was yet to be resolved at the shareholders' meeting in 2017. Details are summarized below:

	Year ended December 31, 2016	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 353,107	
Reversal of special reserve	(517,964)	
Stock dividends	35,712	$ 0.05
Cash dividends	3,035,553	4.25

G. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(27).

(22) Other equity items

	2016			
	Revaluation increment	Available-for-sale investments	Currency translation	Total
At January 1, 2016	$ -	($ 2,355,538)	$ 1,400,453	($ 955,085)
Revaluation				
-Group	1,388,279	568,578	-	1,956,857
-Transfer	-	407,330	-	407,330
Currency translation differences:				
-Group	-		(1,317,732)	(1,317,732)
-Associates	-	-	(28,833)	(28,833)
-Transfer	-	-	1,123	1,123
At December 31, 2016	$ 1,388,279	($ 1,379,630)	$ 55,011	$ 63,660

	2015		
	Available-for-sale investments	Currency translation	Total
At January 1, 2015	($ 1,282,930)	$ 1,229,944	($ 52,986)
Revaluation			
-Group	(971,199)	-	(971,199)
-Associates	(1)	-	(1)
-Transfer	(101,408)	-	(101,408)
Currency translation differences:			
-Group	-	180,435	180,435
-Associates	-	(8,215)	(8,215)
-Transfer	-	(1,711)	(1,711)
At December 31, 2015	($ 2,355,538)	$ 1,400,453	($ 955,085)

(23) Net revenue

	Years ended December 31,	
	2016	2015
Sales revenue	$ 76,928,720	$ 80,561,927
Other operating revenue	89,340	101,442
Total	$ 77,018,060	$ 80,663,369

(24) Other income

	Years ended December 31,	
	2016	2015
Rental revenue	$ 124,476	$ 84,943
Interest income	34,953	71,602
Dividend income	196,714	228,005
Others	235,782	350,532
Total	$ 591,925	$ 735,082

(25) Other gains and losses

	Years ended December 31,	
	2016	2015
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	($ 304,315)	$ 565,867
Reversal of allowance for doubtful accounts	-	3,801
Net currency exchange gain (loss)	598,162	(248,243)
Gain (loss) on disposal of property, plant and equipment	19,829	(17,400)
Gain on disposal of investments	1,087,648	162,019
Impairment loss on non-financial assets	-	(53,000)
Impairment loss on financial assets	(1,403,575)	-
Loss on fair value adjustment of investment property	-	(126,636)
Others	(47,593)	(162,136)
Total	($ 49,844)	124,272

(26) Expenses by nature

	Year ended December 31, 2016		
	Costs of revenue	Operating expense	Total
Employee benefit expense	$ 7,257,584	$ 3,775,854	$ 11,033,438
Depreciation on property, plant and equipment	1,719,332	283,245	2,002,577
Amortization on intangible assets	3,215	73,542	76,757
Other non-current assets transferred to expenses	68,235	24,017	92,252
Long-term lease amortization	-	8,757	8,757

	Year ended December 31, 2015		
	Costs of revenue	Operating expense	Total
Employee benefit expense	$ 7,459,168	$ 3,368,881	$ 10,828,049
Depreciation on property, plant and equipment	1,677,146	331,566	2,008,712
Amortization on intangible assets	2,219	85,327	87,546
Other non-current assets transferred to expenses	88,895	24,552	113,447
Long-term lease amortization	-	12,243	12,243

(27) Employee benefit expense

	Year ended December 31, 2016		
	Costs of revenue	Operating expense	Total
Wages and salaries	$ 6,437,232	$ 3,383,960	$ 9,821,192
Labor and health insurance fees	58,286	138,090	196,376
Pension costs	530,313	140,904	671,217
Other personnel expenses	231,753	112,900	344,653
Total	$ 7,257,584	$ 3,775,854	$ 11,033,438

	Year ended December 31, 2015		
	Costs of revenue	Operating expense	Total
Wages and salaries	$ 6,607,479	$ 2,969,214	$ 9,576,693
fees	54,339	136,714	191,053
Pension costs	605,743	148,244	753,987
Other personnel expenses	191,607	114,709	306,316
Total	$ 7,459,168	$ 3,368,881	$ 10,828,049

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 11% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2016 and 2015, employees' compensation was accrued at $502,391 and $544,809, respectively; directors' and supervisors' remuneration was accrued at $31,212 and $33,848, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 11.55% and 0.72% of distributable profit of current year for the year ended December 31, 2016. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $502,391 and $31,212, respectively, and the employees'

compensation will be distributed in the form of cash and shares.

Employees' compensation and directors' and supervisors' remuneration of 2015 as resolved by the meeting of Board of Directors were in agreement with those amounts recognised in the 2015 financial statements. Actual number of shares distributed as employees' compensation for 2015 is 4,753 thousand shares.

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

(28) Finance costs

	Years ended December 31,	
	2016	2015
Finance costs		
Interest expense of bank borrowings	$ 105,682	$ 120,746
Less: capitalisation of qualifying assets	(27,699)	(44,534)
	$ 77,983	$ 76,212

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2016	2015
Current tax:		
Current tax on profits for the period	$ 983,419	$ 712,347
Tax on undistributed surplus earnings	3,175	53,172
Prior year income tax (over) underestimation	(8,737)	2,185
Total current tax	977,857	767,704
Deferred tax:		
Origination and reversal of temporary differences	72,433	58,795
Income tax expense	$ 1,050,290	$ 826,499

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

	Years ended December 31,	
	2016	2015
Revaluation increment	$ 84,773	$ -

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2016	2015
Tax calculated based on profit before tax and statutory tax rate	$ 1,031,766	$ 822,587
Effects from items adjusted in accordance with tax regulation	24,086	(51,445)
Prior year income tax (over) underestimation	(8,737)	2,185
Additional 10% tax on undistributed earnings	3,175	53,172
Income tax expense	$ 1,050,290	$ 826,499

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

	Year ended December 31, 2016			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Unrealized exchange gain	($ 5,879)	($ 5,537)	$ -	($ 11,416)
Unrealized profit (loss) from sales	(552)	552	-	-
Provision for inventory price decline and obsolescence	25,948	(3,044)	-	22,904
Allowance for doubtful accounts in excess of tax limit	46	327	-	373
Unrealized accrued expense	32,944	30,562	-	63,506
Unrealized compensation revenue	52,917	(6,132)	-	46,785
Impairment loss	565	-	-	565
Fair value adjustment of investment property	23,116	-	-	23,116
Others	6,571	(4,433)	-	2,138
Total	$ 135,676	$ 12,295	$ -	$ 147,971
－Deferred tax liability:				
Fair value adjustment of investment property	$ -	$ -	($ 106,529)	($ 106,529)
Reserve for land revaluation increment tax	(21,756)	-	21,756	-
Long-term investment gain	(12,205)	-	-	(12,205)
Temporary differences of fixed assets for tax and financial purposes	(3,228)	45	-	(3,183)
Total	($ 37,189)	$ 45	($ 84,773)	($ 121,917)

	Year ended December 31, 2015		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
－Deferred tax assets:			
Unrealized exchange gain	($ 11,760)	$ 5,881	($ 5,879)
Unrealized profit (loss) from sales	622	(1,174)	(552)
Provision for inventory price decline and obsolescence	30,318	(4,370)	25,948
Allowance for doubtful accounts in excess of tax limit	112	(66)	46
Unrealized accrued expense	98,560	(65,616)	32,944
Long-term investment loss	6,978	(6,978)	-
Unrealized compensation revenue	60,936	(8,019)	52,917
Impairment loss	565	-	565
Fair value adjustment of investment property	-	23,116	23,116
Others	7,950	(1,379)	6,571
Total	$ 194,281	($ 58,605)	$ 135,676
－Deferred tax liability:			
Reserve for land revaluation increment tax	($ 21,756)	$ -	($ 21,756)
Long-term investment gain	(12,205)	-	(12,205)
Temporary differences of fixed assets for tax and financial purposes	(3,038)	(190)	(3,228)
Total	($ 36,999)	($ 190)	($ 37,189)

D. Expiration dates of unused net operating loss carryforward and amounts of unrecognized deferred tax assets of domestic subsidiaries are as follows:

December 31, 2016

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2006	$ 48,484	$ 24,250	$ 24,250	2016
2009	16,699	7,496	1,414	2019
2010	16,255	16,255	16,255	2020
2011	12,688	12,688	12,688	2021
2012	10,162	10,162	10,162	2022
2013	9,083	9,083	9,083	2023
2014	9,851	9,851	9,851	2024
2015	4,444	4,444	4,444	2025
2016	979	979	979	2026

December 31, 2015

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2006	$ 48,484	$ 24,250	$ 24,250	2016
2009	16,699	7,496	1,414	2019
2010	16,255	16,255	16,255	2020
2011	12,688	12,688	12,688	2021
2012	10,162	10,162	10,162	2022
2013	9,083	9,083	9,083	2023
2014	9,851	9,851	9,851	2024
2015	4,444	4,444	4,444	2025

January 1, 2015

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2006	$ 48,484	$ 24,250	$ 24,250	2016
2009	16,699	7,496	1,414	2019
2010	16,255	16,255	16,255	2020
2011	12,688	12,688	12,688	2021
2012	10,162	10,162	10,162	2022
2013	9,083	9,083	9,083	2023
2014	9,851	9,851	9,851	2024

E. As of December 31, 2016, December 31, 2015 and January 1, 2015, the amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2016	December 31, 2015	January 1, 2015
Deductible temporary differences	$ 55,304	$ 147,330	$ 131,427

F. As of December 31, 2016, the Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

G. Unappropriated retained earnings:

	December 31, 2016	December 31, 2015	January 1, 2015
Earnings generated in and before 1997	$ 8,024	$ 8,024	$ 17,867
Earnings generated in and after 1998	8,041,089	8,497,444	8,422,883
	$ 8,049,113	$ 8,505,468	$ 8,440,750

H. As of December 31, 2016, December 31, 2015 and January 1, 2015, the balance of the imputation tax credit account was $405,256, $604,357 and $608,679, respectively. The creditable tax rate is estimated to be 7.58% for 2016.

I. The actual imputation credits for the Company's distribution of cash dividends and stock dividends of 2015 were 7.62% and 8.30%, respectively.

(30) Earnings per share

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,531,068	673,887	$ 5.24
Diluted earnings per share			
Employees' bonus	-	7,715	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,531,068	681,602	$ 5.18

	Year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,761,498	667,884	$ 5.63
Diluted earnings per share			
Employees' bonus	-	10,049	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,761,498	677,933	$ 5.55

The above weighted-average outstanding shares of common stock have been adjusted according to the earnings distribution approved by the Board of Directors and stockholders.

(31) Business combinations

A. In April 2015, the Group acquired 100% of the share capital of Zhuzhou Torch Auto Lamp Co., Ltd. (Zhuzhou Torch) for RMB $44,612 thousand and obtained the control of Zhuzhou Torch.

B. The following table summarizes the consideration paid for Zhuzhou Torch and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Year ended December 31, 2015
Purchase consideration	
Cash	$ 221,755
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	$ 11,318
Accounts receivable	156,292
Inventories	46,796
prepayments	1,949
Property, plant and equipment	49,722
Other assets	2,267
Accounts payable	(67,382)
Other payables	(56,576)
Other current liabilities	(2,595)
Total identifiable net assets	141,791
Goodwill (shown as "Intangible assets")	$ 79,964

C. The operating revenue included in the consolidated statement of comprehensive income since the Group's acquisition of Zhuzhou Torch contributed by Zhuzhou Torch was $94,570. Zhuzhou Torch also contributed loss before income tax of $10,007 over the same period. Had Zhuzhou Torch been consolidated from January 1, 2015, the operating revenue and profit before income tax would have shown as follows:

	Year ended December 31, 2015
Operating revenue	$ 80,743,742
Profit before income tax	5,188,410

(32) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2016	2015
Purchase of property, plant and equipment	$ 2,895,613	$ 2,907,924
Add: opening balance of payable on equipment	270,259	179,439
Less: ending balance of payable on equipment	(732,154)	(270,259)
Cash paid during the period	$ 2,433,718	$ 2,817,104

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Operating revenue:

	Years ended December 31,	
	2016	2015
Sales of goods:		
Other related parties	$ 846,102	$ 669,650

The terms of the sales to related parties were the same as those to third parties, with reasonable discounts. In general, the collection periods ranged from 60 to 90 days.

B. Purchases of goods:

	Years ended December 31,	
	2016	2015
Purchases of goods:		
Associates	$ 361,005	$ 523,858
Other related parties	1,745,605	1,512,075
Total	$ 2,106,610	$ 2,035,933

The terms of the purchases from related parties were the same as those to third parties.

C. Receivables from related parties:

	December 31, 2016	December 31, 2015	January 1, 2015
Accounts receivable:			
Other related parties	$ 473,676	$ 329,439	$ 241,285

The receivables from related parties arise mainly from sale transactions and providing marketing services. The credit term is limited from 60 to 90 days after the date of transaction. The receivables are unsecured in nature and bear no interest. There was no allowance for doubtful accounts made of accounts receivable from related parties.

D. Payables to related parties:

	December 31, 2016	December 31, 2015	January 1, 2015
Accounts payable:			
Associates	$ 97,946	$ 147,161	$ 69,947
Other related parties	507,448	353,089	355,357
Total	$ 605,394	$ 500,250	$ 425,304

The payables from related parties arise mainly from purchase transactions. The credit term is limited from 60 to 90 days after the date of transaction. The payables are unsecured in nature and bear no interest.

E. Property transactions- acquisition of financial assets :

	Accounts	Transaction unit	Objects	Year ended December 31, 2016
Other related parties	Available-for-sale financial assets-noncurrent	9,000,000	Fuh Hwa Securities Investment Trust Fund	$ 150,854

There were no acquisitions of financial assets from related parties for the year ended December 31, 2015.

F. Dividend income

	Years ended December 31,	
	2016	2015
Other related parties	$ 70,872	$ 162,486

(2) Key management compensation

	Years ended December 31,	
	2016	2015
Salaries and other short-term employee benefits	$ 327,630	$ 353,829
Termination benefits	2,497	2,573
	$ 330,127	$ 356,402

8. PLEDGED ASSETS

(1) The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2016	Book value December 31, 2015	Purpose
Time deposits (shown as other current assets)	$ 162,445	$ 141,097	Guarantee for tariff, provisional attachment and bank borrowing
Refundable deposits (shown as other non-current assets)	44,254	230,361	Guarantee for rental and future deposits, etc.
Investment property	1,887,876	1,855,650	Long-term borrowings
	$ 2,094,575	$ 2,227,108	

Pledged asset	Book value January 1, 2015	Purpose
Time deposits (shown as other current assets)	$ 6,000	Guarantee for tariff, provisional attachment and bank borrowing
Time deposits (shown as other non-current assets)	15,263	Guarantee for taxes and social insurance
Pledged bank deposit (shown as other current assets)	188	Guarantee for construction
Refundable deposits (shown as other non-current assets)	116,340	Guarantee for rental and future deposits, etc.
	$ 137,791	

(2) As of December 31, 2016, UNIKEY and HEC have pledged the Company's common stock (shown as "treasury stock") amounting to 8,500,000 and 12,600,000 shares, respectively, as pledge for loans.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

A customer of CP has filed a lawsuit in Florida State court, claiming compensation from CP. A buyer claimed for compensation for a laptop produced by the customer of CP that burst into fire and resulted in damages to the buyer's minor children's body and thus filed a lawsuit in Florida State court. The appellant filed a lawsuit demanding that CP pay for the compensation to the buyer and buyer's minor children and bear the loss and expenses resulting from the lawsuit with the buyer. The Company had informed its insurance company and the insurance company has appointed lawyers to handle this case. As of December 31, 2016, CP could not determine the possible results and impact from this lawsuit.

(2) Commitments

A. As of December 31, 2016, the Group had unused letters of credit for purchases of raw materials amounting to approximately $33,350.

B. As of December 31, 2016, for bank loans, financing forward exchange contracts, bill purchased and accounts receivable factoring purposes, the Group provided standby promissory notes totaling $42,702,525 as security.

C. The Company's Board of Directors had resolved to increase the headquarter's building and residential buildings construction budget proposal amounting to $4,030,000 and $1,400,000, respectively. The related construction will be conducted in accordance with the overall construction schedule. As of December 31, 2016, the capital expenditures that have not been incurred amounted to $474,288 and $835,422, respectively.

D. Mao-Ray and Dong Guan Had Eri Iou Plastic Corporation have aggregate minimum commitments under the agreements with local government for the lease of land from 1998 to 2042. The related leasing and management fee each year is $30,176.

E. The subsidiaries, XAVi, CP, Mao-Ray, CAI, CPCQ, HDG, CPSZ, GSE, CPHK and CPUS had leasing commitments, which are summarized below:

	December 31, 2016	December 31, 2015	January 1, 2015
Not later than one year	$ 86,573	$ 107,496	$ 85,062
Later than one year but not later than five years	237,572	157,516	121,509
Later than five years	186,297	186,422	282,936
	$ 510,442	$ 451,434	$ 489,507

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please see Note 6 (21) F. and 6(27) for the details on appropriation of the 2016 earnings.

12. OTHERS

(1) A. In January 2012, Dell Products (Manufacturing) Limited (abbreviated as Dell) had filed an indictment in Ireland Supreme Court to charge against CP as co-defendant. In the case, the original plaintiff (Thomas McDonagh & Sons) had claimed that Dell's customer, which is ICI Dulux Paint Limited (abbreviated as ICI,) had produced paint mixing machines (which contained Dell's brand-name desktop computers and also Dell desktop power adapters produced by CP) that had caused the fire in its factory and caused the related losses. Therefore, the original plaintiff (Thomas McDonagh & Sons) had requested compensation of EUR 1,273 thousand dollars from its defendant. During the lawsuit process, ICI had made Dell as co-defendant, and Dell therefore also had made CP as co-defendant. Additionally, Dell had filed a declaratory judgment in Williamson County, Texas District Court to charge against the Company, HEC, and

CPUS. Dell claimed that the Company, HEC, and CPUS should compensate the losses and the attorneys' fees in Ireland lawsuit according to the Master Purchase Agreement which it had signed with HEC in 1995.

B. Dell has withdrawn the above lawsuit in February 2015. Chicony Power Technology Co., Ltd. paid the settlement in December 2014 and February 2015 which amounted to $20,603 (USD 673 thousand), and recognised the related losses.

(2) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

(3) Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other current assets, other non-current assets, short-term loans, notes payable, accounts payable (including related parties) and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(4).

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group uses derivative financial instruments such as forward foreign exchange contracts and swap contracts to hedge the expected transaction of recognized foreign currency assets/liabilities to reduce the fair value risk and cash flow risk arising from fluctuations in exchange rates.

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

	December 31, 2016				Year ended December 31, 2016		
					Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	USD 543,047	32.2350	$ 17,505,120	1%	$ 175,051	$ -
USD:RMB (Note)	USD 968,450	6.9773	31,217,986	1%	312,180	-
Financial liabilities						
Monetary items						
USD:NTD	USD 939,651	32.2350	$ 30,289,650	1%	$ 302,897	$ -
USD:RMB (Note)	USD 772,160	6.9773	24,890,578	1%	248,906	-
JPY:USD (Note)	JPY 3,920,669	0.0086	1,086,892	1%	10,869	-

	December 31, 2015				Year ended December 31, 2015		
					Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	USD 445,864	32.8300	$ 14,637,715	1%	$ 146,377	$ -
USD:RMB (Note)	USD 810,709	6.5924	26,615,576	1%	266,156	-
Financial liabilities						
Monetary items						
USD:NTD	USD 815,297	32.8300	$ 26,766,201	1%	$ 267,662	$ -
USD:RMB (Note)	USD 793,682	6.5924	26,056,580	1%	260,566	-
JPY:USD (Note)	JPY 3,916,882	0.0083	1,067,307	1%	10,673	-

	January 1, 2015				
		Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD : NTD	USD	494,640	31.6200	$	15,640,517
USD : RMB (Note)	USD	781,426	6.2512		24,708,690
Financial liabilities					
Monetary items					
USD : NTD	USD	764,808	31.6200	$	24,183,229
USD : RMB (Note)	USD	875,154	6.2512		27,672,369

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015, amounted to $598,162 and ($248,243), respectively.

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2016 and 2015 would have increased/decreased by $54,445 and $52,936, respectively.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2016 and 2015, the Group's borrowings at variable rate were denominated in the NTD, USD and JPY.

At December 31, 2016 and 2015, if market interest rates had been 0.25% higher with all other variables held constant, other comprehensive income for the years ended December 31, 2016 and 2015 would have been $6,293 and $6,346 higher, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The credit quality information of accounts receivable (including related party) that are neither past due nor impaired is as follows:

	December 31, 2016	December 31, 2015	January 31, 2015
Group 1	$ 9,487,866	$ 9,461,033	$ 9,216,770
Group 2	9,358,577	7,831,116	9,561,612
	$ 18,846,443	$ 17,292,149	$ 18,778,382

Group 1: Low-risk customers with larger scale of operations and better credits.

Group 2: Other normal-risk customers.

iv. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2016	December 31, 2015	January 31, 2015
Up to 30 days	$ 350,992	$ 633,697	$ 261,079
31 to 120 days	166,609	475,976	113,314
121 to 215 days	541	1,578	2,505
	$ 518,142	$ 1,111,251	$ 376,898

v. The analysis of the Group's accounts receivable that were impaired is as follows:

(1) As of December 31, 2016, December 31, 2015 and January 1, 2015, the Group's accounts receivable that were impaired amounted to $109,836, $103,065 and $95,330, respectively.

(2) Movements on the Group provision for impairment of accounts receivable are as follows:

Individual provision	2016	2015
At January 1	$ 103,065	$ 95,330
Provision of impairment	9,580	-
Reversal of bad debts	-	(3,801)
Effect of exchange rate changes	(2,809)	11,536
At December 31	$ 109,836	$ 103,065

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2016, December 31, 2015 and January 1, 2015, the Group held money market position of $7,365,866, $6,306,397 and $7,108,250, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

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

Non-derivative financial liabilities:

December 31, 2016	Less than 1 year	Over 1 year
Short-term borrowings	$ 2,104,730	$ -
Notes payable	6,819	-
Accounts payable (including related parties)	20,787,924	-
Other payables (including related parties)	8,481,776	-
Long-term borrowings (including current portion)	-	2,425,056
Derivative financial liabilites		
Financial liabilities at fair value through profit or	93,327	-

Non-derivative financial liabilities:

December 31, 2015	Less than 1 year	Over 1 year
Short-term borrowings	$ 2,482,978	$ -
Notes payable	16,298	-
Accounts payable (including related parties)	19,088,445	-
Other payables (including related parties)	7,181,716	-
Long-term borrowings (including current portion)	-	2,494,480
Derivative financial liabilites		
Financial liabilities at fair value through profit or	107,399	-

Non-derivative financial liabilities:

January 1, 2015	Less than 1 year	Over 1 year
Short-term borrowings	$ 2,100,304	$ -
Notes payable	31,341	-
Accounts payable (including related parties)	19,540,447	-
Other payables	6,939,367	-
Long-term borrowings (including current portion)	411,060	534,638
Derivative financial liabilities:		
Financial liabilities at fair value through profit or loss	$ 143,388	-

(4) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(3)A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks (including emerging stocks), beneficiary certificates and convertible bonds, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain derivative instruments and investment property is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2016, December 31, 2015 and January 1, 2015 is as follows:

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 200,715	$ -	$ 200,715
Exchange rate swaps	-	36,743	-	36,743
Available-for-sale financial assets				
Equity securities	4,184,078	51,537	-	4,235,615
Debt securities	265,353	-	-	265,353
Beneficiary certificates	1,208,859	-	-	1,208,859
Investment property (Note)	-	-	5,547,494	5,547,494
Total	$ 5,658,290	$ 288,995	$ 5,547,494	$ 11,494,779
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 93,327	$ -	$ 93,327

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 429,105	$ -	$ 429,105
Futures contracts	-	-	8,324	8,324
Available-for-sale financial assets				
Equity securities	3,651,413	166,064	-	3,817,477
Debt securities	272,798	-	-	272,798
Beneficiary certificates	1,476,075	-	-	1,476,075
Investment property (Note)	-	-	1,855,650	1,855,650
Total	$ 5,400,286	$ 595,169	$ 1,863,974	$ 7,859,429
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 107,399	$ -	$ 107,399

January 1, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 259,362	$ -	$ 259,362
Futures contracts	-	185	8,017	8,202
Available-for-sale financial assets				
Equity securities	5,107,670	381,757	-	5,489,427
Debt securities	10,600	-	-	10,600
Beneficiary certificates	33,885	-	-	33,885
Total	$ 5,152,155	$ 641,304	$ 8,017	$ 5,801,476
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 141,668	$ -	$ 141,668
Exchange rate swaps	-	1,720	-	1,720
	$ -	$ 143,388	$ -	$ 143,388

Note : Investment property measured at fair value.

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

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

	Listed shares	Emerging stocks	Closed-end fund	Open-end fund	Convertible bond
Market quoted price	Closing price	Average trades price	Closing price	Net asset value	Closing price

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

(c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants. Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(e) Under "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the independent external appraisers evaluate using the income approach to calculate the fair value of investment property. For the related assumption and information of inputs, please refer to Note 6(10).

(f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2016 and 2015, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2016 and 2015, there was no transfer into or out from Level 3.

G. The Group treasury is in charge of valuation procedures for fair value measurements of financial asset at fair value through profit or loss being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other sources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(25) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 13(1).

14. SEGMENT INFORMATION

(1) General information

The Group operates business from a geographic perspective; geographically, the Group currently focuses on wholesale in Taiwan, Mainland China, America, and Europe.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on a measure of adjusted EBITDA. Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Group central treasury, which manages the cash position of the group. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2016	Taiwan	Mainland China	America	Europe	Total
Revenue from external customers	$ 51,303,344	$ 22,518,322	$ 2,256,588	$ 939,806	$ 77,018,060
Inter-segment revenue	1,383,847	67,909,224	33,045,284	3,243	102,341,598
Segment revenue	$ 52,687,191	$ 90,427,546	$ 35,301,872	$ 943,049	$ 179,359,658
Segment profit	$ 2,399,335	$ 4,030,296	$ 732,419	$ 46,370	$ 7,208,420

Year ended December 31, 2015	Taiwan	Mainland China	America	Europe	Total
Revenue from external customers	$ 59,915,694	$ 17,984,271	$ 1,819,184	$ 944,220	$ 80,663,369
Inter-segment revenue	955,824	79,726,698	33,205,705	2,321	113,890,548
Segment revenue	$ 60,871,518	$ 97,710,969	$ 35,024,889	$ 946,541	$ 194,553,917
Segment profit	$ 1,770,255	$ 4,376,562	$ 612,120	$ 68,274	$ 6,827,211

(4) Reconciliation for segment income

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2016 and 2015 is provided as follows:

	Years ended December 31,	
	2016	2015
Reportable segments income	$ 7,208,420	$ 6,827,211
Related loss not yet classified	(2,180,343)	(2,221,948)
Total non-operating revenue and expenses	331,284	614,476
Income before tax from continuing operations	$ 5,359,361	$ 5,219,739

(5) Information on products and services

Revenue from third parties is mainly derived from the sale of computer peripheral products, consumer electronic products and other electronic products as follows:

	Years ended December 31,	
	2016	2015
Electrical components	$ 40,041,202	$ 39,182,665
Consumer electronic products	36,034,959	40,850,119
Other electronic products	941,899	630,585
Total	$ 77,018,060	$ 80,663,369

(6) Geographical information

Geographical information for the years ended December 31, 2016 and 2015 is as follows:

	Year ended December 31, 2016		Year ended December 31, 2015	
	Revenue	Non-current assets	Revenue	Non-current assets
Domestic	$ 51,303,344	$ 8,130,604	$ 59,915,694	$ 5,498,684
Asia	22,518,322	11,904,598	17,984,271	13,079,838
US	2,256,588	182,880	1,819,184	89,641
Europe	939,806	2,385	944,220	4,394
Total	$ 77,018,060	$ 20,220,467	$ 80,663,369	$ 18,672,557

The Group's geographical revenue information is determined based on the area collecting the accounts receivable.

Non-current assets include property, plant and equipment, investment assets, intangible assets and other assets, but excluding financial assets and deferred income tax assets.

(7) Major customer information

	Year ended December 31, 2016		
	Revenue	%	Selling department
Company A	$ 2,340,322	3	Asia

	Year ended December 31, 2015		
	Revenue	%	Selling department
Company A	$ 9,412,409	12	Asia

Note: Sales revenue of Company A did not reach 10% for the year ended December 31, 2016.

CHICONY ELECTRONICS CO., LTD.

Loans to others

Year ended December 31, 2016

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2016	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
					(Note 4)	(Note 5)			(Note 3)						(Note 1,2)	(Note 1,2)	
0	The Company	Qun-Jing	Other receivables	Yes	$ 400,000	$ 200,000	$ 193,000	1.00%~1.10%	2	$ -	Working capital	$ -	–	$ -	$ 7,247,702	$ 9,663,603	-
0	The Company	Quansun	"	"	1,300,000	650,000	412,000	1.00%~1.10%	2	-	"	-	–	-	$ 7,247,702	$ 9,663,603	-
0	The Company	UNIKEY	"	"	3,200,000	1,600,000	1,266,500	1.00%~1.10%	2	-	"	-	–	-	$ 7,247,702	$ 9,663,603	-
1	COI	The Company	"	"	4,184,050 (USD 130,000)	547,995 (USD 17,000)	-	1.10%~1.50%	2	-	"	-	–	-	US$ 236,422	US$ 236,422	-
1	COI	CGI	"	"	3,587,650 (USD 110,000)	3,545,850 (USD 110,000)	2,154,910 (USD 66,850)	0.75%-1.50%	2	-	"	-	–	-	$ 7,247,702	$ 9,663,603	-
1	COI	CET	"	"	63,440 (USD 2,000)	32,235 (USD 1,000)	25,788 (USD 800)	0.75%~1.00%	2	-	"	-	-	-	US$ 236,422	US$ 236,422	-
1	COI	KUM	"	"	225,645 (USD 7,000)	225,645 (USD 7,000)	212,751 (USD 6,600)	1.00%~1.5%	2	-	"	-	-	-	$ 7,247,702	$ 9,663,603	-
1	COI	CEM5	"	"	475,800 (USD 15,000)	161,175 (USD 5,000)	-	0.75%	2	-	"	-	-	-	$ 7,247,702	$ 9,663,603	-
1	COI	CEM3	"	"	483,525 (USD 15,000)	483,525 (USD 15,000)	166,111 (USD 5,153)	1.00%	2	-	"	-	-	-	$ 7,247,702	$ 9,663,603	-
2	Mao-Feng	CGI	"	"	1,677,500 (USD 50,000)	1,031,520 (USD 32,000)	774,180 (USD 24,017)	1.50%	2	-	"	-	-	-	$ 7,247,702	$ 9,663,603	-
3	CEM3	Mao-Qun	"	"	407,640 (RMB 86,000)	212,520 (RMB 46,000)	184,800 (RMB 40,000)	2.00%	2	-	"	-	-	-	RMB 649,560	RMB 649,560	-
3	CEM3	CEM5	"	"	152,790 (RMB 30,000)	138,600 (RMB 30,000)	-	-	2	-	"	-	-	-	$ 7,247,702	$ 9,663,603	-
3	CEM3	XAVi Suzhou	"	"	693,000 (RMB 150,000)	693,000 (RMB 150,000)	392,700 (RMB 85,000)	2.00%	2	-	"	-	-	-	RMB 649,560	RMB 649,560	-
4	GUIDWAY	HEI	"	"	67,100 (USD 2,000)	64,470 (USD 2,000)	64,470 (USD 2,000)	-	2	-	"	-	-	-	US$ 2,103	US$ 2,103	-
5	HaderiiouHK	HEI	"	"	16,775 (USD 500)	16,118 (USD 500)	16,118 (USD 500)	-	2	-	"	-	-	-	US$ 879	US$ 879	-
6	HEC	Quansun	"	"	220,000	200,000	195,000	1.00%~1.10%	2	-	"	-	-	-	$ 307,292	$ 307,292	-
7	HOI	CGI	"	"	2,982,420 (USD 94,500)	1,982,453 (USD 61,500)	1,959,888 (USD 60,800)	1.00%~1.50%	2	-	"	-	-	-	$ 7,247,702	$ 9,663,603	-
7	HOI	RealYoung	"	"	208,296 (USD 6,600)	109,599 (USD 3,400)	109,599 (USD 3,400)	1.00%~1.50%	2	-	"	-	-	-	$ 7,247,702	$ 9,663,603	-
7	HOI	HEC	"	"	838,750 (USD 25,000)	805,875 (USD 25,000)	731,735 (USD 22,700)	1.00%~1.10%	2	-	"	-	-	-	US$ 35,114	US$ 35,114	-
8	XAVi	XAVi Suzhou	"	"	301,950 (USD 9,000)	-	-	-	2	-	"	-	-	-	$ 530,096	$ 530,096	-

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2016	Balance at December 31, 2016	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
					(Note 4)	(Note 5)			(Note 3)						(Note 1,2)	(Note 1,2)	
9	CP	CT	Other receivables	Yes	$ 15,000	$ 15,000	$ 4,000	1.50%	2	$ -	Working capital	$ -	-	-	$ 2,842,116	$ 2,842,116	
10	CPI	CPUS	"	"	177,293 (USD 5,500)	177,293 (USD 5,500)	161,175 (USD 5,000)	1.60%	2	-	"	-	-	-	$ 2,131,587	$ 2,842,116	-
10	CPI	CPHK	"	"	1,358,775 (USD 40,500)	1,321,635 (USD 41,000)	1,192,695 (USD 37,000)	1.60%	2	-	"	-	-	-	$ 2,131,587	$ 2,842,116	-
10	CPI	WT	"	"	67,100 (USD 2,000)	32,235 (USD 1,000)	24,176 (USD 750)	1.30%	2	-	"	-	-	-	US$ 42,980	US$ 42,980	-
10	CPI	CT	"	"	6,447 (USD 200)	6,447 (USD 200)	-	-	2	-	"	-	-	-	US$ 42,980	US$ 42,980	-
11	WTS	WT	"	"	16,118 (USD 500)	16,118 (USD 500)	16,118 (USD 500)	1.30%	2	-	"	-	-	-	US$ 2,635	US$ 2,635	-
12	CPSZ	CPCQ	"	"	178,255 (RMB 35,000)	161,700 (RMB 35,000)	161,700 (RMB 35,000)	1.60%	2	-	"	-	-	-	$ 2,131,587	$ 2,842,116	-
12	CPSZ	WTK	"	"	40,744 (RMB 8,000)	36,960 (RMB 8,000)	23,100 (RMB 5,000)	1.60%	2	-	"	-	-	-	RMB 129,685	RMB 129,685	-
12	CPSZ	Zhuzhou Torch Auto Lamp Co., Ltd.	"	"	95,860 (RMB 20,000)	92,400 (RMB 20,000)	69,300 (RMB 15,000)	1.60%	2	-	"	-	-	-	RMB 129,685	RMB 129,685	-
13	SYSTEMAX	XAVi Suzhou	"	"	301,950 (USD 9,000)	-	-	1.50%	1	-	"	-	-	-	$ 397,572	$ 530,096	-

Note 1: In accordance with the financing procedures of the Company, total financing amount should not exceed 40% of the Company's stockholders' equity and

a. the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed 30% of the Company's stockholders' equity for the purpose of loan.

c. the financing period should not exceed one year.

Note 2: In accordance with the financing procedures of the subsidiary, total financing amount should not exceed 40% of the subsidiary's stockholders' equity and

a. the total financing amount to any individual party should not exceed 40% of the subsidiary's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the subsidiary's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

c. for the purpose of loan between the Company's foreign subsidiaries, for which the Company both have 100% shares directly or indirectly, the individual financing amount should not exceed 40% of the Company's stockholders' equity and the total financing amount should not exceed 40% of the Company's stockholders' equity.

d. the limit on the loans to granted by a subsidiary to a single subsidiary of which the subsidiary – CP directly or indirectly holds 100% of its voting shares is not restricted to 40% of the lending company's net asset based on the latest audited or reviewed consolidated financial statements. The ceiling on total loans is 40% of CP's net asset based on the latest audited or reviewed consolidated financial statements. The limit on loans to a single party is 30% of CP's net asset based on the latest audited or reviewed consolidated financial statements and the lending period may not exceed 3 years.

e. the limit on the loans to granted by a subsidiary to a single subsidiary of which the subsidiary – XAVi directly or indirectly holds 100% of its voting shares is not restricted to 40% of the lending company's net asset based on the latest audited or reviewed consolidated financial statements. The ceiling on total loans is 40% of XAVi's net asset based on the latest audited or reviewed consolidated financial statements. The limit on loans to a single party is 30% of XAVi's net asset based on the latest audited or reviewed consolidated financial statements and the lending period may not exceed 3 years.

f. except for c. and e., the financing period should not exceed one year.

Note 3: The numbers filled in the column of 'Nature of loan are as follows:

(1) The business transaction is '1'.

(2) The short-term financing is '2'.

Note 4: The maximum balance is the maximum outstanding balance during the year ended December 31, 2016.

Note 5: The ending balance had been approved at the Board of Directors' meeting.

CHICONY ELECTRONICS CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2016

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2016	Outstanding endorsement/ guarantee amount at December 31, 2016	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
			（Note 1）							(Note 2,3)				
0	The Company	CEZ	3	$ 6,039,752	$ 536,800 (USD 16,000)	$ 451,290 (USD 14,000)	$ 132,331 (EUR 3,900)	$ -	0.55%	$ 12,079,504	Y	N	N	–
0	The Company	CEM3	3	6,039,752	322,350 (USD 10,000)	322,350 (USD 10,000)	161,175 (USD 5,000)	-	0.67%	12,079,504	Y	N	Y	–
0	The Company	CGI	3	6,039,752	629,600 (JPY 2,000,000)	552,400 (JPY 2,000,000)	552,400 (JPY 2,000,000)	-	2.29%	12,079,504	Y	N	N	–
0	The Company	CEM5	3	6,039,752	515,760 (USD 16,000)	515,760 (USD 16,000)	257,880 (USD 8,000)	-	1.07%	12,079,504	Y	N	Y	–
1	CP	CPI	3	2,785,274	167,750 (USD 5,000)	-	-	-	-	3,481,593	N	N	N	–

Note 1： Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:
(1)Having business relationship.
(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5)Mutual guarantee of the trade as required by the construction contract.
(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 2: In accordance with the guarantee procedure of the Company, the total guarantee amount is limited to 50% of the Company's capital. The Company's guarantee to each entity is limited to 50% of the total guarantee amount.
The grand total guarantee amount of the Group is limited to 50% of the Company's capital, and other restrictions are as follows:
a. the total guarantee amount, except the above mentioned restriction, to any individual party should not exceed the higher amount of sales/purchase during the year for the purpose of business.
b. the total guarantee amount is limited to the Company's stockholders' equity when the Company takes guarantee procedure to the entity whose stockholders' equity is lower than 50% of its paid-in capital.

Note 3: In accordance with the guarantee procedures of the subsidiary, CP, the total guarantee amount is limited to 49% of the subsidiary's paid-in capital. CP's guarantee to each entity is limited to 80% of the total guarantee amount.
The total guarantee amount of the Company and its subsidiaries should not exceed 50% of the Company's paid-in capital, and the individual guarantee amount should not exceed 50% of the total guarantee amount.
Other restrictions are as follows:
a. the total guarantee amount to any individual party should not exceed the higher amount of sales/purchase during the year for the purpose of business.
b. guarantee between the subsidiaries where the Company has shares exceeding 90% directly or indirectly should not exceed 10% of the Company's paid-in capital, except the subsidiaries that the Company has shares exceeding 100% directly or indirectly.
c. the total guarantee amount is limited to the Company's stockholders' equity when the Company or its subsidiary take guarantee procedures to the entity whose stockholders' equity is lower than 50% of its paid-in capital.

CHICONY ELECTRONICS CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2016

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					As of December 31, 2016				
Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
The Company	Common stock	Clevo Co.	Common chairman	Available-for-sale financial assets-current	11,530,608	$ 320,551	1.69%	$ 320,551	-
The Company	Common stock	Genesis Photonics Inc.	-	"	1,337,761	3,492	0.42%	3,492	-
The Company	Common stock	ShunOn Electronic Co.	Corporate director	"	2,981,449	82,139	2.34%	82,139	Note 5
The Company	Common stock	Alcor Micro Corp.	"	"	2,440,000	45,750	3.20%	45,750	-
The Company	Common stock	Green Seal Holding Limited	-	"	779,000	113,344	0.52%	113,344	-
The Company	Common stock	AcBel Polytech Inc.	-	"	3,727,000	89,634	0.72%	89,634	-
The Company	Common stock	Ruentex Materials. Co., Ltd.	-	"	55,000	951	0.04%	951	-
The Company	Common stock	Win Semiconductors Corp.	-	"	555,909	50,532	0.14%	50,532	-
The Company	Common stock	JHL Biotech, Inc.	-	"	290,000	19,842	0.13%	19,842	-
The Company	Common stock	Laster Tech Corporation Ltd.	-	"	1,753,000	107,810	2.57%	107,810	-
The Company	Beneficiary certificate	W.I.S.E. Yuanta/P-shares CSI 300 ETF	-	"	3,676,000	58,228	-	58,228	-
The Company	Bond	Everlight Electronics Co., Ltd. The sixth unsecured convertible bonds	-	"	30,000	2,969	0.06%	2,969	-
The Company	Bond	Adimmune Corporation The first secured convertible bonds	-	"	48,000	5,114	0.80%	5,114	-
The Company	Beneficiary certificate	Fuh Hwa Securities Investment Trust Fund	-	Available-for-sale financial assets-non-current	26,081,080	844,505	-	844,505	-
The Company	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	"	9,000,000	85,320	-	85,320	-
The Company	Private equity	ShunOn Electronic Co.	Corporate director	"	8,169,270	225,064	6.41%	225,064	Note 5
The Company	Private equity	Genesis Photonics Inc.	-	"	18,568,443	35,094	5.85%	35,094	-
The Company	Common stock	WK Venture Capital XI	Corporate director	Financial assets measured at cost-non-current	15,380,000	153,800	15.38%	-	-
The Company	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	75,000	9.38%	-	-
The Company	Common stock	Taipei Tech innoFund	"	"	3,500,000	35,000	11.67%	-	-
The Company	Common stock	Maxima Ventures I, Inc.	-	"	13,125	131	2.35%	-	-
The Company	Common stock	Maxima Ventures II, Inc.	-	"	3,000,000	30,000	8.21%	-	-
The Company	Common stock	Taiwan Cultural and Creative Co., Ltd.	-	"	1,600,000	16,000	5.78%	-	-
The Company	Common stock	Orise Technology Co., Ltd	-	"	93,000	-	0.40%	-	-
The Company	Common stock	LumenMax Optoelectronics Co., Ltd.	-	"	188,353	-	1.35%	-	-
The Company	Common stock	MKD Technology Inc.	-	"	1,600,000	48,000	9.41%	-	-
The Company	Common stock	TWi Pharmaceuticals, Inc.	-	"	450,000	29,700	0.80%	-	-
The Company	Preferred stock	Magi Capital Venture Co., Ltd.	-	"	5,130,000	51,300	9.14%	-	-

					As of December 31, 2016				
Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
CP	Common stock	Clevo Co.	Common chairman	Available-for-sale financial assets-current	4,538,000	$ 126,156	0.66%	$ 126,156	-
CP	Common stock	Genesis Photonics Inc.	-	"	11,508,940	30,038	3.63%	30,038	-
CP	Common stock	ShunOn Electronic Co.	Corporate director	"	1,606,000	44,245	1.26%	44,245	-
CP	Common stock	Everlight Electronics Co., Ltd.	-	"	300,000	13,830	0.07%	13,830	-
CP	Common stock	Kinsus Interconnect Technology Corp.	-	"	920,000	65,504	0.21%	65,504	-
CP	Common stock	AcBel Polytech Inc.	-	"	1,908,000	45,887	0.37%	45,887	-
CP	Common stock	Globalwafers.Co., Ltd.	-	"	319	37	-	37	-
CP	Common stock	Cheng Uei Precision Industry Co., Ltd.	-	"	250,000	9,150	0.05%	9,150	-
CP	Common stock	Zippy Technology Corp.	-	"	337,000	11,947	0.22%	11,947	-
CP	Common stock	Green Seal Holding Limited	-	"	1,509,000	219,560	1.02%	219,560	-
CP	Common stock	Laster Tech Corporation Ltd.	-	"	3,329,176	204,744	4.88%	204,744	-
CP	Common stock	Win Semiconductors Corp.	-	"	300,909	27,353	0.07%	27,353	-
CP	Common stock	Hon Hai Precision Ind. Co., Ltd.	-	"	330,000	27,786	-	27,786	-
CP	Common stock	Flytech Technology Co., Ltd.	-	"	300,000	28,230	0.20%	28,230	-
CP	Common stock	Pegatron Corporation	-	"	700,000	53,900	0.03%	53,900	-
CP	Bond	Everlight Electronics Co., Ltd. The sixth unsecured convertible bonds	-	"	2,500,000	247,375	5.43%	247,375	-
CP	Private equity	Genesis Photonics Inc.	-	Available-for-sale financial assets-non-current	8,699,899	16,443	2.74%	16,443	-
CP	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	"	6,000,000	56,880	-	56,880	-
CP	Common stock	LumenMax Optoelectronics Co., Ltd.	-	Financial assets measured at cost-non-current	234,069	-	1.67%	-	-
CP	Common stock	TWi Pharmaceuticals, Inc.	-	"	220,000	14,520	0.39%	-	-
CP	Common stock	Taipei Tech innoFund	Corporate director	"	1,500,000	15,000	5.00%	-	-
CP	Common stock	WK Venture Capital XI	"	"	1,000,000	10,000	1.00%	-	-
CP	Common stock	Top Taiwan Venture Capital Group	"	"	7,500,000	75,000	9.38%	-	-
HEC	Common stock	Clevo Co.	Common chairman	Available-for-sale financial assets-current	11,370,823	316,109	1.66%	316,109	-
HEC	Common stock	The Company	The Company	"	16,028,253	1,202,119	2.25%	1,202,119	Note 2
UNIKEY	Common stock	Clevo Co.	Common chairman	"	19,153,000	532,453	2.80%	532,453	-
UNIKEY	Common stock	The Company	The Company	"	20,964,134	1,572,310	2.94%	1,572,310	Note 3
COI	Common stock	Clevo Co.	Common chairman	"	9,202,000	255,816	1.35%	255,816	-
COI	Common stock	ShunOn Electronic Co.	Corporate director	"	1,407,607	38,780	1.10%	38,780	Note 5
COI	Common stock	GOMAJI Corp., Ltd.	-	"	10,000	442	0.05%	442	-
COI	Common stock	Laster Tech Corporation Ltd.	-	"	1,012,000	62,238	1.48%	62,238	-
COI	Common stock	PharmaEngine, Inc.	-	"	260,000	47,190	0.02%	47,190	-
COI	Common stock	Z-Obee Holdings Limited	-	"	4,970,000	-	0.65%	-	-
COI	Common stock	CTBC Securities Co., Ltd.	-	"	270,000	20,150	-	20,150	-
COI	Common stock	Merrimack Pharmacenticals, Inc.	-	"	844,826	111,110	0.65%	111,110	-
COI	Bond	Everlight Electronics Co., Ltd. The sixth unsecured convertible bonds	-	"	100,000	9,895	0.20%	9,895	-

					As of December 31, 2016				
Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
COI	Beneficiary certificate	Enriching Fund SPC	-	Financial assets measured at cost-non-current	1,720	$ 55,444	-	$ -	-
COI	Beneficiary certificate	WRV II, L.P	-	"	4,459,333	143,747	-	-	-
COI	Beneficiary certificate	MagiCapital Fund II, L.P.	-	"	874,436	28,188	-	-	-
COI	Beneficiary certificate	New Riders L.P.	-	"	1,022,000	32,944	-	-	-
COI	Preferred stock	SAGA-CHINA	-	"	20,000,000	644,700	-	-	-
Mao-Feng	Preferred stock	Bot Home Automation, Inc.	-	"	467,887	96,705	0.03%	-	-
CPI	Common stock	Anxin-China Holdings Limited	-	Available-for-sale financial assets-current	8,300,000	13,341	0.27%	13,341	-
CPI	Common stock	Merrimack Pharmaceuticals, Inc. MACK	-	"	492,282	64,744	0.38%	64,744	-
CPI	Common stock	Mobileye N.V.	-	"	27,700	34,038	0.01%	34,038	-
CPI	Beneficiary certificate	CSOP FTSE China A50 ETF	-	"	857,000	38,920	-	38,920	-
CPI	Beneficiary certificate	WRV II, L.P	-	Financial assets measured at cost-non-current	2,229,666	71,873	-	-	-
Quansun	Common stock	New Hung Kuan Enterprise Co., Ltd.	-	"	8,140,000	209,278	20.62%	-	Note 4
Quansun	Common stock	Clevo Co.	Common chairman	Available-for-sale financial assets-current	7,100,000	197,380	1.04%	197,380	-
Qun-Jing	Common stock	Clevo Co.	"	"	2,100,000	58,380	0.31%	58,380	-
XAVi	Common stock	Chicony Power Technology Co., Ltd.	Affiliated company	"	7,126,628	356,331	1.90%	356,331	-
XAVi	Common stock	ShunOn Electronic Co.	Corporate director	"	380,000	10,469	0.30%	10,469	-
XAVi	Common stock	Green Seal Holding Limited	-	"	671,000	97,631	0.45%	97,631	-
XAVi	Beneficiary certificate	Fuh Hwa Securities Investment Trust Fund	-	Available-for-sale financial assets-non-current	2,982,273	96,566	-	96,566	-
XAVi	Beneficiary certificate	Fuh Hwa New Oriental Securities Investment Trust Fund	-	"	3,000,000	28,440	-	28,440	-

Note 1: The above list is based on listed companies, OTC companies, beneficiary certificates, and companies which issue stocks, since investee companies hold many marketable securities which could not all be listed.

Note 2: Provided 12,600,000 shares pledged for short-term loan.

Note 3: Provided 8,500,000 shares pledged for short-term loan.

Note 4: The Company holds over 20% ownership interest of the entity, however, based on objectives indicators; the Company has no significant influence on the entity.

Note 5: That Company's Board of Directors resolved the capital reduction to issue shares. The ratio of capital reduction was 45.5382%. The effective date of capital reduction and issuing new shares after the capital reduction as August 10, 2016 and October 15, 2016, respectively. The Group will adjust the number of shares holding and book value in proportion to its ownership after the date of new shares issuance after the capital reduction.

CHICONY ELECTRONICS CO., LTD.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2016

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2016		Addition		Disposal				Balance as at December 31, 2016	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
			(Note 1)	(Note 1)		(Note 2)								(Note 2)
The Company	PharmaEngine, Inc.	Available-for-sale financial assets-current	–	–	346,000	$ 83,892	1,310,780	$ 280,522	1,656,780	$ 382,711	$ 364,414	$ 18,297	-	$ -
The Company	Fuh Hwa Securities Investment Trust Fund	Available-for-sale financial assets-non-current	–	–	30,780,000	353,398	7,000,000	161,140	11,698,920	373,169	159,331	213,838	26,081,080	355,207
COI	SAGA-CHINA	Financial assets measured at cost-non-current	–	–	-	-	20,000,000	644,700	-	-	-	-	20,000,000	644,700
CP	Fuh Hwa Securities Investment Trust Fund	Available-for-sale financial assets-non-current	–	–	24,900,000	249,000	9,000,000	150,854	33,900,000	959,938	399,854	560,084	-	-

Note 1: It is applicable to disclosure information when marketable securities were recognized as "investments accounted for using equity method".
Note 2: Based on book value, without considering the allowance.

CHICONY ELECTRONICS CO., LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2016

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty(Note 3)	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	CEM2	Subsidiary owned by COI	Purchases	$ 5,616,506	28	30~60 days	Note 1	30~60 days	($ 11,937,093)	64	-
CEM2	The Company	The parent company of COI	Sales	(5,616,506)	49	30~60 days	Note 2	30~60 days	11,937,093	92	-
The Company	CEM3	Subsidiary owned by Mao-Feng	Purchases	7,477,359	37	30~60 days	Note 1	30~60 days	(2,467,103)	13	-
CEM3	The Company	The parent company of COI	Sales	(7,477,359)	40	30~60 days	Note 2	30~60 days	2,467,103	42	-
The Company	Mao-Ray	Subsidiary owned by Real Young	Purchases	4,867,269	24	30~60 days	Note 1	30~60 days	(4,081,817)	22	-
Mao-Ray	The Company	The parent company of COI	Sales	(4,867,269)	81	30~60 days	Note 2	30~60 days	4,081,817	99	-
CGI	CAI	Affiliated company	Sales	(1,007,406)	15	60~90 days	Note 2	60~90 days	460,086	14	-
CAI	CGI	Affiliated company	Purchases	1,007,406	100	60~90 days	Note 1	60~90 days	(460,086)	100	-
CGI	CEZ	Affiliated company	Sales	(692,133)	10	60~90 days	Note 2	60~90 days	25,826	1	-
CEZ	CGI	Affiliated company	Purchases	692,133	4	60~90 days	Note 1	60~90 days	(25,826)	3	-
CEM2	CGI	Affiliated company	Sales	(4,311,583)	38	60~90 days	Note 2	60~90 days	-	-	-
CGI	CEM2	Affiliated company	Purchases	4,311,583	34	60~90 days	Note 1	60~90 days	-	-	-
Mao-Ray	CGI	Affiliated company	Sales	(949,718)	16	60~90 days	Note 2	60~90 days	-	-	-
CGI	Mao-Ray	Affiliated company	Purchases	949,718	7	60~90 days	Note 1	60~90 days	-	-	-
CEM3	CGI	Affiliated company	Sales	(6,330,632)	34	60~90 days	Note 2	60~90 days	1,606,279	27	-
CGI	CEM3	Affiliated company	Purchases	6,330,632	50	60~90 days	Note 1	60~90 days	(1,606,279)	67	-
CEM5	CGI	Affiliated company	Sales	(903,688)	29	60~90 days	Note 2	60~90 days	781,160	68	-
CGI	CEM5	Affiliated company	Purchases	903,688	7	60~90 days	Note 1	60~90 days	(781,160)	33	-
Mao-Ray	Real Young	Affiliated company	Sales	(218,462)	3	60~90 days	Note 2	60~90 days	20,641	1	-
Real Young	Mao-Ray	Affiliated company	Purchases	218,462	100	60~90 days	Note 1	60~90 days	(20,641)	100	-
Real Young	CEM2	Affiliated company	Sales	(220,008)	100	60~90 days	Note 2	60~90 days	1,036	-	-
CEM2	Real Young	Affiliated company	Purchases	220,008	2	60~90 days	Note 1	60~90 days	(1,036)	-	-
CEM3	CEM5	Affiliated company	Sales	(141,934)	1	60~90 days	Note 2	60~90 days	80,201	1	-
CEM5	CEM3	Affiliated company	Purchases	141,934	6	60~90 days	Note 1	60~90 days	(80,201)	10	-
Qun-Yang	CEM3	Affiliated company	Sales	(228,369)	100	60~90 days	Note 2	60~90 days	96,496	100	-
CEM3	Qun-Yang	Affiliated company	Purchases	228,369	1	60~90 days	Note 1	60~90 days	(96,496)	2	-
CPSZ	CEM3	Affiliated company	Sales	(216,821)	3	90 days	Note 2	90 days	111,312	3	-
CEM3	CPSZ	Affiliated company	Purchases	216,821	1	90 days	Note 1	90 days	(111,312)	2	-
CP	CEM2	Affiliated company	Sales	(495,544)	2	90 days	Note 2	90 days	193,839	3	-
CEM2	CP	Affiliated company	Purchases	495,544	5	90 days	Note 1	90 days	(193,839)	6	-
CPI	CEM3	Affiliated company	Sales	(959,865)	4	90 days	Note 2	90 days	533,674	7	-
CEM3	CPI	Affiliated company	Purchases	959,865	6	90 days	Note 1	90 days	(533,674)	11	-

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty(Note 3)	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CPI	Mao-Ray	Affiliated company	Sales	($ 276,455)	1	90 days	Note 2	90 days	$ 120,882	2	-
Mao-Ray	CPI	Affiliated company	Purchases	276,455	5	90 days	Note 1	90 days	(120,882)	3	-
CPI	CEM5	Affiliated company	Sales	(244,394)	1	90 days	Note 2	90 days	176,492	2	-
CEM5	CPI	Affiliated company	Purchases	244,394	10	90 days	Note 1	90 days	(176,492)	23	-
CP	CPUS	Affiliated company	Sales	(679,173)	3	90 days	Note 2	90 days	155,677	2	-
CPUS	CP	Affiliated company	Purchases	679,173	100	90 days	Note 1	90 days	(155,677)	100	-
CPI	CP	Affiliated company	Sales	(23,020,691)	93	45 days	Note 2	45 days	6,485,634	83	-
CP	CPI	Affiliated company	Purchases	23,020,691	100	45 days	Note 1	45 days	(6,485,634)	99	-
CP	CEZ	Affiliated company	Sales	(129,406)	1	90 days	Note 2	90 days	11,482	-	-
CEZ	CP	Affiliated company	Purchases	129,406	1	90 days	Note 1	90 days	(11,482)	1	-
CPDG	CPI	Affiliated company	Sales	(11,365,386)	99	45 days	Note 2	45 days	2,288,623	82	-
CPI	CPDG	Affiliated company	Purchases	11,365,386	48	45 days	Note 1	45 days	(2,288,623)	27	-
CPSZ	CPI	Affiliated company	Sales	(8,030,388)	95	45 days	Note 2	45 days	3,673,916	95	-
CPI	CPSZ	Affiliated company	Purchases	8,030,388	34	45 days	Note 1	45 days	(3,673,916)	44	-
CPCQ	CPI	Affiliated company	Sales	(4,391,342)	91	45 days	Note 2	45 days	1,374,188	89	-
CPI	CPCQ	Affiliated company	Purchases	4,391,342	18	45 days	Note 1	45 days	(1,374,188)	16	-
CPCQ	CPSZ	Affiliated company	Sales	(433,276)	9	60 days	Note 2	60 days	163,088	11	-
CPSZ	CPCQ	Affiliated company	Purchases	433,276	6	60 days	Note 1	60 days	(163,088)	5	-
GSE	CPSZ	Affiliated company	Sales	(353,639)	32	60 days	Note 2	60 days	139,130	42	-
CPSZ	GSE	Affiliated company	Purchases	353,639	5	60 days	Note 1	60 days	(139,130)	4	-
GSE	CPDG	Affiliated company	Sales	(542,314)	48	60 days	Note 2	60 days	118,308	36	-
CPDG	GSE	Affiliated company	Purchases	542,314	16	60 days	Note 1	60 days	(118,308)	3	-
GSE	CPCQ	Affiliated company	Sales	(174,516)	16	60 days	Note 2	60 days	61,256	19	-
CPCQ	GSE	Affiliated company	Purchases	174,516	4	60 days	Note 1	60 days	(61,256)	3	-
Systemax	XAVi	Affiliated company	Sales	(2,769,197)	100	45~180 days	Note 2	45~180 days	778,141	100	-
XAVi	Systemax	Affiliated company	Purchases	2,769,197	99	45~180 days	Note 1	45~180 days	(778,141)	89	-
XAVi Suzhou	Systemax	Affiliated company	Sales	(2,636,536)	56	45~180 days	Note 2	45~180 days	468,734	31	-
Systemax	XAVi Suzhou	Affiliated company	Purchases	2,636,536	99	45~180 days	Note 1	45~180 days	(468,734)	99	-
CEM3	Newmax	Associates	Purchases	308,808	2	60~90 days	Note 1	60~90 days	(94,590)	2	-
CEM3	KAPOK	Other related party	Sales	(432,886)	2	60 days	Note 2	60 days	227,320	4	-
CEM3	JiaXing ShunOn	Other related party	Purchases	249,779	1	60~90 days	Note 1	60~90 days	(29,141)	1	-
CEM3	Farwin	Other related party	Purchases	353,289	2	60~90 days	Note 1	60~90 days	(120,803)	2	-
CEM3	Jim Yu	Other related party	Purchases	284,984	2	60~90 days	Note 1	60~90 days	(105,161)	2	-
CEM3	ShunOn Electronic Co.	Other related party	Purchases	197,580	1	60~90 days	Note 1	60~90 days	(25,446)	1	-
CEM5	ShunOn Electronic Co.	Other related party	Purchases	216,014	9	60~90 days	Note 1	60~90 days	(32,304)	4	-
Mao-Ray	Farwin (Dong Guan) Electronics Co., Ltd.	Other related party	Purchases	205,971	4	60~90 days	Note 1	60~90 days	-	-	-
CP	KAPOK	Other related party	Sales	(393,132)	2	60 days	Note 2	60 days	210,430	3	-

Note 1: Purchases from related parties were basically the same as those from third parties.
Note 2: Sales to related parties were basically the same as those to third parties.

CHICONY ELECTRONICS CO., LTD.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2016

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2016	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Accounts receivable								
The Company	CEM3	Subsidiary owned by Mao-Feng	$ 267,661	0.96	$ –	–	$ –	$ –
The Company	CEM5	Subsidiary owned by COI	118,519	1.97	–	–	–	–
CEM2	The Company	The parent company of COI	11,937,093	0.46	–	–	–	–
Mao-Ray	The Company	The parent company of COI	4,081,817	1.81	–	–	–	–
CEM3	The Company	The parent company of COI	2,467,103	2.66	–	–	–	–
CEM3	KAPOK	Other related party	227,320	1.94	–	–	–	–
CEM3	CGI	Affiliated company	1,606,279	7.38	–	–	–	–
CGI	CAI	Affiliated company	460,086	2.28	–	–	–	–
CEM5	CGI	Affiliated company	781,160	2.31	–	–	–	–
CP	CEM2	Affiliated company	193,839	3.27	–	–	–	–
CP	CPUS	Affiliated company	155,677	5.66	–	–	–	–
CP	KAPOK	Other related party	210,430	2.64	–	–	–	–
CPI	CEM3	Affiliated company	533,674	2.20	–	–	–	–
CPI	CEM5	Affiliated company	176,492	2.77	–	–	–	–
CPI	Mao-Ray	Affiliated company	120,882	4.04	–	–	–	–
CPI	CP	Affiliated company	6,485,634	3.94	–	–	–	–
CPDG	CPI	Affiliated company	2,288,623	5.22	–	–	–	–
CPSZ	CPI	Affiliated company	3,673,916	2.44	–	–	–	–
CPSZ	CEM3	Affiliated company	111,312	0.89	–	–	–	–
CPCQ	CPI	Affiliated company	1,374,188	3.92	–	–	–	–
CPCQ	CPSZ	Affiliated company	163,088	2.87	–	–	–	–
GSE	CPSZ	Affiliated company	139,130	2.95	–	–	–	–
GSE	CPDG	Affiliated company	118,308	4.83	–	–	–	–
Systemax	XAVi	Affiliated company	778,141	6.33	–	–	–	–
XAVi Suzhou	Systemax	Affiliated company	468,734	19.96	–	–	–	–
Other receivable								
The Company	UNIKEY	Subsidiary owned by the Company	$ 1,270,310	–	$ –	–	$ –	$ –
The Company	Qun-Jing	Subsidiary owned by HEC	193,592	–	–	–	–	–
The Company	Quansun	Subsidiary owned by HEC	413,242	–	–	–	–	–
COI	CGI	Affiliated company	2,173,320	–	–	–	–	–
COI	KUM	Affiliated company	218,010	–	–	–	–	–
COI	CEM3	Affiliated company	166,319	–	–	–	–	–
Mao-Feng	The Company	The Company	561,702	–	–	–	–	–
Mao-Feng	CGI	Affiliated company	1,203,734	–	–	–	–	–
Real Young	Mao-Ray	Affiliated company	915,754	–	–	–	–	–
CEM3	Mao-Qun	Affiliated company	185,726	–	–	–	–	–
CEM3	XAVi Suzhou	Affiliated company	394,841	–	–	–	–	–
CPI	CPHK	Affiliated company	1,193,172	–	–	–	–	–
CPI	CPUS	Affiliated company	163,483	–	–	–	–	–
HEC	Quansun	Affiliated company	195,582	–	–	–	–	–
HOI	CGI	Affiliated company	1,959,888	–	–	–	–	–
HOI	Real Young	Affiliated company	109,745	–	–	–	–	–
HOI	HEC	Affiliated company	731,735	–	–	–	–	–
CPSZ	CPCQ	Affiliated company	163,991	–	–	–	–	–
XAVi	XAVi Suzhou	Affiliated company	697,814	–	183,811	–	–	–

CHICONY ELECTRONICS CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2016

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	UNIKEY	1	Other receivables-related party	$ 1,270,310	Note 5	1.98
"	The Company	Real Young	1	Prepayments to suppliers - related party	1,102,979	Note 7	1.72
1	CGI	CAI	3	Sales	1,007,406	Note 4	1.31
"	CGI	Mao-Ray	3	Prepayments to suppliers - related party	2,050,281	Note 7	3.19
"	CGI	CEM2	3	Prepayments to suppliers - related party	8,732,693	Note 7	13.58
2	COI	CGI	3	Other receivables-related party	2,173,320	Note 5	3.38
3	CEM2	The Company	2	Sales	5,616,506	Note 4	7.29
"	CEM2	The Company	2	Accounts receivable-related party	11,937,093	Note 4	18.57
"	CEM2	CGI	3	Sales	4,311,583	Note 4	5.60
4	CEM3	The Company	2	Sales	7,477,359	Note 4	9.71
"	CEM3	The Company	2	Accounts receivable-related party	2,467,103	Note 4	3.84
"	CEM3	CGI	3	Sales	6,330,632	Note 4	8.22
"	CEM3	CGI	3	Accounts receivable-related party	1,606,279	Note 4	2.50
5	CEM5	CGI	3	Sales	903,688	Note 4	1.17
"	CEM5	CGI	3	Accounts receivable-related party	781,160	Note 4	1.21
6	Mao-Ray	The Company	2	Sales	4,867,269	Note 4	6.32
"	Mao-Ray	The Company	2	Accounts receivable-related party	4,081,817	Note 4	6.35
"	Mao-Ray	CGI	3	Sales	949,718	Note 4	1.23
7	Real Young	Mao-Ray	3	Other receivables-related party	915,754	Note 6	1.42

8	Mao-Feng	CGI	3	Other receivables-related party	$ 1,203,734	Note 5	1.87
9	CPI	CEM3	3	Sales	959,865	Note 4	1.25
"	CPI	CP	3	Sales	23,020,691	Note 4	29.89
"	CPI	CP	3	Accounts receivable-related party	6,485,634	Note 4	10.09
"	CPI	CPHK	3	Other receivables-related party	1,193,172	Note 5	1.86
10	HOI	CGI	3	Other receivables-related party	1,959,888	Note 5	3.05
"	HOI	HEC	3	Other receivables-related party	731,735	Note 5	1.14
11	CPSZ	CPI	3	Sales	8,030,388	Note 4	10.43
"	CPSZ	CPI	3	Accounts receivable-related party	3,673,916	Note 4	5.71
12	CPCQ	CPI	3	Sales	4,391,342	Note 4	5.70
"	CPCQ	CPI	3	Accounts receivable-related party	1,374,188	Note 4	2.14
13	CPDG	CPI	3	Sales	11,365,386	Note 4	14.76
"	CPDG	CPI	3	Accounts receivable-related party	2,288,623	Note 4	3.56
14	XAVi	XAVi Suzhou	3	Other receivables-related party	697,814	Note 6	1.09
15	XAVi Suzhou	Systemax	3	Sales	2,636,536	Note 4	3.42
16	Systemax	XAVi	3	Sales	2,769,197	Note 4	3.60
"	Systemax	XAVi Suzhou	3	Other receivables-related party	778,141	Note 5	1.21

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Sales to related parties were basically the same as those to third parties, with consideration of transaction quantities and market situation, the payment terms were basically the same

Note 5: The terms of related party loans depends on both parties' operation situation.

Note 6: Receivables from advances and service charges of related parties.

Note 7: Prepayment to supplies-related party.

CHICONY ELECTRONICS CO., LTD.

Information on investees (not including investees in Mainland China)

Year ended December 31, 2016

Table 8

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2016			Net profit (loss) of the investee for the year ended December 31, 2016	Investment income(loss) recognised by the Company for the year ended December 31, 2016	Footnote
				Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
The Company	COI	BVI	(1)Sales of computer peripherals (2)Management of overseas acquisitions & investments	$ 265,326	$ 265,326	1,000	100.00%	$ 19,114,401	$ 1,934,479	$ 1,930,319	Subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	33,920	33,920	322,427	15.27%	193	-	-	Subsidiary
	UNIKEY	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	150,000	150,000	15,000,000	100.00%	(384,242)	14,466	(74,597)	Subsidiary
	HEI	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	136,757	136,757	7,538,223	50.25%	32,178	(905)	(269)	Subsidiary
	HOI	BVI	(1)Sales of computer peripherals (2)Management of overseas acquisitions & investments	412,003	412,003	12,560,000	100.00%	2,829,753	33,490	33,490	Subsidiary
	HEC	Taiwan R.O.C.	Sales of switching power supplies and other electronic parts	2,330	2,330	4,660,000	100.00%	(433,890)	84,377	15,799	Subsidiary
	XAVi	Taiwan R.O.C.	Researching, manufacturing and selling the DSL bridges and routers	214,860	201,047	35,556,875	43.05%	472,182	180,391	94,495	Subsidiary
	CGI	Malaysia	Sales of computers and computer peripherals	33,027	33,027	1,000,000	100.00%	3,557,969	(429,388)	(316,375)	Subsidiary
	CP	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	1,298,408	1,298,408	177,875,268	48.94%	2,567,183	1,340,653	727,917	Subsidiary
	Newmax	Taiwan R.O.C.	Manufacturing and sales of lenses	114,099	114,099	1,267,767	1.25%	93,949	(541,990)	(6,775)	Investments accounted for using equity method
UNIKEY	Real Young	BVI	(1)Sales of computer peripherals (2)Management of overseas acquisitions & investments	41,490	41,490	1,275,000	13.95%	70,717	89,067	-	Sub-subsidiary
	Newmax	Taiwan R.O.C.	Manufacturing and sales of lenses	506,950	506,950	17,778,489	17.54%	278,317	(541,990)	-	Investments accounted for using equity method
COI	CAI	U.S.A	Sales of computers and computer peripherals	104,764 (USD 3,250)	104,764 (USD 3,250)	3,250,000	100.00%	92,544	3,869	-	Sub-subsidiary
	CAGI	U.S.A	Internet solution for E-Commerce solution	100,090 (USD 3,105)	100,090 (USD 3,105)	12,400,000	100.00%	(1,194)	(51)	-	Sub-subsidiary
	Mao-Feng	BVI	(1)Sales of computer peripherals (2)Management of overseas acquisitions & investments	73,947 (USD 2,294)	73,947 (USD 2,294)	2,294,000	100.00%	8,672,816	919,706	-	Sub-subsidiary
	CET	Thailand	Manufacturing and sales of computer peripherals	252,174 (USD 7,823)	252,174 (USD 7,823)	1,789,141	84.73%	34,683	-	-	Sub-subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2016	Initial investment amount: Balance as at December 31, 2015	Shares held as at December 31, 2016: Number of shares	Shares held as at December 31, 2016: Ownership (%)	Shares held as at December 31, 2016: Book value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income(loss) recognised by the Company for the year ended December 31, 2016	Footnote
COI	KUM	Samoa	(1)Sales of computer peripherals (2)Management of overseas acquisitions & investments	73,206 (USD 2,271)	73,206 (USD 2,271)	2,284,142	100.00%	(149,532)	(9,496)	-	Sub-subsidiary
	CEZ	Czech Republic	Sales of computers and computer peripherals	226 (USD 7)	226 (USD 7)	-	100.00%	230,516	40,592	-	Sub-subsidiary
	GFI	Cayman Islands	(1)Sales of computer peripherals (2)Management of overseas acquisitions & investments	77,106 (USD 2,392)	77,106 (USD 2,392)	2,310,000	60.00%	(158,530)	(4,059)	-	Sub-subsidiary
	Real Young	BVI	(1)Sales of computer peripherals (2)Management of overseas acquisitions & investments	260,201 (USD 8,072)	260,201 (USD 8,072)	7,864,780	86.05%	445,165	89,067	-	Sub-subsidiary
COI	CEJ	Japan	Sales of computers and computer peripherals	3,062 (USD 95)	3,062 (USD 95)	-	100.00%	8,550	1,335	-	Sub-subsidiary
	HOLYU International Co.,Ltd.	Samoa	Investment holdings	61,956 (USD 1,922)	61,956 (USD 1,922)	1,922,420	16.72%	3,802	184,120	-	Sub-subsidiary
	Hikari Investment GK	Japan	Investment holdings	1,031,875 (USD 32,011)	1,031,875 (USD 32,011)	-	99.00%	949,375	77,402	-	Sub-subsidiary
CP	CPH	BVI	Investment holdings	$ 326,350	$ 326,350	10,000,000	100.00%	$ 3,404,209	$ 1,025,411	$ -	Sub-subsidiary
	Newmax	Taiwan R.O.C.	Manufacturing and sales of lenses	358,590	358,590	2,762,779	2.73%	280,824	(541,990)	-	Investments accounted for using equity method
CPH	CPI	Cayman Islands	Sales of switching power supplies and other electronic	322,350 (USD 10,000)	322,350 (USD 10,000)	10,000,000	100.00%	3,463,683	1,025,455	-	Sub-subsidiary
CPI	CPUS	U.S.A	Sales of switching power supplies and other electronic	42,453 (USD 1,317)	42,453 (USD 1,317)	1,500,000	100.00%	12,164	(4,773)	-	Sub-subsidiary
	CPHK	Hong Kong	Research and development center	356,507 (HKD 85,800)	356,507 (HKD 85,800)	46,800,000	100.00%	2,185,922	543,243	-	Sub-subsidiary
	WitsLight Technology	Samoa	Design, research and development, manufacturing and sales of LED lighting modules	290,115 (USD 9,000)	290,115 (USD 9,000)	10,000,000	78.13%	224,292	(16,557)	-	Sub-subsidiary
WTS	WT	Taiwan R.O.C.	Design, research and development of LED lighting modules and international trade	5,000	5,000	500,000	100.00%	(75,255)	(8,496)	-	Sub-subsidiary
	CT	Taiwan R.O.C.	Design, researching and developing and sales of automotive and motorcycle lamps and other components	3,000	-	300,000	100.00%	(2,338)	(5,338)	-	Sub-subsidiary
Kuang Mao	Sky-Fine	Samoa	Sales of computers and computer peripherals	80,362 (USD 2,493)	80,362 (USD 2,493)	310,423	29.00%	66,698	(39,396)	-	Investments accounted for using equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2016			Net profit (loss) of the investee for the year ended December 31, 2016	Investment income(loss) recognised by the Company for the year ended December 31, 2016	Footnote
				Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
HEC	Quansun	Taiwan R.O.C.	Investment holdings	80,000	80,000	8,000,000	100.00%	(200,620)	1,233	-	Sub-subsidiary
	Qun Jung	Taiwan R.O.C.	Manufacturing and sales of computer peripherals	1,000	1,000	100,000	100.00%	(133,156)	144	-	Sub-subsidiary
	Newmax	Taiwan R.O.C.	Manufacturing and sales of lenses	127,694	127,694	873,000	0.86%	118,162	(541,990)	-	Investments accounted for using equity method
XAVi	Directmax	BVI	Management of overseas	330,409 (USD 10,250)	169,234 (USD 5,250)	7,750,000	100.00%	566,496	154,921	-	Sub-subsidiary
Directmax	XAVi Overseas	BVI	Management of overseas	322,350 (USD 10,000)	161,175 (USD 5,000)	7,500,000	100.00%	218,532	34,175	-	Sub-subsidiary
	Systemax	BVI	Sales of DSL bridges and routers	8,059 (USD 250)	8,059 (USD 250)	250,000	100.00%	347,964	120,746	-	Sub-subsidiary
HEI	GUIDWAY	BVI	Investment holdings	1,746	1,746	50,000	100.00%	169,458	(88,324)	-	Sub-subsidiary
	Haderiiou HK	Hong Kong	Investment holdings	45	45	10,000	100.00%	70,871	5,782	-	Sub-subsidiary
	HOLYU International Co.,Ltd.	Samoa	(1)Sales of plastic goods (2)Investment holdings	144,015	144,015	5,153,040	44.81%	9,923	184,120	-	Sub-subsidiary
GUIDWAY	HOLYU International Co.,Ltd.	Samoa	(1)Sales of plastic goods (2)Investment holdings	92,095 (USD 2,857)	92,095 (USD 2,857)	2,857,155	24.84%	5,501	184,120	-	Sub-subsidiary
Haderiiou HK	HOLYU International Co.,Ltd.	Samoa	(1)Sales of plastic goods (2)Investment holdings	40,971 (USD 1,271)	40,971 (USD 1,271)	1,270,948	11.05%	2,447	184,120	-	Sub-subsidiary

Note: The amount of NTD exchanged from foreign currency in the table were exchanged with the exchange rate at financial reporting date except profit or loss was exchanged with the average exchange rate from January 1, 2016 to December 31, 2016.

CHICONY ELECTRONICS CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2016

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee as of December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
			(Note 1)		Remitted to Mainland China	Remitted back to Taiwan				(Note 2)			(Note 1,4)
Chicony Electronics (Dong Guan) Co., Ltd.	Manufacturing and sales of computer peripherals	$ 322,150	2	$ 317,555	$ -	$ -	$ 317,555	$ 309,473	100%	$ 309,473 (2)B	$ 3,179,549	$ -	(2)A
Chicony Electronics (Suzhou) Co., Ltd.	Manufacturing and sales of computer peripherals	672,440	2	329,424	-	-	329,424	641,881	100%	641,881 (2)B	7,501,246	-	(2)C
Chicony Electronics (Chong-Qing) Co., Ltd.	Manufacturing and sales of computer peripherals	435,788	2	-	-	-	-	535,587	100%	535,587 (2)B	1,504,866	-	(2)A
Mao-Ray Electronics (Dong Guan) Co., Ltd.	Manufacturing of electronics parts, keyboards and plastic products	277,530	2	236,374	-	-	236,374	101,192	100%	101,192 (2)B	830,002	-	(2)B
Suzhou Mao-Qun Electronics Co., Ltd.	Manufacturing of electronics parts, keyboards and plastic products	124,911	2	93,661	-	-	93,661	(2,846)	60%	(1,708) (2)B	(137,552)	-	(2)D and Note 4
Suzhou Qun-Yang Electronics Co., Ltd.	Manufacturing of electronics parts, keyboards and plastic products	4,804	2	-	-	-	-	6,840	60%	4,104 (2)B	(11,592)	-	(2)D and Note 4
XAVi Technology (Suzhou) Co., Ltd.	Manufacturing and sales of DSL bridges	324,942	2	159,942	165,000	-	324,942	36,272	43.05%	15,615 (2)B	94,956	-	(2)H and Note 4
Haderiiou (Dong Guan)	Manufacturing and sales of plastic goods	375,838	2	303,352	-	-	303,352	113,484	57.27%	81,504 (2)B	-	-	(2)F and Note 4
Chicony Power Technology (Dong Guan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronics parts	593,135	2	286,935	-	-	286,935	118,786	48.94%	58,134 (2)B	531,883	-	(2)G and Note 4
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	239,442	2	194,245	-	-	194,245	251,168	48.94%	122,922 (2)B	732,865	-	(2)G and Note 4
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing of switching power supplies and other electronics parts	131,175	2	97,602	-	-	97,602	11,712	48.94%	4,666 (2)B	106,833	-	(2)G and Note 4
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of switching power supplies and LED lighting equipment	301,744	2	-	-	-	-	179,307	48.94%	87,753 (2)B	272,419	-	(2)G and Note 4
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting equipment	44,379	2	-	-	-	-	2,019	48.94%	988 (2)B	22,816	-	(2)G and Note 4

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee as of December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
			(Note 1)		Remitted to Mainland China	Remitted back to Taiwan				(Note 2)			(Note 1,4)
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of switching power supplies, LED lighting equipment, and other electronics parts	10,491	2	-	-	-	-	554	48.94%	271 (2)B	4,880	-	(2)G and Note 4
WitsLight Technology (Kunshan) Co., Ltd.	Manufacturing and sales of LED lighting modules	331,859	2	-	-	-	-	7,932	38.23%	3,033 (2)B	94,849	-	(2)I and Note 4
Zhuzhou Torch Auto Lamp Co., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	2	-	-	-	-	11,056	38.23%	4,227 (2)B	84,815	-	(2)I and Note 4
Far win (Kunshan) Co., Ltd.	Manufacturing of printed circuit parts and sensor parts	146,759	2	-	-	-	-	(36,440)	29%	(10,568) (2)C	19,516	-	(2)E and Note 4
Far win (Chong-Qing) Co., Ltd.	Manufacturing of printed circuit parts and sensor parts	4,832	2	-	-	-	-	(6,401)	29%	(1,856) (2)C	(4,629)	-	(2)E and Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The company	$ 2,393,900 (USD 74,264 thousand)	$ 2,393,900 (USD 74,264 thousand)	$ 14,495,404

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China, the investing companies includes:

A. Chicony Overseas Inc.

B. Real Young Elec. Co., Ltd.

C. Mao-Feng International Inc.

D. Global Faith Inc.

E. Kuang Mao International Inc.

F. HOLYU International Co., Ltd.

G. Chicony Power Technology Hong Kong Limited(CPHK)

H. XAVi Overseas Ltd.

I. WitsLight Technology Co., Ltd..

(3) Others.

Note 2: In the 'Investment income (loss) recognized by the Company for the year ended December 31, 2016' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.

C.Others (the financial statements are audited and attested by CPA which is engaged with the investee)

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Calculated based on the Company's ending combined shareholding ratio.