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SINBON Electronics Co., Ltd.

Annual Report 2016

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

SINBON annual report is available at website:
http://mops.twse.com.tw

Printed on April 30, 2017

1. Spokesperson and acting spokesperson
   (1) Spokesperson
   Name: Chi-Chou Chang
   Title: Director
   Phone: (02) 2698-9999
   E-mail: matthew@sinbon.com
   (2) Acting spokesperson
   Name: Shu-Ming Chang
   Title: Senior Administrator
   Phone: (02) 2698-9999
   E-mail: leochang@sinbon.com

2. Address and phone number of headquarters, branches, and factories
   Headquarters: No. 582 Guohua Road, Miaoli City
   Phone: (037) 330-099
   Factory: No. 582 Guohua Road, Miaoli City
   Phone: (037) 330-099
   Office: 4F.-13, No.79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City
   Phone: (02) 2698-9999

3. Stock transfer service
   Name: Registrar Agency Department, Taishin Bank
   Address: B1, No. 96, Section 1, Jianguo North Road, Taipei City.
   Phone: (02) 2504-8125

4. Certifying CPA of last-year financial statements
   CPA Firm: Ernst & Young Taiwan
   CPA: Hong-Kuang Lin and Tzu-Ping Huang
   Address: 7F, No. 239, Minquan Road, Taichung City.
   Phone: (04) 2305-5500
   Website: http://www.ey.com/tw

5. Overseas listing: None

6. Corporate website: http://www.sinbon.com

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1. Letter to Shareholders

1.1. Business Performance in 2016

1.1.1. Performance of business plan 2016

The business performance of SINBON Electronics in 2016 was as follows: consolidated revenue came in at NT$12,925,843 thousand, 7% up from 2015; consolidated gross profit rate was 25%, 2% up from 2015; consolidated net profit after tax at NT$1,161,735 thousand, less the non-controlling interest (the interest of other shareholders of re-invested enterprises with non-controlling ownership) was NT$4,349 thousand, the sum was NT$1,157,386 thousand, 19% up from 2015; and consolidated EPS after tax was NT$5.15, NT$0.76 up from 2015.

1.1.2. Budget execution

Compared to the business plan of 2016, revenue completion rate in 2016 was 93%, actual gross profit margin was 25%, 1% higher than the planned gross profit margin; actual net operating income was NT$1,418,204 thousand, with the plan completion rate at 104%; and the actual net profit after tax was NT$1,157,386 thousand, with the plan completion rate at 105%. Revenue and profit completion was great.

1.1.3. Revenue and profitability analysis

Item	2016	2015
Cash from operating activities (NT$1,000)	1,216,838	1,452,674
Cash from (used in) investing activities (NT$1,000)	170,616	(556,884)
Cash used in financing activities (NT$1,000)	(973,188)	(274,790)
Return on assets (%)	10.68	9.13
Return on equity (%)	20.35	17.80
Profit Before Tax to Capital Stock (%)	70.85	62.95
Profit Margin (%)	8.99	7.88
EPS (NT$)	5.15	4.39

Cash provided by operating activities was 16% less than in 2015 because of the increases in accounts receivable, in other non-current assets and in income tax expense in 2016, thus decreasing cash generated from operations. The cash flows provided by investing activities in 2016 were inflow because of the disposal of property, plant and equipment in 2016. Cash outflows in operating activities were 254% more than in 2015 because of decrease in short-term loans and increase in paying cash dividend in 2016.

1.1.4. Research and development

Year	Results of R&D
2009~2010	1. Deeply created more related products and engineering capacities in data capture field including Single & four slot Ethernet Cradle、Vehicle cradle、and Vehicle charger, which is used in industrial terminal devices.

Year	Results of R&D
2009~2010	2. For the development and application of GPS module & Zigbee module, using the development of embedded system, from hardware platform design, OS porting to implement software application, and had developed the technology of embedded system for commercial PDA and industrial terminal engineering prototype products.
2011~2012	Successfully developed HDMI, DDR3, DDR4, and USB connectors and deepened photovoltaic (PV) product development, and our junction box, PV connector, and PV cable have passed TÜV and UL certification.
2013~2014	SINBON won a gold prize from iF Design Award 2013 for our latest Brezze® Nebulizer, a portable drug nebulizer developed by DigiO2 International Co., Ltd. (our re-invested enterprise) in collaboration with the NTUH Telehealth Center under the Telecare Service Project.
2015~2016	1. Tablet PC for Shun Feng logistics development to DVT stage. 2. Solar monitoring system developed to DVT stage. 3. Finished development EV charger、charging gun and AC charging pile.

In 2016 we invested a total of NT$429,818 thousand for R&D, with 12% higher than previous year. In the future, SINBON actively develop electronic parts and components for the Internet of Thing (IoT), robots, and smart home applications. At the 4th board meeting of 2015, we even passed a joint venture in Ray Service AVA Co., Ltd with Czech Ray Service a. s. company for creating aerospace component products. It is estimated that we will invest at least NT$300 million each year or over 3% of revenue on research and development in the future.

1.2. Summary of Business Plan in 2017

1.2.1. Business policy of 2017

(1) R&D, integration, and manufacture of electronic parts and components, such as cable assembly, manufacture of PCDA and wireless communication parts and components. In recent years, we have successfully entered the following fields: automotive components, electronic medical device parts and components, green energy cables, and industrial control components.

(2) Distribution and trade of electronics-related parts and components, such as the connectors of HRS Japan, GPS modules, wireless antenna modules, driver ICs, and other strategic electronic parts and components.

(3) Expansion of the scope of operations of electronic parts and components through strategic alliances and acquisitions.

(4) Provision of one-stop-service for total solutions: Apart from actively developing new products and providing total solutions, through

organizational reform and IT system integration, we aim to integrate the resources of all re-invested enterprises to maximize their efficiency.

1.2.2. Major production-marketing policies:

(1) Strategic alliance and acquisition

To deal with rapid industrial changes and achieve quick expansion through strategic alliances and acquisitions.

(2) Continual performance improvement

Establish a full-functional performance assessment department for the organization to directly supervise the operating performance of all business units within the organization.

(3) Development of niche products

Aiming to developing niche, high gross-profit products, we have successfully developed the oxygen sensor for car engines; aviation/ navigation/vehicular GPS parts and components; upper flammable limit (U.FL) cables for high-precision wireless communication; and high-end cables for electronic fetal movement counters, telecare platforms, portable physiological signal devices, X-ray machines, magnetic resonance imaging (MRI) machines, bone mineral density (BMD) testers, wind turbines, fuel dispenser, and CNC mills. We also actively engaged in the development of electronic parts and components for industrial controllers, industrial PCs, electronic medical devices, PV generators, and wind power generators.

(4) Cultivation of the iMAGIC industries

To deal with industrial development trends, apart from reinforcing the development of cable and PCBA products for the **M**edical, **A**utomotive, **G**reen energy, **I**ndustrial application, and **C**ommunication (MAGIC) industries, we began developing electronic parts and components for automatic warehousing systems, robots, and smart grids for use on the IoT, so as to enter the special the electronic parts and components field.

1.3. Future Development Strategy

1.3.1. To continuously pursue high growth by extending the strategic matrix (old product new customer, new product current customer, new product new customer).

1.3.2. To establish a dedicated department—strategic planning & marketing division—under the group administration department to capture market movements and future development trends, so as to search for next-generation products.

1.3.3. Strategic alliance and acquisition: In recent years, we have been searching for strategic allies or partners through different channels.

1.4. Effect of external competitions, legislation, and the overall business environment

Thanks to successful organizational transformation, we successfully entered MAGIC industries to gradually transform from consumer products toward industrial application products. While raising revenue by 7% in 2016, our net profit after tax strongly grows by 19% as well. In response to the international situation, SINBON had set up a manufacturing base in overseas locations such as United States and Hungary since 2015. Looking ahead, if we can successfully enter the aerospace field, the company's

operation will be going to upper level.

To the Shareholders' Meeting of SINBON Electronics Co., Ltd.

Joseph Wang
Chairman

2. Company Profile

2.1. Establishment date: December 6th of 1989.

2.2. Milestones:

2.2.1. Acquisitions, re-investments, and restructure in recent years and by the end or reporting period.

Oct 2016	The board resolved that cash investment NT$5 million to DigiO2 Health Medical Technology Co., Ltd. through subsidiary company, Guanze Co., Ltd., liquidation of Korea SINBON Electronics Co., Ltd. and cash back US$290 thousand, disposal of all shares in SINBON Technologies, LLC. and cash back US$100 thousand, cash investment RMB 15 million to establish Ruike Energy Technology Jiangsu Co., Ltd. through subsidiary company, SINBON Tongan Electronics Beijing, and restructured of subsidiary company, Super Elite Ltd.
Mar 2017	The board resolved that cash investment US$1 million to SINBON USA.
Apr 2017	The board resolved that disposal of all SINBON Czech a.s shares, total amount 200,000 Krone, disposal of all SMART & DILIGENT CO., LTD. shares at amount USD 273,186.64, and increase investment to 4 million Euro (upper limit) to SINBON Elcotronic.

2.2.2. Mass transfer or replacement of shares of directors, supervisors, or shareholders holding over 10% of shares: None.

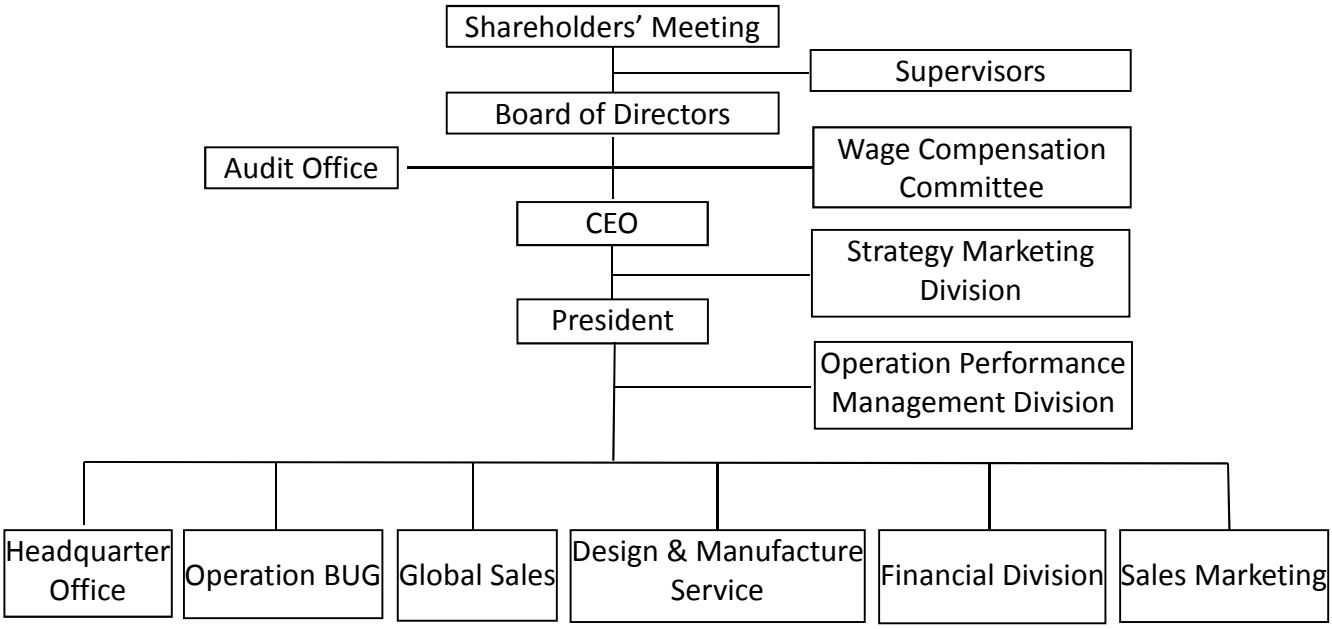
2.2.3. Change of management power and business policy or significant change of the scope of business: None.

2.2.4. Other major events adequate to affect shareholders' rights and benefits and their effect on the organization:
On March 9, 2017, the board resolved that the distribution of cash dividends at NT$3.70/share including NT$3.50/share of retained earnings and NT$0.20/share of capital reserves. The proposal will be submitted to the shareholders' meeting for recognition on June 16, 2017.

3. Corporate Governance

3.1. Organization

3.1.1. Organizational structure of SINBIN



3.1.2. Functions and duties of major departments

Department and Supervisor	Functions and Duties
Wage Compensation Committee Chairman: Chi-lin Wei, Independent Director Committee member: Pi-Hsia Hsu-Chung, independent individual. Mu-xiao Liu, independent individual.	(1) Regularly review the Articles of Organization of the Wage Compensation Committee and make suggestions for revision. (2) Establish and regularly review the annual and long-term performance indicators and remuneration policy, system, standard, and structure of directors, supervisors, and managers. (3) Regularly assess the achievement of performance indicators of directors, supervisors, and managers and establish the content and amount of remuneration for individual roles.
Audit Office Associate Manager Hui-jun Li (4 staffs)	(1) Audit the operation and implementation of all systems within the organization and submit a report periodically. (2) Audit re-invested enterprises of the organization.
CEO Joseph Wang	Promote various policies and implement assignments assigned by the board and be accountable for the organization's business performance.
Strategy Marketing Division Director Li-li Huang	(1) Industry research and analysis. (2) Assess and research new business and products.

Department and Supervisor	Functions and Duties
	(3) Make overall marketing planning.
President Wei-ming Liang	Administer product manufacture, sales, human resources, R&D and finance activities and establish strategic directions.
Operation Performance Management Division Director Li-hua Zhang	In charge of group operation performance evaluation issues.
Operation BUG Concurrently taking up by president Wei-ming Liang	In charge of all sales activities.
Global Sales VP Wen-sen Huang	Focus on creating new business.
Design & Manufacture Service VP Chen-xing Chen	Administration of the Group's R&D, manufacturing, and logistic activities.
Financial Division Director Chi-Chou Chang	(1) Take charge of accounting and cashier affairs. (2) Provide relevant units and higher management with relevant financial management information for the reference of decision making. (3) Direct organizational budgeting. (4) Operate and assess overseas re-invested enterprises. (5) Make financial planning for various projects. (6) Plan board meeting and shareholders' meeting affairs, publish external information, and operate investor relations and serve as the investor contact window.
Headquarter Office VP Huang-ji Lin	Administer the organization's human resources, administration, IT, and legal affairs.
Marketing and Strategic Development Department Concurrently taking up by Director Li-li Huang	In charge of implementing all marketing plans.

3.2. Information of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Department and Subsidiary Managers

3.2.1. Directors and Supervisors

Information of Directors and Supervisors (I)
(by April 18, 2017)

Title[1]	Nationality or Residency	Name	Gender	Elected (Inauguration) Date	Term (yrs.)	Initially Elected Date[2]	Shares Held When Elected/Inaugurated		Shares Currently Held		Shares Currently Held by Spouse/Minor Children		Shares Held Under Other's Name		Major Experience (Education)[3]	Position(s) Concurrently Held in this and other Organizations	Spouse/2nd Degree Relatives Holding Officer/Director/ Supervisor Post of this Organization.		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	ROC	Joseph Wang	M	Jun 11, 2015	3	Dec 6, 1989	4,625,023	2.22%	5,008,062	2.22%	2,131,236	0.95%	0	0%	EMBA, Fudan University. BA in Mathematics, Tamkang University. Sales Management, AMP of USA. Sales Manager, Kanagawa of Japan	[4]	N/A	N/A	N/A
Director	ROC	Xin-chi Yeh	M	Jun 11, 2015	3	Nov 4, 1997	2,154,160	1.04%	1,932,373	0.86%	300,000	0.13%	0	0%	EMBA, Fudan University. BS in Agricultural Machinery, National Taiwan University. President, T&B of USA.	[5]	N/A	N/A	N/A
Director	ROC	Cao-liang Wang, rep of Argosy Research Inc.	M	Jun 11, 2015	3	May 16, 1998	3,624,354	1.74%	3,806,421	1.69%	311,388 (Shares held by Cao-liang Wang)	0.14%	0	0%	BA in Power Mechanical Engineering, National Tsing Hua University. Chairman, Argosy Research Inc.	[6]	N/A	N/A	N/A
Director	ROC	Wei-ming Liang	M	Jun 11, 2015	3	May 6, 2005	1,001,228	0.48%	1,051,523	0.47%	0	0.00%	0	0%	IE & MBA, University of Iowa. BS in Industrial Engineering, Tunghai University. VP, Starconn Electronic Co., Ltd.	[7]	N/A	N/A	N/A
Director	ROC	Wei-Chun Wang, rep of Tai-Yi Investment Co., Ltd.	M	Jun 11, 2015	3	May 6, 2005	3,540,000	1.70%	4,130,572	1.83%	1,159,158 (Shares held by Wei-Chun Wang)	0.51%	628,812 (Shares held by Wang's wife and children)	0.28%	Chengchi University MBA Manager, Top Taiwan Investment & Development	Chairman, Tai-Yi Investment. Director, Kingshine Media Co., Ltd.	Chairman	Joseph Wang	Father and son

Title[1]	Nationality or Residency	Name	Gender	Elected (Inauguration) Date	Term (yrs.)	Initially Elected Date[2]	Shares Held When Elected/Inaugurated		Shares Currently Held		Shares Currently Held by Spouse/Minor Children		Shares Held Under Other's Name		Major Experience (Education)[3]	Position(s) Concurrently Held in this and other Organizations	Spouse/2nd Degree Relatives Holding Officer/Director/ Supervisor Post of this Organization.		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
																Manager, Top Taiwan Investment & Development			
Independent director	ROC	Chi-lin Wei	M	Jun 11, 2015	3	Jun 9, 2006	0	0%	0	0%	0	0%	0	0%	PhD in Economics, Paris University. Chairman, Graduate Institute of International business, National Taiwan University. Secretary General, Executive Yuan. Chairman, Lank Bank of Taiwan. Minister, Research, Development and Evaluation Commission	[8]	N/A	N/A	N/A
Independent director	ROC	Shi-Kuan Chen	F	Jun 11, 2015	3	Jun 11, 2015	0	0%	0	0%	0	0%	0	0%	PHD of Economics, Yale University, USA. Director, TSEC Director, Taiwan Tobacco and Liquor Company Associate Dean of Business school in Taiwan University	Professor, Taiwan University Independent Director, Chung Hwa Pulp Company Independent Director, momo.com Inc. Independent Director, DBS Taiwan Bank	N/A	N/A	N/A
Supervisor	ROC	Min-zheng Lin	M	Jun 11, 2015	3	Apr 12, 2001	189,908	0.09%	199,447	0.09%	0	0%	0	0%	BA in Accounting, National Cheng Kung University Accountant, Liyu CPA Firm	Accountant, Liyu CPA Firm Director, Liyu Business Administration Consulting. Supervisor, LEDTECH Electronics.	N/A	N/A	N/A

Title[1]	Nationality or Residency	Name	Gender	Elected (Inauguration) Date	Term (yrs.)	Initially Elected Date[2]	Shares Held When Elected/Inaugurated		Shares Currently Held		Shares Currently Held by Spouse/Minor Children		Shares Held Under Other's Name		Major Experience (Education)[3]	Position(s) Concurrently Held in this and other Organizations	Spouse/2nd Degree Relatives Holding Officer/Director/ Supervisor Post of this Organization.		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
																Supervisor, Argosy Technology, Inc.			
Supervisor	ROC	Kuo-Hong Wang, rep of Kuo-Shian Investment Co., Ltd.	M	Jun 11, 2015	3	Jun 11, 2015	2,500,000	1.20%	2,415,539	1.07%	105,022 (Shares held by Kuo-Hong Wang)	0.05%	0	0%	William Rainey Harper College Chairman & CEO, Kuo-Shian Investment Co., Ltd.	Chairman, Global Aluminum LLC. Chairman, Zhen-Bon Industrial Co., Ltd. Supervisor, G-Tech Optoelectronics Corp. Supervisor, Tang-Juan Company	N/A	N/A	N/A
Supervisor	ROC	Andy T.C. Chiu	M	Jun 11, 2015	3	Jun 18, 2002	189,931	0.09%	199,471	0.09%	0	0%	0	0%	MBA, National Cheng Chi University. President, Top Taiwan Investment & Development. President, Top Taiwan Venture Capital. President, Taiwan Life	[9]	N/A	N/A	N/A

[1]The Companys must list their name and representative (representatives of the Companys must indicate the the Company they represent) and complete Table 1 below.

[2]Fill in the date of being a director or supervisor of the Company for the first time. Please also specify the interruption, if any.

[3]Please specify the title and duty for any past experiences related to the current position, such as working at the CPA firm auditing this report or an affiliate during the reporting period.

[4]Chairman of SINBON Beijing (representative of the Company), chairman of SINBON Hong Kong (representative of the Company), chairman of SINBON Shanghai (representative of the Company), chairman of SINBON Shenzhen (representative of the Company), chairman of SINBON Jiangyin (representative of the Company), chairman of Guanze, chairman of SINBON International (representative of the Company), chairman of Japan SINBON (representative of the Company), director of Argosy Technology (representative of the Company), chairman of Top Taiwan Venture Capital (representative of the Company), chairman of Top Taiwan II Venture Capital (representative of the Company), director of Top Taiwan III Venture Capital (representative of the Company), director of Top Taiwan VII l Venture Capital (representative of the Company), independent director of AOPEN Inc, director of INPAQ Technology (representative of the Company), director of T-CONN Precision (representative of the Company), director of T-CONN Precision Zhongshan (representative of the Company), director of Super Elite Ltd. (representative of the Company), director of Super Progressive Ltd. (representative of the Company), and director of Beijing SINBON Tongan Electronics (representative of the Company).

[5]Director of Guanze (representative of the Company), director of Argosy Beijing (representative of the Company), chairman of T-CONN Precision (representative of the Company), chairman of T-CONN Precision Zhongshan (representative of the Company), and chairman of Super Elite Ltd. (representative of the Company).

[6]Chairman of Argosy Technology, chairman of Argosy Technology B.V., chairman of Argosy Technology, Inc., chairman of Global Saber Electronics Co., Ltd., chairman of Rotec Limited, supervisor of INPAQ Technology (representative of the Company), director of Top Taiwan II Venture Capital (representative of the Company), and director of Top Taiwan V Venture Capital (representative of the Company).

[7]Director of Worldwide Wire Harnesses Ltd. (representative of the Company), chairman of SINBON Tongcheng (representative of the Company), chairman of DigiO2 International (representative of the Company), director of SINBON Jiangyin (representative of the Company), director of SINBON Hong Kong (representative of the Company), director of SINBON Beijing (representative of the Company), chairman of SINBON USA LLC (representative of the Company), director of Beijing SINBON Tongan (representative of the Company), director of SINBON Shenzhen (representative of the Company), director of SINBON Shanghai (representative of the Company), and

chairman of Ray Service ADA Corp.

[8]Chairman of Top Taiwan IV Venture Investment, independent director of Inventec Besta, independent director of Formosa Plastics, director of AcBel Polytech Inc, supervisor of ELAN Microelectronics, and chairman of Waterland Financial Holdings.

[9]Chairman and president of Top Taiwan I ~ X venture capitals and Top Taiwan Venture Investment Consulting; chairman ; independent director of Silitech Technology and Chicony Power Technology; representative of corporate director of Depo Auto Parts, Share Hope Medicine, Chia Chang , and AMICCOM Electronics; director of ELAN Microelectronics.

Table 1: Major Shareholder of The Company
(April 18, 2017)

Name of The Company[1]	Major Shareholders of The Company[2]
Argosy Research Inc.	Guanze Co., Ltd. (17.81%), Cao-liang Wang (7.18%), SINBON Electronics (3.59%), Shu-zhen Chen (3.43%), Yi-ben Yuan (2.18%), Sheng-wen Wang (1.74%), Xiu-xi Chen (1.72%), Top Taiwan V Venture Capital (1.44%), Prudential OTC Market Fund(1.42%), and Yue-ning Wang (1.21%).
Tai-Yi Investment Co., Ltd.	Wei-chun Wang(28.68%), Zhen-chun Wang(28.68%), Chao-Yeh Wang(9.23%), Xin-chi Yeh(8.80%), Wei-ming Liang(8.19%), Jun-qiang Wang(8.00%), Mu-xiao Liu(4.72%), Huang-ji Lin (1.92%), and Chi-Chou Chang (1.78%)
Kuo-Shian Investment Co., Ltd.	Kuo-Hong Wang(33.33%), Xing-hui Liu(33.33%), Xiang Wang(33.33%)

[1]Directors and supervisors who are representatives of the Companys must fill in the name of the the Companys they represent in the table.

[2]Fill in the major shareholders of that the Company (top ten shareholders) and their shares. If major shareholders are the Companys, continue with Table 2.

Table 2: Major Shareholders of Major The Companys in Table 1
(April 18, 2017)

Name of The Company in Table 1[1]	Major Shareholders of The Company[2]
Guanze Co., Ltd.	SINBON Electronics (100%)
SINBON Electronics Co., Ltd.	Fubon Life Insurance Co., Ltd. (7.34%), US JP Morgan Chase Bank Taipei Branch entrusted custody of T. Luo Pai Si international exploration fund investment account (2.92%), HSBC Managed HSBCGIF Asia Small Business (2.36%), Joseph Wang (2.22%), Deutsche Bank Deutsche Bank Taipei Branch Trusted First Domain Investment Company - First Domain Greater China Growth Fund Investment Account (2.16%), HSBC Hosted Cooper Locke International Small Cap Fund (2.15%), Tai-Yi Investment Co., Ltd. (1.83%), Labor Insurance Fund (1.70%), Argosy Research (1.69%), US JP Morgan Chase Bank Taipei Branch Trusted Scotland Oriental Small Business Trust Company Investment Account (1.59%).

Top Taiwan V Venture Capital	Hontai Life Insurance (20.83%), Taiwan Life Insurance (19.92%), Shin Kong Life Insurance (16.67%), Farglory Life Insurance (4.17%), ELAN Microelectronics (4.17%), Shin Kong Insurance (4.17%), Guo-yi Yeh (4.17%), Ampire Co., Ltd. (3.33%), Taiwan Fire and Marine Insurance (3.33%) and Sheng-wei Yin (2.08%).
Prudential OTC Market Fund	N/A

[1]Fill in the corporation name for the Companys in Table 1.

[2]Fill in the major shareholders of that the Company (top ten shareholders) and their shares.

Information of Directors and Supervisors (II)

Requirements / Name[1]	Do independent directors have over 5 years of relevant experience and the following professional qualifications?			Compliance with independency[2]										Concurrently serving as an independent director of other public companies.
	A faculty member of the discipline of commerce, law, finance, accounting, or other academic disciplines of a higher education establishment relating to the business of the Company	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a profession required by the business of the Company	Have work experience in commerce, law, finance, or accounting, or otherwise required by the business of the Company	1	2	3	4	5	6	7	8	9	10	
Joseph Wang	No	No	Yes				✓	✓	✓	✓	✓	✓	✓	1
Xin-chi Yeh	No	No	Yes				✓	✓	✓	✓	✓	✓	✓	0
Cao-liang Wang, representative of Argosy Research	No	No	Yes	✓	✓		✓	✓	✓	✓	✓	✓	✓	0
Wei-ming Liang	No	No	Yes				✓	✓	✓	✓	✓	✓	✓	0
Wei-Chun Wang, rep of Tai-Yi Investment Co., Ltd.	No	No	Yes	✓	✓			✓	✓	✓		✓	✓	0
Chi-lin Wei	Yes	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Shi-Kuan Chen	Yes	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Min-zheng Lin	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kuo-Hong Wang, rep of Kuo-Shian Investment Co., Ltd.	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Andy T.C. Chiu	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

[1] Number of columns is subject to change as necessary.

[2] Please tick the corresponding items when directors and supervisors comply with the following conditions two years before being elected and during their term.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates (except as an independent director of the Company, or its parent company, or its subsidiary where the Company holds, either directly or indirectly, over 50% of the voting shares).

(3) Not an individual shareholder holding shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of shares issued by the Company or ranks as one of its top ten shareholders.

(4) Not a spouse, relative within the second degree by consanguinity, or lineal relative within the third degree by consanguinity, of any of the above persons in the above three items.

(5) Not a director, or supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of shares issued by the Company or ranks as one of its top five shareholders.

(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company;

(7) Not a professional or an owner, partner, director, supervisor, officer, or spouse of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, and accounting services or consultation to the Company or its affiliates; except for a member of the wage and compensation committee exercising powers with reference to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies whose Stock is Listed on the TWSE or Traded on the GTSM".

(8) Not a spouse or a relative within the second degree by affinity of a director of the Company.

(9) No violation of any items specified in Article 30 of the Company Act.

(10) Not a governmental, juridical person or its representative as specified in Article 27 of the Company Act.

3.2.2. President, Vice Presidents, Assistant Vice Presidents, Department or Branch Officers

(April 18, 2017)

Title[1]	Nationality	Name	Inaugural (elected) Date	Shares Held		Shares Currently Held by Spouse/ Minor Children		Shares Held Under Other's Name		Major Experience (Education)[2]	Position(s) Concurrently Held in Other Organizations	Spouse/2nd Degree Relatives Holding Manager Post of this Organization.		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
President	ROC	Wei-ming Liang	5 Jan 1998	1,051,523	0.47%	0	0%	0	0%	IE & MBA, University of Iowa. BS in Industrial Engineering, Tunghai University. VP, Starconn Electronic Co., Ltd.	[3]	N/A	N/A	N/A
Vice President	ROC	Huang-ji Lin	Aug 6, 2001	141,683	0.06%	0	0%	0	0%	MS in Information Management, National Sun Yat Sen University BA in Management Science, National Chao Tung University. IT Director, Taiwan IC Packaging MIS Manager, Walton Advanced Engineering. System Manager, Jianyuan Plant, Philips Taiwan.	[4]	N/A	N/A	N/A
Vice President	ROC	Zhen-xing Chen	Aug 1, 2014	0	0%	0	0%	0	0%	BS in Electronic Engineering, Tatung Institute of Technology. R&D Officer, Tatung Company. R&D Officer, IISI. R&D Officer, Tongya.	N/A	N/A	N/A	N/A
Vice President	ROC	Wen-sen Huang[6]	Feb11, 1998	230,602	0.10%	0	0%	0	0%	Dip. in Industrial Design, National Taipei Institute of Science and Technology. Marketing Chief, AMP Marketing Manager, IR-TEC International.	Director of SINBON Europe GmbH (representative of the Company)	N/A	N/A	N/A
Director	ROC	Ping Li	Oct 1, 1996	101,220	0.04%	0	0%	0	0%	BA in Industrial Management, National Cheng Kung University. QC Manager, Chenfeng Machinery	N/A	N/A	N/A	N/A
Director	ROC	Qi-zhong Chen	Aug 15,1997	38,701	0.02%	763	0.00%	0	0%	BA in English, Tamkang University.	[5]	N/A	N/A	N/A
Director	ROC	Hong-kai Luo	Jun 14, 1999	0	0%	0	0%	0	0%	Dip in Mechanical Engineering, Long Hua Institute of Technology R&D Chief, Pan International R&D and Sales Manager, Tang R&D Manager, North Star.	N/A	N/A	N/A	N/A
Director	ROC	Jia-zhi Hsu	Nov 1, 2000	24,166	0.01%	457	0.00%	0	0%	BS in Industrial Engineering and Management, National United University Sales Manager, Rui Zun Electronics.	N/A	N/A	N/A	N/A
Director	ROC	Jun-yu Chen	Oct 1, 2000	58,152	0.03%	0	0%	0	0%	LLM, Law School, Fudan University. HR and Sales Manager, Tsankuen Shanghai. Director, Administration Division, Want Want Holdings Limited	N/A	N/A	N/A	N/A

Title[1]	Nationality	Name	Inaugural (elected) Date	Shares Held		Shares Currently Held by Spouse/ Minor Children		Shares Held Under Other's Name		Major Experience (Education)[2]	Position(s) Concurrently Held in Other Organizations	Spouse/2nd Degree Relatives Holding Manager Post of this Organization.		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director	ROC	Li-hua Zhang	Oct 1, 2001	1,069	0.00%	1,250	0%	0	0%	BA in Home Economics, Chinese Culture University Senior Secretary, AMP	N/A	N/A	N/A	N/A
Director	ROC	Li-li Huang	Apr 21, 1997	9,903	0.00%	0	0%	0	0%	BA in International Trade, Chung Yuan Christian University. Product Manager, Marketing Department, AMP PR & Consumer Relations Staff, Kimberly-Clark Taiwan.	N/A	N/A	N/A	N/A
Financial/Accounting Officer	ROC	Chi-Chou Chang	Oct 1, 2000	218,827	0.10%	207,745	0.10%	0	0%	MBA, National Chung Hsing University BA in Accounting, Chung Yuan Christian University. Associate Manager, Diwan & Company	[5]	N/A	N/A	N/A
Director	ROC	Jun-qiang Wang	Oct 1, 2014	160,000	0.07%	160,000	0.07%	0	0%	MBA, Rutgers University. BS in Industrial Engineering, Tunghai University. Capital Market Assistant Manager, Taiwan Securities	Supervisor of Guanze. Director of T-CONN Precision, SEL, and T-CONN Precision Zhongshan (representative of the Company)	N/A	N/A	N/A
Ass. Director	ROC	Cheng-ling Li	Sep 1, 2014	0	0%	0	0%	0	0%	BA in Business Administration & Sociology, Tunghai University HR Manager, HONDA Taiwan HR Manager, Infineon Group Senior HR Manager, Foxconn Group	N/A	N/A	N/A	N/A
Ass. Director	ROC	Xiu-sui Lin	Sep 1, 2014	30,403	0.01%	0	0%	0	0%	Ging Chung Business College Sales Officer, Connector BU, SINBON Taiwan.	Director of SZ SINBON (representative of the Company)	N/A	N/A	N/A
Ass. Director	ROC	Jie-liang Chen	Sep 1, 2014	209	0.00%	0	0%	0	0%	EMBA, National Chung Hsing University. Data Systems	N/A	N/A	N/A	N/A
Ass. Director	ROC	Yun-ru Huang	Sep 1, 2014	0	0%	62	0.00%	0	0%	LLM, University of Southern California. LLB, National Taiwan University. Legal Affairs, AcBel. Legal Affairs, Lin & Chang International Law Offices	N/A	N/A	N/A	N/A
Ass. Director	ROC	Jin-ze Zheng	Sep 1, 2014	0	0%	0	0%	0	0%	BA in Political Science, Soochow University. VP, Key Mouse Electronic	N/A	N/A	N/A	N/A
Ass. Director	ROC	Xin-chun Wu	Oct 1, 2014	2,864	0.00%	0	0%	0	0%	BA in Spanish, Tamkang University	Director of JY SINBON (representative of the Company)	N/A	N/A	N/A
Ass. Director	ROC	Bing-chen Song	Oct 1, 2014	1,689	0.00%	0	0%	0	0%	Ping Tung College of Technology Sales Manager, Wieson Technologies	N/A	N/A	N/A	N/A
Ass. Director	ROC	Hao-min Hsu	Oct 1, 2014	78	0.00%	0	0%	0	0%	Department of Shipping and Transportation Management, National Taiwan Ocean	N/A	N/A	N/A	N/A

Title[1]	Nationality	Name	Inaugural (elected) Date	Shares Held		Shares Currently Held by Spouse/ Minor Children		Shares Held Under Other's Name		Major Experience (Education)[2]	Position(s) Concurrently Held in Other Organizations	Spouse/2nd Degree Relatives Holding Manager Post of this Organization.		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
										University. Longwell Company FedEx Taiwan				
Ass. Director	ROC	Kong-de Yang	Oct 1, 2014	0	0%	0	0%	0	0%	College Plant Manager, Golden Bridge Electech	N/A	N/A	N/A	N/A
Ass. Director	ROC	Min-zheng Lin	Jun 1, 2015	588	0.00%	0	0%	0	0%	Department of Electronic Engineering, National United University Section Chief of ECH-CAST MFG. CORP.	N/A	N/A	N/A	N/A
Ass. Director	ROC	Lian-jing Huang	Jun 1, 2015	48,539	0.02%	0	0%	0	0%	National Taipei University of Business Accountant of Accor Knitting Company Casher & Procurement staff of SINBON	N/A	N/A	N/A	N/A

[1]The information of the president, vice presidents, assistant vice presidents, and department and branch officers and positions equivalent to a president, vice president, or assistant vice president, regardless of title, must be disclosed.

[2]Experience related to the current position. If the person has worked at the accountant's firm where this report is certified or an affiliate of the Company, his title and duty must be specified.

[3] Director of Worldwide Wire Harnesses Ltd. (representative of the Company), chairman of SINBON Tongcheng (representative of the Company), chairman of DigiO2 International (representative of the Company), director of SINBON Jiangyin (representative of the Company), director of SINBON Hong Kong (representative of the Company), director of SINBON Beijing (representative of the Company), chairman of SINBON USA LLC (representative of the Company), director of Beijing SINBON Tongan (representative of the Company), director of SINBON Shenzhen (representative of the Company), director of SINBON Shanghai (representative of the Company), and chairman of Ray Service ADA Corp.

[4]Director of SINBON Hong Kong (representative of the Company), supervisor of SINBON Jiangyin (representative of the Company), and supervisor of SINBON Tongcheng (representative of the Company).

[5]Director of SINBON Hong Kong (representative of the Company), supervisor of SINBON Shenzhen (representative of the Company), supervisor of SINBON Shanghai (representative of the Company), supervisor of DigiO2 (representative of the Company), director of Guan Ze (representative of the Company), supervisor of T-CONN (representative of the Company), director of Super Elite Ltd. (representative of the Company), supervisor of SINBON Tongan Electronics Beijing (representative of the Company), director of SINBON Tongcheng (representative of the Company), director of SINBON Jiangyin (representative of the Company), , supervisor of SINBON Electronics Beijing (representative of the Company), supervisor of Ray Service ADA Corp., and supervisor of Hong Kong Comteck Electronics Co., Ltd. (representative of the Company).

[6]Wen-sen Huang was promoted as VP since April 1, 2017.

3.3. Remunerations Paid to Directors, President, and Vice Presidents Last Year

3.3.1. Directors (including independent directors)

(December 31, 2016/NT$1,000)

Title	Name	Remuneration paid to directors								Proportion of the sum of items A-D in net profit after tax[10]		Compensation earned by directors holding concurrent posts at SINBON or affiliates								Proportion of the sum of items A-G in net profit after tax[11]		Compensation Paid to Directors from Non-consolidated Affiliates[11]
		Base Compensation (A)[2]		Severance Pay and Pensions (B)		Compensation to Directors (C)[3]		Allowances (D)[4]				Base Compensation, Bonuses, and Allowances (E)[5]		Severance Pay and Pensions (F)		Employee Profit Sharing (G)[6]						
																From SINBON		From All Consolidated Entities[8]				
		From SINBON	From All Consolidated Entities[7]	From SINBON	From All Consolidated Entities[7]	From SINBON	From All Consolidated Entities[7]	From SINBON	From All Consolidated Entities[7]	From SINBON	From All Consolidated Entities[7]	From SINBON	From All Consolidated Entities[7]	From SINBON	From All Consolidated Entities[7]	Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)	From SINBON	From All Consolidated Entities[7]	
Chairman	Joseph Wang	-	-	-	-	10,050	10,050	430	430	0.91	0.90	5,430	9,809	-	-	11,700	-	11,700	-	2.39	2.75	-
Director	Wei-ming Liang																					
Director	Xin-chi Yeh																					
Director	Cao-liang Wang, rep of Argosy Research																					
Director	Wei-Chun Wang, rep of Tai-Yi Investment Co., Ltd.																					
Independent Director	Chi-lin Wei																					
Independent Director	Shi-Kuan Chen																					

* In addition to the above table, the other payments to the directors of the Company in the last year from all companies in consolidated reports (such as to be a consultant, not an employee):None.

Remuneration Intervals

Intervals of Remuneration Paid to Directors (NT$)	Director			
	Sum of A,B,C,D		Sum of A,B,C,D,E,F,G	
	From SINBON[9]	From All Consolidated Entities[10] (I)	From SINBON[9]	From All Consolidated Entities[10] (J)
Under 2,000,000	All members	All members	Xin-chi Yeh, Cao-liang Wang, rep of Argosy Research, Wei-Chun Wang, rep of Tai-Yi Investment Co., Ltd., Chi-lin Wei, Shi-Kuan Chen	Xin-chi Yeh, Cao-liang Wang, rep of Argosy Research, Wei-Chun Wang, rep of Tai-Yi Investment Co., Ltd., Chi-lin Wei, Shi-Kuan Chen
2,000,000 (incl.)-5,000,000 (excl.)			Wei-ming Liang	Wei-ming Liang
5,000,000 (incl.)-10,000,000 (excl.)			Joseph Wang	Joseph Wang
10,000,000 (incl.)-15,000,000 (excl.)				
15,000,000 (incl.)-30,000,000 (excl.)				
30,000,000 (incl.)-50,000,000 (excl.)				
50,000,000 (incl.)-100,000,000 (excl.)				
Over 100,000,000				
Total	10,480,000	10,480,000	27,610,000	31,989,000

[1]The name of directors must be indicated individually (both the name of the Companys and their representatives must be indicated). The amount of remunerations must be expressed in sum. Directors concurrently taking the president or vice president posts must be specified in this table and the table below (3-1) or (3-2).

[2]This refers to the remuneration for directors in the last year (including base compensation, allowances, severance pay, bonuses, and rewards).

[3]This refers to the amount of compensations paid to directors approved by the board before profit allocation plan is approved by the shareholders' meeting in the last year.

[4]This includes all kinds of allowances for directors in the last year (including travel expense, special disbursement, allowances, housing, company car, etc.). When housing, company car and other transportation or personal expense are provided, the nature and cost of such assets, the actual rent or rent calculated based on fair market price, gasoline reimbursement, and other payments must be disclosed. If drivers are assigned, please specify the wage for these drivers without combining with the compensation for directors.

[5]This includes all kinds of compensations for directors who are also employees (including president, vice presidents, and other managers and employees) in the last year, including salary, allowances, severance pay, bonuses, rewards, travel expense, special disbursement, subsidies, housing, company car, etc.). When housing, company car and other transportation or personal expense are provided, the nature and cost of such assets, the actual rent or rent calculated based on fair market price, gasoline reimbursement, and other payments must be disclosed. If drivers are assigned, please specify the wage for these drivers without combining with the compensation for directors. In addition, according to IFRS 2 "Fundamental basis for the payment", the remuneration recognized as salary costs should also be included, including the acquisition of employee stock vouchers, restrictions on employee rights and participation in new shares and other shares, etc.

[6]This refer to the employee profit sharing (including stock and cash) of directors who are also employees (including president, vice presidents, and other managers and employees) in the last year. The amount of employee profit sharing approved by the board before the allocation plan is approved by the shareholders' meeting in the last year must be disclosed. If the amount cannot be estimated, calculate the planned amount for this year based on the actual amount distributed last year and fill out Table 1-3.

[7]The total amount of all remunerations paid to directors by all consolidated entities (including SINBON).

[8]The name of directors must be disclosed in respective remuneration intervals based on the total amount of remunerations paid to each director by SINBON.

[9]The name of directors must be disclosed in respective remuneration intervals based on the total amount of remunerations paid to each director by all consolidated entities (including SINBON).

[10]This net profit after tax refers to the net profit after tax in the last year; or the net profit after tax of each entity or individual financial statements in the last year when IFRS is applied.

[11]

a. This refers to the amount compensation paid to directors from non-consolidated affiliates.
b. The amount of compensation paid to directors from non-consolidated affiliates must be included in the remuneration interval (I), and the column must be renamed as "all non-consolidated affiliates".
c. Compensation refers to the remuneration, wage, employee profit sharing, and allowances paid by non-consolidated affiliates to directors who are also their directors, supervisors, or managers.

*As the remuneration structure disclosed in this table is different from the concept specified in the Income Tax Act, information disclosed in this table is not intended for use in taxation.

3.3.2. Remunerations Paid to Supervisors

(December 31, 2016/NT$1,000)

Title	Name	Remuneration paid to supervisors						Proportion of the sum of items A-C in net profit after tax[8]		Compensation Paid to Supervisors from Non-consolidated Affiliates[9]
		Base Compensation (A)[2]		Compensation to Supervisor (B)[3]		Allowances (C)[4]				
		From SINBON	From All Consolidated Entities[5]	From SINBON	From All Consolidated Entities[5]	From SINBON	From All Consolidated Entities[5]	From SINBON	From All Consolidated Entities[5]	
Supervisor	Min-cheng Lin	-	-	3,750	3,750	170	170	0.35%	0.35%	-
Supervisor	Andy T.C. Chiu									
Supervisor	Kuo-Hong Wang, rep of Kuo-Shian Investment Co., Ltd.									

Remuneration Intervals

Intervals of Remuneration Paid to Directors (NT$)	Supervisor	
	Sum of A,B,C,D	
	From SINBON[6]	From All Consolidated Entities[7] (D)
Under 2,000,000	Min-cheng Lin, Andy T.C. Chiu, Kuo-Hong Wang, rep of Kuo-Shian Investment Co., Ltd.	Min-cheng Lin, Andy T.C. Chiu, Kuo-Hong Wang, rep of Kuo-Shian Investment Co., Ltd.
2,000,000 (incl.)-5,000,000 (excl.)		
5,000,000 (incl.)-10,000,000 (excl.)		
10,000,000 (incl.)-15,000,000 (excl.)		
15,000,000 (incl.)-30,000,000 (excl.)		
30,000,000 (incl.)-50,000,000 (excl.)		
50,000,000 (incl.)-100,000,000 (excl.)		
Over 100,000,000		
Total	3,920,000	3,920,000

[1]The name of supervisors must be indicated individually (both the name of the Companys and their representatives must be indicated). The amount of remunerations must be expressed in sum.

[2]This refers to the remuneration for supervisors in the last year (including base compensation, allowances, severance pay, bonuses, and rewards).

[3]This refers to the amount of compensations paid to supervisors approved by the board before profit allocation plan is approved by the shareholders' meeting in the last year.

[4]This includes all kinds of allowances for supervisors in the last year (including travel expense, special disbursement, allowances, housing, company car, etc.). When housing, company car and other transportation or personal expense are provided, the nature and cost of such assets, the actual rent or rent calculated based on fair market price, gasoline reimbursement, and other payments must be disclosed. If drivers are assigned, please specify the wage for these drivers without combining with the compensation for supervisors.

[5]The total amount of all remunerations paid to supervisors by all consolidated entities (including SINBON).

[6]The name of supervisors must be disclosed in respective remuneration intervals based on the total amount of remunerations paid to each director by SINBON.

[7]The name of supervisors must be disclosed in respective remuneration intervals based on the total amount of remunerations paid to each director by all consolidated entities (including SINBON).

[8]This net profit after tax refers to the net profit after tax in the last year; or the net profit after tax of each entity or individual financial statements in the last year when IFRS is applied.

[9]

a. This refers to the amount compensation paid to supervisors from non-consolidated affiliates.
b. The amount of compensation paid to supervisors from non-consolidated affiliates must be included in the remuneration interval (J), and the column must be renamed as "all non-consolidated affiliates".
c. Compensation refers to the remuneration, wage, employee profit sharing, and allowances paid by non-consolidated affiliates to supervisors who are also their directors, supervisors, or managers.

*As the remuneration structure disclosed in this table is different from the concept specified in the Income Tax Act, information disclosed in this table is not intended for use in taxation.

3.3.3. Remunerations Paid to President and Vice Presidents

(December 31, 2016/NT$1,000)

Title	Name	Base Compensation (A)[2]		Severance Pay and Pensions (B)		Bonuses, Special Disbursement, etc. (C)[3]		Employee Profit Sharing (D)[4]				Proportion of the sum of items A-D in net profit after tax[8]		Compensation Paid to Supervisors from Non-consolidated Affiliates[9]
								From SINBON		From All Consolidated Entities[5]				
		From SINBON	From All Consolidated Entities[5]	From SINBON	From All Consolidated Entities[5]	From SINBON	From All Consolidated Entities[5]	Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)	From SINBON	From All Consolidated Entities[5]	
President	Wei-ming Liang	3,348	4,299	-	-	1,690	1,690	3,000	-	3,000	-	0.69	0.77	-
Vice President	Huang-ji Lin													
	Zhen-xing Chen													

*Regardless of titles, the remuneration for employees equivalent to a president or vice president (e.g. general manager, CEO, director, etc.) must be disclosed.

PS: Wen-sen Huang was promoted as VP since April 1, 2017, so above table is not included his remunerations.

Remuneration Intervals

Intervals of Remuneration Paid to President and Vice Presidents (NT$)	Name of President and Vice Presidents	
	From SINBON[6]	From All Consolidated Entities[7]
Under 2,000,000	-	-
2,000,000 (incl.)-5,000,000 (excl.)	Wei-ming Liang; Huang-ji Lin; and Zhen-xing Chen	Wei-ming Liang; Huang-ji Lin; and Zhen-xing Chen
5,000,000 (incl.)-10,000,000 (excl.)	-	-
10,000,000 (incl.)-15,000,000 (excl.)	-	-
15,000,000 (incl.)-30,000,000 (excl.)	-	-
30,000,000 (incl.)-50,000,000 (excl.)	-	-
50,000,000 (incl.)-100,000,000 (excl.)	-	-
Over 100,000,000	-	-
Total	8,038,000	8,989,000

[1]The name of presidents and vice presidents must be indicated individually. The amount of remunerations must be expressed in sum. Directors concurrently taking the president or vice president posts must be specified in this table and the above table.

[2]Fill in the base compensation, allowances, and severance pay of presidents and vice presidents in the last year.

[3]This includes all kinds of bonuses, monetary rewards, travel expense, special disbursement, allowances, housing, company car, and amount of other remunerations for presidents and vice presidents in the last year. When housing, company car and other transportation or personal expense are provided, the nature and cost of such assets, the actual rent or rent calculated based on fair market price, gasoline reimbursement, and other payments must be disclosed. If drivers are assigned, please specify the wage for these drivers without combining with the compensation for presidents and vice presidents. In addition, according to IFRS 2 "Fundamental basis for the payment", the remuneration recognized as salary costs should also be included, including the acquisition of employee stock vouchers, restrictions on employee rights and participation in new shares and other shares, etc.

[4]This refer to the amount of employee profit sharing (including stock and cash) for presidents and vice presidents in the last year approved by the board before the allocation plan is approved by the shareholders' meeting. Also complete Table 1-3. The net profit after tax refers to the net profit after tax in the last year; or the net profit after tax of each entity or individual financial statements in the last year when IFRS is applied.

[5]The total amount of all remunerations paid to presidents and vice presidents by all consolidated entities (including SINBON).

[6]The name of presidents and vice presidents must be disclosed in respective remuneration intervals based on the total amount of remunerations paid to each president and vice president by SINBON.

[7]The name of presidents and vice presidents must be disclosed in respective remuneration intervals based on the total amount of remunerations paid to each president and vice president by all consolidated entities (including SINBON).

[8]This net profit after tax refers to the net profit after tax in the last year; or the net profit after tax of each entity or individual financial statements in the last year when IFRS is applied.

[9]

a. This refers to the amount compensation paid to presidents and vice presidents from non-consolidated affiliates.
b. The amount of compensation paid to presidents and vice presidents from non-consolidated affiliates must be included in the remuneration interval (E), and the column must be renamed as "all non-consolidated affiliates".

c. Compensation refers to the remuneration, wage, employee profit sharing, and allowances paid by non-consolidated affiliates to presidents and vice presidents who are also their directors, supervisors, or managers.

*As the remuneration structure disclosed in this table is different from the concept specified in the Income Tax Act, information disclosed in this table is not intended for use in taxation.

Name of Executives Receiving Employee Profit Sharing and Status of Profit Allocation

(December 31, 2016/NT$1,000)

	Title[1]	Name[1]	Amount of Profit Sharing in Stock	Amount of Profit Sharing in Cash	Total	Proportion in Net Profit after Tax (%)
Executives	President	Wei-ming Liang	-	1,290	1,290	0.11
	Vice President	Huang-ji Lin				
	Vice President	Zhen-xing Chen				
	Vice President	Wen-sen Huang				
	Director	Qi-zhong Chen				
	Director	Hong-kai Luo				
	Director	Ping LI				
	Director	Jia-zhi Hsu				
	Director	Jun-yu Chen				
	Director	Li-li Huang				
	Director	Li-hua Zhang				
	Director	Jun-qiang Wang				
	Ass. Director	Cheng-ling Li				
	Ass. Director	Xiu-sui Lin				
	Ass. Director	Jie-liang Chen				
	Ass. Director	Yun-ru Huang				
	Ass. Director	Jin-ze Zheng				
	Ass. Director	Hao-min Hsu				
	Ass. Director	Bing-chen Song				
	Ass. Director	Xin-chun Wu				
	Ass. Director	Kong-de Yang				
	Ass. Director	Min-zheng Lin				
	Ass. Director	Lian-jing Huang				
	CFO	Chi-Chou Chang				

[1]The name and title of executives must be indicated individually. The amount of employee profit sharing must be expressed in sum.

[2]Fill in the amount of employee profit sharing (including stock and cash) for executives in the last year approved by the board before the allocation plan is approved by the shareholders' meeting. If the amount cannot be estimated, calculate the planned amount for this year based on the actual amount distributed last year. The net profit after tax refers to the net profit after tax in the last year; or the net profit after tax of each entity or individual financial statements in the last year when IFRS is applied.

[3]Referring to order in Letter Tai-Cai-Zi 0920001301 issued on 27 March 2003, the scope of executives (or managerial personnel) must cover:

a. President and its equivalent.
b. Vice president and its equivalent.
c. Assistant vice president and its equivalent.
d. Financial department head.
e. Accounting department head.
f. Other personnel entitled to administer organization affairs and make approvals with their signature.

[4]Directors, presidents and vice presidents receiving employee profit sharing (including stock and cash) must be disclosed in both Tale 1-2 and this table.

3.3.4. Analysis of the proportion of the total amount of remunerations paid to directors, supervisors, presidents, and vice presidents by SINBON and all consolidated entities in last two years in net profit after tax; and the payment policy, standard, and combination of remunerations; procedure to remuneration determination; and their

relevance to operational performance and future risk.

(December 31, 2016)

Item	Proportion of Total Remuneration Amount in Net Profit after Tax (%)			
	2015		2016	
	SINBON	All Consolidated Entities	SINBON	All Consolidated Entities
Directors	2.54	2.61	2.39	2.75
Supervisors	0.28	0.28	0.34	0.34
President and Vice Presidents	0.79	0.90	0.11	0.11
Note: Although the amount of remunerations in 2016 was higher than in 2015, the percentage of the increase is lower than 20%, so there is no explanation needed according to the rules.				

(1) The payment policy, standard, and combination of remunerations:
   A. Directors and Supervisors: There is no fixed salary but traveling expenses to attend the Board meeting is NT$ 10,000 every time. According to the Company's Articles of Incorporation, annual remuneration to directors and supervisors was no more than 3% of pre-tax net profit aside as an annual reward
   B. Managers: Referring to other companies' payment levels and regulations of the Company, managers shall be paid remunerations no less than 1% and no more than 15% of pre-tax net profit and the remunerations shall be paid in first half year and second half year according to performance scores.

(2) Procedure to remuneration determination; and their relevance to operational performance and future risk:
   A. Procedure steps: a. setup annual performance indexes b. grading c. remuneration amount propose d. remuneration Committee review e. approved by the Board f. distribution.
   B. Relevance: the amount of remunerations was depended on personal performance and the profits of the Company.

3.4. Corporate Governance

3.4.1. Board Operation

Between June 2016 and April 2017, 4 (A) board meetings were held, and director attendances are as follows:

Title	Name[1]	Actual Participation (Attendance) B	Agent Attendance	Actual Participation (Attendance) Rate (%) (B/A)[2]	Remarks
Chairman	Joseph Wang	4	0	100%	-
Director	Wei-ming Liang	4	0	100%	-
Director	Xin-chi Yeh	3	1	75%	-
Director	Cao-liang Wang, representative of Argosy Research Inc.	4	0	100%	-
Director	Wei-Chun Wang, rep of Tai-Yi Investment Co., Ltd.	4	0	100%	-
Independent Director	Chi-lin Wei	4	0	100%	-
Independent Director	Shi-Kuan Chen	4	0	100%	-

Annotations

(1) The board operation has one of below status should specify the date and term of the board meeting and proposal content of corresponding board meetings, the opinion of all independent directors, and the management of their opinion:
   A. Items listed in Article 14-3 of the Securities and Exchange Act.
   B. The other board resolutions with dissenting opinion or qualified opinion expressed by independent directors and recorded in the minutes or in writing.

No above issues.

(2) For the recusal of proposals by directors for conflicts of interest, the name of directors, proposal content, reason for recusal, and voting status must be specified: In the 4th meeting of BOD in 2016, the independent director, Ms. Shi-Kuan Chen, avoid being involved in discussions and resolutions because she is also an independent director of DBS Taiwan when the board discussed renew line of credit from DBS Taiwan. It resolved by the other directors of the board and had no objection.

(3) Assessment of performance in improving board function and achieving relevant goals in this year and last year: The Board has established and implemented with the "Self-Evaluation or Peer Evaluation of the Board of Directors". The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors (functional committees), which should cover, at a minimum, the following five aspects:

A. Participation in the operation of the company;
B. Improvement of the quality of the board of directors' decision making;
C. Composition and structure of the board of directors;
D. Election and continuing education of the directors; and
E. Internal control.

The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects:

A. Familiarity with the goals and missions of the company;
B. Awareness of the duties of a director;
C. Participation in the operation of the company;
D. Management of internal relationship and communication;
E. The director's professionalism and continuing education; and
F. Internal control.

The indexes of board performance evaluation shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the company once a year. Scoring criteria may be modified and adjusted based on the company's needs. The weighted scoring method may be adopted based on the aspects of evaluation. The evaluation had done on January 5, 2017 and the results has been published on website: http://www.sinbon.com/tw/investor-relations/financial-statement/

[1]If directors and supervisors are entities, the name of the Company and their representative must be disclosed.
[2]

(1) When directors or supervisors resign before the end of a fiscal year, the date of resignation must be specified in the Remarks, and their actual participation (attendance) rate (%) must be calculated with reference to their actual participation (attendance) frequency in the actual number of board meetings held during their term.

(2) When there is a director or supervisor re-election before the end of a fiscal year, the current and past directors and supervisors must be disclosed, and their status (past, current, or re-elected) must be specified in the Remarks. Their actual participation (attendance) rate (%) must be calculated with reference to their actual participation (attendance) frequency in the actual number of board meetings held during their term.

3.4.2. Audit Committee Operation or Supervisor Participation in Board Operation:

SINBON adopted the supervisor system without establishing an audit committee. Between June 2016 and April 2017, 4 (A) board meetings were held, and supervisor attendances are as follows:

Title	Name	Actual Attendance (B)	Actual Attendance Rate (%) (B/A) (Notes)	Remarks
Supervisor	Min-cheng Lin	4	100%	-
Supervisor	Kuo-Hong Wang, rep of Kuo-Shian Investment Co., Ltd.	3	75%	-
Supervisor	Andy T.C. Chiu	2	50%	-

Annotations

(1) Formation and duty of supervisors

1) Communication between supervisors and employees/shareholders: At least 1 supervisor had attended shareholders' meetings over the years to communicate with and report to shareholders

face to face. In addition, we have established the spokesperson and acting spokesperson mechanism to communicate with shareholders and investors. Internally, each department gathers the opinion and comments of employees and submits them to the board to forward to supervisors. After detecting problems in an internal audit, the chief auditor will voluntarily report them to supervisors and exchange opinion with them.

2) Communication between supervisors and chief auditor/CPA: Supervisors actively communicate organizational financial and sales situations with the chief auditor and CPA by phone, e-mail, or meeting. In addition, the chief auditor submits the audit reports to supervisors periodically and CPA will send questionnaire to supervisors to implement two-way communication with supervisors. Since 3rd meeting of the board in 2016, CPA attended the meeting of the board quarterly to communicate with supervisors and chief auditor face to face.

(2) If supervisors express opinion at a board meeting, specify the date and term of the board meeting, the proposal content, board resolutions, and the handling of opinion expressed by supervisors: At the 1st board meeting in 2017, Supervisor Kuo-Hong Wang recommended that in order to meet the expects of shareholders, the cash dividend of 2016 should raise to NT$3.6 or 3.7/share from 3.5/share. The recommendation was adopted by the board and resolved to distribute extra NT$0.2/share cash dividend by capital reserves, which suggested by Supervisor Min-cheng Lin.

Notes:

(1) When supervisors resign before the end of a fiscal year, the date of resignation must be specified in the Remarks, and their actual attendance rate (%) must be calculated with reference to their actual attendance frequency in the actual number of board meetings held during their term.

(2) When there is a supervisor re-election before the end of a fiscal year, the current and past supervisors must be disclosed, and their status (past, current, or re-elected) must be specified in the Remarks. Their actual attendance rate (%) must be calculated with reference to their actual attendance frequency in the actual number of board meetings held during their term.

3.4.3. Corporate Governance and Compliance with Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies (BPP)

Assessment Item	Status of Implementation[1]			Non-compliance with the BPP and reasons
	Yes	No.	Performance Summary	
1. Does the Company establish and disclose a Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies with reference to the "BPP"?	✓		The Company has established a Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies and disclosed it on the Market Observation Post System: http://mops.twse.com.tw/mops/web/t100sb04_1.	No.
2. Shareholding structure & shareholders' rights: (1) Does the Company establish and implement the internal operation procedures to handle shareholders' suggestions, concern, disputes and litigation matters? (2) Does the Company maintain a list of major shareholders and their beneficial owners? (3) Has the Company established and implemented a risk management system and "firewall" between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed	✓ ✓ ✓		(1) The Company has established "Stakeholder site" on website and implemented the spokesperson system to handle relevant affairs. (2) The Company maintains a list of major shareholders and their beneficial owners and has developed good investor relations with major shareholders. (3) The Company has established the "Group Enterprise Management Regulations", "Investment Management Regulations", "Internal Control System", "Internal Audit System", and relevant laws and regulations to handle affiliate issues. (4) The Company has established the "Corporate Governance Best Practice Principles" and the article 8 is prohibiting insider trading on undisclosed information.	No No No No

Assessment Item	Status of Implementation[1]			Non-compliance with the BPP and reasons
	Yes	No.	Performance Summary	
information?				
3. Formation and responsibility of the board of directors: (1) Does the Company establish and implement diversified policies with reference to board formation? (2) After establishing the wage and compensation committee and audit committee by the law, does the Company voluntarily establish other functional committees? (3) Does the Company establish board performance evaluation regulations and methods to evaluate board performance every year? (4) Does the Company assess the independency of its CPAs?	✓ ✓ ✓	 ✓	(1) The Company has established the "Corporate Governance Best Practice Principles" and please refer the article18. Board members have been selected from qualified candidates by the chairperson with board authorization. (2) The Company does not establish any other functional committees, except for the Wage and Compensation Committee. Functional committees will be established when necessary. (3) The Company had established the "Evaluation of the Board of Directors Performance" since April 22, 2016 and finished the performance report and public it on Jan. 5, 2017 on the Company's website. The Company will do the evaluation once a year via questionnaires then report to the board. (4) The Company assesses the independency of CPAs on a regular basis (once a year) with reference to Article 27 of the BPP and reports the results to the board, and the last report was presented on Mar. 9, 2017. The Company assesses the independency of CPA in terms of financial interests, financing and guaranty, business relations, family and individual relationship, employment relations, gift and special offers, CPA rotation and non-audit business. The Company has obtained the statement of independency issued by CPAs. So far, no incident or event affecting CPA independency has been detected.	No. No. No. No.
4. Does the company set up a corporate governance unit or personnel responsible for corporate governance related matters including but not limited to providing the required information to directors and supervisors to carry out the business, handle the matters relating to the BOD and the shareholders 'meeting in accordance with the law, handle the registration issues of the Company, and make the meeting minutes for BOD and the shareholders' meeting?	✓		The Company had assigned Public Affairs Department to be the corporate governance unit and deputy spokesperson is responsible for corporate governance related matters.	
5. Does the Company establish mechanisms for communicating with stakeholders and a stakeholder site on the corporate website to appropriately respond to material CSR topics they concern about?	✓		The Company has established the spokesperson system to handle relevant affairs. By the end of December in 2015, the Company will establish a stakeholder site on the corporate website.	No.
6. Does the Company assign	✓		The Company has assigned the Register Department of	No.

Assessment Item	Status of Implementation[1]			Non-compliance with the BPP and reasons
	Yes	No.	Performance Summary	
professional registers to handle shareholder meeting affairs?			Taishin International Bank as our register.	
7. Information disclosure (1) Has the Company established a website to disclose own financial and corporate governance information? (2) Does the Company disclose such information with other methods (e.g. English website, assigning a staff to gather and disclose relevant information, implementing the spokesperson system, and posting the conference call on the corporate website)?	✓ ✓		(1) The Company discloses relevant financial information and business information regularly and as necessary over the corporate website (www.sinbon.com) and MOPS (http://newmops.twse.com.tw). (2) The Company has established the spokesperson system to handle relevant affairs and discloses material information over the Chinese and English versions and public the CSR report on the corporate website.	No. No.
8. Does the Company disclose other information for investors better understand its corporate governance practices (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights and benefits, training for directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer relations policies, and insurance for directors and supervisors)?	✓		The Company has always been concerned about the rights and benefits of customers, suppliers, shareholders, and employees. Apart from implementing humanized management, we value work environment safety and health and has established the Employee Welfare Committee, arrange liability insurance for directors and supervisors, and establish the employee profit sharing system in our articles of incorporation. Apart from providing in-service corporate governance training for directors and supervisors at least three hours each year, we arrange 12 hours of corporate governance training for new directors and supervisors. The result of implementation is posted on the MOPS. Risk management policies and risk assessment are established and implemented with reference to the “Asset Acquisition and Settlement Management Regulations”, “Endorsement and Guaranty SOP”, “Code of Business Ethics”, “Board Procedural Standards”, and “Internal Material Information Processing SOP”. Investments with an amount of NT$300 million or paid-in capital over 20% are submitted to the board for resolution. The QA policy and customer rights and benefits protection are included in our ISO. Every year we arrange liability insurance for directors and supervisors as prescribed in the articles of incorporation. You may also refer the Company’s CSR report to get more information.	No.
9. Please indicate the improvement results of the last corporate governance evaluation issued by Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. or how to improve: The result of last corporate governance evaluation for the Company is top 6% ~ 20%. The Company had done some works on the improvement of shareholders’ rights, for example, adoption of the nomination system for election of directors and supervisors, resolution though voting for each case and disclosure the voting results on meeting minutes, and cash dividend payment within 30 days of exemption date.				

[1]Please describe the situation, either “yes” or “no” in the non-compliance column.

[2]The self-evaluation report must contain the results of evaluation items for corporate governance practices, including the current condition of operation and implementation.

3.4.4. Disclosure of the formation, responsibility, and operation of the Compensation Committee, if any.

(1) Members of the Wage and Compensation Committee

Status[1]	Requirements / Name	Do committee directors have over 5 years of relevant experience and the following professional qualifications?			Compliance with Independency[2]								Also a compensation committee member of other public companies concurrently	Remarks[3]
		A faculty member of the discipline of commerce, law, finance, accounting, or other academic disciplines of a higher education establishment relating to the business of the Company	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a profession required by the business of the Company	Have work experience in commerce, law, finance, or accounting, or otherwise required by the business of the Company	1	2	3	4	5	6	7	8		
Independent Director	Chi-lin Wei	Yes	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	4	-
External individual	Mu-xiao Liu	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	0	-
External individual	Pi-Hsia Hsu-Chung	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	0	-

[1]Please specify member status: director, independent director, or others.

[2]Please tick the corresponding items when directors and supervisors comply with the following conditions two years before being elected and during their term.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates (except as an independent director of the Company, or its parent company, or its subsidiary where the Company holds, either directly or indirectly, over 50% of the voting shares).

(3) Not an individual shareholder holding shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of shares issued by the Company or ranks as one of its top ten shareholders.

(4) Not a spouse, relative within the second degree by consanguinity, or lineal relative within the third degree by consanguinity, of any of the above persons in the above three items.

(5) Not a director, or supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of shares issued by the Company or ranks as one of its top five shareholders.

(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company;

(7) Not a professional or an owner, partner, director, supervisor, officer, or spouse of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, and accounting services or consultation to the Company or its affiliates.

(8) No violation of any items specified in Article 30 of the Company Act.

[3]If a committee member is also a director of the Company, please specify compliance with paragraph 5 of Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

(2) Operation of the Wage and Compensation Committee

A. Committee members: 3.

B. Current term: June 22, 2015 to June 10, 2018. By April 21, 2017, 5 committee meetings (A) were held, and the qualification and attendance of committee members are as follows:

Title	Name	Actual Attendance (B)	Agent Attendance	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Chi-lin Wei	5	0	100%	-
Committee Member	Pi-Hsia Hsu-Chung	3	2	60%	-
Committee Member	Mu-xiao Liu	5	0	100%	-

Annotations

(1) If the board refuses or modifies the recommendation made by the committee, specify the date and term of the board meeting and proposal content, board resolution and handling of committee opinion (if the compensation approved by the board is better than the compensation recommended by the committee, specify the difference and causes): N/A.

(2) When members disagree to or have reservations of a resolution made at the committee meeting with track records or written statements, specify the date and term of the committee meeting, proposal content, opinion of all members, and handling of their opinion: N/A.

Note

(1) When committee members resign before the end of a fiscal year, the date of resignation must be specified in the Remarks, and their actual attendance rate (%) must be calculated with reference to their actual attendance frequency in the actual number of committee meetings held during their term.

(2) When there is a committee member re-election before the end of a fiscal year, the current and past committee members must be disclosed, and their status (past, current, or re-elected) must be specified in the Remarks. Their actual attendance rate (%) must be calculated with reference to their actual attendance frequency in the actual number of committee meetings held during their term.

3.4.5. CSR Performance

Assessment Item	Implementation [1]			Non-compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Performance Summary[2]	
1. Corporate governance promotion (1) Does the Company establish a CSR policy or system and review the effectiveness of implementation? (2) Does the Company arrange CSR training on a regular basis? (3) Does the Company establish a dedicated (concurrent) unit to promote CSR with authorization from top management and to report the effectiveness of implementation to the board? (4) Does the Company establish a fair wage and compensation policy combing with the employee performance evaluation system and CSR policy and an effective and well-defined reward and punishment system?	✓ ✓ ✓ ✓		(1) The Company has established a Code of CSR Practice and has passed SA8000 social accountability certification and OHSAS18000 occupational safety and health certification. We also review the effectiveness of their implementation on a regular basis. (2) Units of the Group Administration Division arrange CSR-related training through division of labor. These units include the Administration, Marketing Planning, and Human Resource departments. (3) The Company reports the effectiveness and progress of CSR implementation to the board once a year. Please refer page 25 of 2015 CSR report. (4) The wage and compensation policy of the Company: 1) wage resource planning based on cost efficiency and risk control; 2) wage	No. No. No. No.

Assessment Item	Implementation [1]			Non-compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Performance Summary[2]	
			resource allocation through performance differentiation; and 3) attraction, retention, and encouragement of key talents. Our employee performance evaluation system includes: closely link employee work targets with overall organizational targets to fulfill both long- and short-term organizational goals and provide a performance communication channel for fair and objective assessment of employee work performance and enable employees to make continual improvement; to provide a reference for employee development and transfer, promotion, and raise. Therefore, employees are evaluated at the end of each year. The reward and punishment system includes: To optimize operational management and maintain internal order to maintain the decent rights and benefits of the Company and employees. When employees violate any rules, they will be punished by a warning, minor demerit, major demerit, suspension, or dismissal, depending on the severity of offence. Employees with deeds will be rewarded by commendation, minor merit, and major merit to encourage them and make them an example for other employees.	
2. Development of a sustainable environment: (1) Does the Company make efforts to enhance resource efficiency and use recycled materials with lower environmental impact? (2) Does the Company establish an appropriate environmental management system (EMS) according to the characteristics of its industry? (3) Has the Company noticed the effect of climate change on its business activities and does it implement GHG inventory and establish an energy conservation and GHG reduction strategy?	✓ ✓ ✓		(1) The Company sets RoHS, PFOA, PFOS as our production targets with reference to customer demand and international environmental trends. No product return due to RoHS issues was reported. (2) The Company establishes and implements the green product management system to control environmental-concerned chemical substances in the supply chain to reduce environmental and health risks. (3) The Company selects and uses eco-friendly materials. (4) The Company adopts the design for life-cycle extension policy. (5) The Company adopts power-saving design and uses green packaging. (6) The Company establishes the Green Committee to supervise the effectiveness of environmental policy implementation and implement the ISO14001 EMS (passed certification in 2002). (7) In 2012, the Company passed ISO 14064-1 GHG inventory for enterprise certification, and we implement GHG inventory every	No. No No.

Assessment Item	Implementation [1]			Non-compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Performance Summary[2]	
			year since then. (8) The others, please refer page 41~57 of 2015 CSR report.	
3. Implementation of philanthropy (1) Does the Company establishes relevant management policies and procedures with reference to relevant international regulations and international human rights treaties? (2) Does the Company establish mechanisms and channels for and properly handle employee grievances? (3) Does the Company provide employees with a safe and healthy work environment and regularly arrange safety and health training/education for employees? (4) Does the Company establish mechanisms for periodic employee communication and reasonably notify employees of significant operational changes that could substantially affect them? (5) Does the Company establish effective training plans for employees to develop employability? (6) Does the Company establish policies and procedures to protect consumer rights and benefits in R&D, procurement, production, operation, and service processes? (7) Does the Company follow relevant regulations and international standards to market and label products and services? (8) Does the Company assess if suppliers have a record of causing impacts on the environment and society? (9) When signing contracts with major suppliers, does the Company include the following terms in the contract: when suppliers violate the Company's CSR policy and have significant impact on the environment and society, the Company may terminate or rescind the contract at any time?	✓ ✓ ✓ ✓ ✓ ✓ ✓		(1) The Company passed SA8000 social accountability certification in 2013 and voluntarily establishes our internal management policy and procedures with reference to the UN Global Compact. (2) The Company sets up the employee suggestion box and provide a hotline for general grievances and sexual harassment. (3) The Company passes GSV (Global Security Verification) and OHSAS 18000 occupational health and safety certification to implement organizational OHS management and ensure the security of employees and products. The Company also implements periodic inspection and maintenance of equipment and disaster prevention exercise, arranges health examinations for employees, and organizes ESH workshops. (4) The Company holds employee seminars regularly to discuss employee problems and make proper management afterwards. (5) In response to organizational strategic development goals and fulfill the work competency need of employees, the Company provides comprehensive learning methods and channels, such as internal training, external training, and annual learning subsidies. (6) The Company categorizes the problems reflected in customer complaints and take timely action to resolve them to regain customer satisfaction. (7) The Company markets and labels products with reference to relevant regulations and prohibits deception, misleading, fraud, and any conduct that can damage consumer trust and consumer rights and benefits. (8) & (9) The Company has added contents (SA8000 and EICC) for implementing CSR in our procurement contracts. Before any business transactions, we request suppliers to sign the CSR compliance agreement and complete the self-evaluation sheet. We also implement on-site audit of suppliers to ensure CSR is implemented by suppliers.	No. No. No. No. No. No. No. No.
4. Reinforcement of disclosure of CSR information.	✓		(1) The Company voluntarily discloses CSR	No.

Assessment Item	Implementation [1]			Non-compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Performance Summary[2]	
(1) Does the Company disclose relevant and reliable CSR information on the corporate website and MOPS?			information on the corporate website, and "environmental sustainability, green proclamation, and social commitment" are the three axes of implementation. (2) The Company published 2015 CSR report to disclose our performance in CSR implementation and published on website.	
5. If the Company has established own code of CSR practice with reference to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," specify its operation and non-compliance with the best practice principles: No difference.				
6. Other material information enabling a better understanding of CSR implementation: (1) The Company implements CSR with reference to the four aspects: human rights, labor, environment, and anti-corruptions prescribed in The Ten Principles of UN Global Compact. (2) The Company passed SA8000 social accountability certification at the end of 2013 and obtained the certificate in 2014. (3) In recent years, the Company has been devoted to green product design and development. The Company also establishes the green committee to supervise the effectiveness of environmental policy implementation and implement energy conservation and emission reduction through four aspects: green building, green procurement, green production, and green product. The Company has developed the Go Green employee green education platform and combined with the CSP employee creative idea activity to recognize green experts and reward green innovation proposals, so as to implement environmental sustainability through planning and real action.				
7. If the organizational CSR report has passed the verification standards of relevant certification authorities, please specify: (1) The Company's CSR report has been published since 2015. It was followed by the core options of G4 Guidelines Version, published by Global Reporting Initiative, and following AA1000 (2008) standard. Furthermore, It also approved by SGS-Taiwan. (2) Quality management systems: ISO 9001, ISO 14001, ISO 13485, UL Wiring Harness, Medical Device Good Manufacture Practice (GMP), and TS16949. (3) Other systems: SA8000 social accountability system, GSV, OHSAS18000, and ISO 14064-1.				

[1]Please describe the situation, either "yes" or "no" in the non-compliance column.
[2]If the Company has published a CSR report, please indicate the correspondence with the CSR report instead.

3.4.6. Performance in Fair and Ethical Business Operations and Measures

Fair and Ethical Business Operations

Assessment Item	Implementation[1]			Non-compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Performance Summary	
1. Policies and plans for fair and ethical business operations (1) Does the Company specify its policies and practices to maintain fair and ethical business operations in relevant regulations and external documents? Do the board and management actively implement the commitments made in relevant policies? (2) Does the Company draw up programs to prevent unethical conduct and set out in each	✓ ✓ ✓		(1) The Company has established and implemented the "Code of Business Ethics" and "Fair and Ethical Operations SOP and Conduct Guidelines". (2) The Company includes the above code, SOP, and conduct guidelines in annual training/education courses. (3) Internal audits are included in the annual audit program to audit the effectiveness of implementation of relevant policies and practices	No. No.

program and implement SOPs, conduct guidelines, penalties for violation, and a grievance system? (3) Does the Company take precautionary action to prevent business activities specified in paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and other business activities within its scope of business with higher behavioral risk?			regularly and irregularly.	No.
2. Implementation of fair and ethical business operations (1) Does the Company assess if trading counterparts are involved in any unfair and unethical business operations and include the fair and ethical business operations clause in the transaction agreement signed with them? (2) Does the Company establish a dedicated (concurrent) unit directly under the board to promote fair and ethical business operations and report the effectiveness of implementation directly to the board? (3) Does the Company establish and implement policies to prevent conflicts of interest and provide appropriate channels for reporting such conflicts? (4) Has the Company established effective accounting and internal control systems to implement fair and ethical business operations? Does the Company have these system audited regularly by the internal audit unit or a CPA? (5) Does the Company arrange regular internal/external training/ education for fair and ethical business operations?	✓ ✓ ✓ ✓ ✓		(1) The fair and ethical business operations clause is included in our standard contracts. (2) The "Group Administration Division" is the responsible unit and will report to the board any violation once a year. The internal audit unit also reports to the board regularly and where necessary. (3) The Company has established complaint channels and the suggestion box responsible by the "Administration Department". (4) These systems are established and audited with reference to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, Code of Business Ethics and Fair and Ethical Operations SOP and Conduct Guidelines. (5) The board of the Company arranges the report on the Code of Business Ethics and includes it in the training/ education for new employees.	No. No. No. No. No.
3. Operation of the whistleblower system (1) Has the Company established a practical whistleblower and reward system and channels to facilitate reporting of unfair and unethical business operations and assign appropriate	✓ ✓		(1) The Company establishes "Stakeholder Site" on website to handle all relevant reports. (2) The Company has establishes the "SOP procedures for dealing with Unlawful, Unethical or Dishonesty issues".	No. No.

	personnel to handle a reported case? (2) Does the Company establish a SOP and a non-disclosure mechanism of relevant investigations? (3) Does the Company establish and implement an informer protection policy to ensure no informer will receive indecent treatment?	✓		(3) This protection policy includes non-disclosure of information sources, investigation by a third-party unit, and the signing of a non-disclosure agreement among all parties involved.	No.
4.	Reinforcement of information disclosure (1) Does the Company disclose the content and effectiveness of implementation of the Code of Business Ethics on the corporate website and MOPS?	✓		(1) Our corporate website: www.sinbon.com. (2) MOPS website[2]. (3) In 2014 no punishment for violation of fair and ethical business operations was reported.	No.
5.	If the Company has established own code of business ethics with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," specify its operation and non-compliance with the best practice principles: No difference.				
6.	Other material information enabling a better understanding of fair and ethical business operations (such as review and revise the code of business ethics): The board arranges a report on the code of business ethics every year and included and includes it in the training/education for new employees and periodic internal audit.				

[1]Please describe the situation, either "yes" or "no" in the non-compliance column.

[2]http://mops.twse.com.tw/mops/web/t100sb04_1 (market type: listed, search by stock number "3023" or by company name "SINBON").

3.4.7. Search for code of corporate governance and relevant information: http://mops.twse.com.tw/mops/web/t100sb04_1 (market type: listed, search by stock number "3023" or by company name "SINBON").

3.4.8. Other material information enabling a better understanding of corporate governance: See the corporate website of the Company.

3.4.9. Items to be disclosed to support the effectiveness of internal control:

(1) Statement of Internal Control

(See next page)

Statement of Compliance of Internal Control System

(March 9, 2017)

The results of the self-inspection of the internal control system of the Company in 2016 are as follows:

1. We understand it is the responsibility for the board of directors and executives of the Company to establish, implement, and maintain an internal audit system, and we have established, implemented and maintained this system. This system aims to appropriately ensure the effectiveness and efficiency of organizational operations (including profit, performance, and protection of asset security), the reliability of financial statements, and the compliance with relevant legal requirements.
2. Given all internal controls have own limitations, regardless of how well a system is designed, even an effectively implemented internal control system can only appropriately ensure the achievement of the above three goals. In addition, system effectiveness is subject to change in line with changes in the environment and different scenarios. Thanks to the self-supervisory mechanism included in our internal control system, corrections are made immediately after a defect is detected.
3. We judge the effectiveness of design and implementation of our internal control system with reference to the effectiveness judgment criteria specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (System Establishment Regulations) / Criteria for Establishment of Internal Control Systems by Public Companies. Based on the process of management control, the System Establishment Regulations divided an internal control system into five componential elements: (1) control environment; (2) risk assessment; (3) control; (4) information and communication; and (5) supervision, and each item contains different items. Please refer to the System Establishment Regulations for details.
4. We have examined the effectiveness of design and implementation of our internal control system with reference to the above criteria.
5. Referring to the above inspection results, we ascertain that as of December 31, 2016 the design and implementation of our internal control system (including supervision and management of subsidiaries), covering the revelation of the level of achievement of operational effectiveness and efficiency, reliability of financial statements, and compliance with relevant legal requirements, are effective and can appropriately achieve the said goals.
6. This statement will form part of the annual report and prospectus of the Company and will be disclosed to the public. If the information disclosed is untrue or incomplete, this will involve the liability specified in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved unanimously at the board meeting held on March 9, 2017.

SINBON Electronics Co., Ltd.

Joseph Wang
Chairman

Wei-ming Liang
President

(2) The CPA audit review must be disclosed as the internal control system is audited by a CPA: N/A.

3.4.10. Punishment of the Company and employees by the law, punishment of employees by the Company for violation of internal control system regulations, and major defects and improvement in the last year and by the report publishing date: None.

3.4.11. Major resolutions made at the shareholders' meeting and board meeting in the last year and by the report publishing date:

March 2016	Board Meeting	Passed the consolidated financial statement and individual financial statements of 2015. Passed the profit allocation plan of 2015. Passed the issue of new shares by transferring additional paid-in capital to capital increase. Passed the Statement of Compliance of Internal Control System Compliance of 2015. Passed the Business Plan 2016. Passed the remuneration for members of the Wage and Compensation Committee who were not independent director. Passed amendment to the Operational Procedures for Loaning of Company Funds. Passed the agenda and relevant affairs of the annual shareholders' meeting of 2016. Determined the base date of issuing new shares from the unsecured convertible bond V. Passed amendment to the Operational procedures for Acquisition and Disposal of Assets. Passed the renewal of the load credit line at Ta Chong Bank and Far Eastern International Bank.
April 2016	Board Meeting	Passed the consolidated financial statement of Q1 2016. Review of shareholders' meeting proposals: Announced. Determined the base date of issuing new shares from the unsecured convertible bond V. Reviewed the assessment results of CPA independency: Complied. Passed the renewal of the load credit line at ANZ Bank (Taiwan) Limited and Bank SinoPac. Passed to establish the "Self-Evaluation or Peer Evaluation of the Board of Directors". Passed to establish the "Procedures of Reporting and Handling Illegal, Unethical or Dishonest Behavior".
June 2017	Shareholder Meeting	Adoption of the 2015 Business Report and Financial Statements Result: Adopted and published meeting minutes on MOPS. Adoption of the Proposal for Distribution of 2015 Profits Result: Adopted and distributed on September 22, 2016.

		Discussion of amendment to the Company's Articles of Incorporation Result: Passed and finished the registration on July 7, 2016. Proposal for a new share issue through capitalization of Capital Reserve Result: Passed and distributed on October 7, 2016. Discussion of amendment to the Rules of Procedure for shareholders' meeting Result: Passed and published meeting minutes on MOPS. Discussion of amendment to the Operational Procedures for Loaning of Company Funds Result: Passed and published meeting minutes on MOPS. Discussion of amendment to the Operational procedures for Acquisition and Disposal of Assets Result: Passed and published meeting minutes on MOPS.
July 2016	Board Meeting	Passed EY CPA firm internal exchange auditing accountant. Passed the consolidated financial statement of Q2 2016. Passed the issue of new shares by transferring additional paid-in capital to capital increase and the payout schedule of 2016 cash dividends. Passed the base date of issuing new shares from the unsecured convertible bond V. Passed renewal of the credit line from Taipei Fubon Bank, the Export-Import Bank, Cathay United Bank, HSBC Taiwan.
October 2016	Board Meeting	Passed the base date of issuing new shares from the unsecured convertible bond V. Passed the annual audit plan for 2017. Passed the amendment to the “Code of Corporate Governance Practice”. Passed the amendment to the “Code of CSR Practice”. Passed the expansion of second manufactory at Maioli. Passed increase of investment NT$5 million to subsidiary DigiO2 Health Medical Technology Co., Ltd. through subsidiary company, Guanze Co., Ltd. Passed liquidation of Korea SINBON Electronics Co., Ltd. Passed disposal of all shares in SINBON Technologies, LLC. Passed cash investment RMB 15 million to establish Ruike Energy Technology Jiangsu Co., Ltd. through subsidiary company, SINBON Tongan Electronics Beijing. Passed restructured of subsidiary company, Super Elite Ltd. Passed the consolidated financial statement of Q3 2016. Passed the amendment to the salary structure. Passed renewal of Taihsin Bank, Bangkok Bank, Land Bank of Taiwan, Mizuho Bank, and ANZ Bank (Taiwan) Limited.
March 2017	Board Meeting	Reviewed the assessment results of CPA independency: Complied. Passed the consolidated financial statement and individual

		financial statements of 2016. Passed the profit allocation plan of 2016. Passed to pay extra cash dividend though capital reserve Passed the Statement of Compliance of Internal Control System Compliance of 2016. Passed the Business Plan 2017. Passed the amendment to the “Operational procedures for Acquisition and Disposal of Assets”. Passed the amendment to the “Apply for suspension and resumption of trading procedures”. Passed the remuneration for members of the board. Passed the agenda and relevant affairs of the annual shareholders’ meeting of 2017. Passed the base date of issuing new shares from the unsecured convertible bond V. Passed to issue unsecured convertible bond VI, NT$500 million. Passed renewal of the credit line from Taiwan Bank and HSBC China. Passed increase investment USD1 million to SINBON USA. Passed the promotion of VP Wen-sen Huang.
April 2017	Board Meeting	Passed the consolidated financial statement of Q1 2017. Review of shareholders’ meeting proposals: Announced. Passed the remuneration package of new Global Sales VP and some Sales Directors. Passed disposal of all SMART & DILIGENT CO., LTD. shares at amount USD 273,186.64. Passed investment in Cayman Lan-Cheng Fund USD 1.595 million. Passed the renewal of the load credit line at Mizuho Bank, HSBC Taiwan, and Yongfeng Bank. Passed the disposal of all SINBON Czech a.s shares, amount 200,000 Krone. Passed increase investment limit to 4 million Euro to SINBON Elcotronic.

3.4.12. Summary of opinion difference in major resolutions at the board meeting between directors or supervisors in the last year and by the report publishing date with written records or statements: None.

3.4.13. Resignation and relief of relevant roles (including the organization chairman, president, accounting officer, financial officer, chief internal auditor, and R&D officer) in the last year and by the report publishing date:

Summary of Resignation or Relief of Relevant Roles
(by April 30, 2016)

Title	Name	Inaugural Date	Relief Date	Reasons for Resignation or Relief
N/A				

Note: Relevant roles refer to organization chairman, president, accounting officer, financial officer, chief internal auditor, and R&D officer.

3.5. Accountant Service Fees:

3.5.1. Disclose the amount of the audit and non-audit service fees and content of non-audit services when the amount of non-audit service fees paid to CPAs, their firms and affiliates for is over a quarter of the audit service fees: The amount of the audit and non-audit service fees and content of non-audit services of the Company are disclosed as follows:

(unit: NT$1,000)

CPA Firm	Ernst & Young Taiwan	
Name of CPA (1)	Hong-Kuang Lin	
Name of CPA (2)	Tzu-Ping Huang	
Audit Service Fee	4,560	
Non-audit Service Fee	System Design	0
	Registration	310
	Human Resources	0
	Others[2]	0
	Subtotal	310
Does the audit period covers an entire accounting year?	Coverage	Yes
	Audit period	N/A

3.5.2. Disclose the amount and proportion reduced and reasons when there is a change of CPA firm that the audit service fee is lower than the year before the CPA change: None.

3.5.3. Disclose the amount and proportion reduced and reasons when the audit service fee is fifteen percent less than last year: None.

CPA Service Fee Interval

CPA Firm	Name of CPAs		Audit Period	Remarks
Ernst & Young Taiwan	Hong-Kuang Lin	Tzu-Ping Huang	2016	-

Note: If there is a CPA or CPA firm change in this year, please specify their audit periods and remark the reasons for change.

(unit: NT$1,000)

Service Fee / Internal		Audit Service Fee	Non-Audit Service Fee	Total
1	Under 2,000		310	310
2	2,000 (incl.)-4,000			
3	4,000 (incl.)-6,000	4,560		4,560
4	6,000 (incl.)-8,000			
5	8,000 (incl.)-10,000			
6	10,000 and over			

CPA Service Fee

(unit: NT$1,000)

CPA Firm	CPAs	Audit Service	Non-Audit Service					Audit Period	Remarks
			System Design[3]	Official Registration	Human Resources	Others[2]	Subtotal		
Ernst & Young Taiwan	Hong-Kuang Lin	4,560	-	310	-	-	310	2016	-
	Tzu-Ping Huang							2016	

[1]If there is a CPA or CPA firm change in this year, please specify their audit periods, remark the reasons for change, and disclose the amount of audit and non-audit service fees and the content of non-audit services in order.

[2]List all non-audit service items; if the amount of "others" shares 25% of all non-audit service fee, specify them in the Remarks.

[3]The system design service fee refers the non-audit service fee for changing to IFRSs.

3.6. CPA Change Information

3.6.1. Information of Previous CPAs

Date of change	N/A			
Reasons for change	N/A			
Reasons for termination or rejection of assignment of the client or CPA.	Party Involved		CPA	Client
	Voluntary termination of assignment		N/A	N/A
	Rejection of assignment		N/A	N/A
Comments and reasons for issuing audit reports without comments in last two years.	N/A			
Different opinion with report issuer.	Yes	N/A	Accounting principles or practices	
		N/A	Financial statement disclosures	
		N/A	Audit range or procedures	
		N/A	Others	
	No	N/A		
	Reasons: N/A			
Other disclosures	N/A			

3.6.2. Information Succession CPAs

CPA Firm	N/A
CPA	N/A
Assignment date	N/A
Consultation of possible certification comments and outcomes of the accounting methods or accounting principles and financial statements for specific transactions before assignment	N/A
Written comments of opinion difference between the succession CPA and past CPA.	N/A

3.6.3. Past CPA's replies to item 1 and item 2-3 of paragraph 5 of Article 10 of this code: N/A.

3.7. Disclose the name, title, and the period of service at the CPA firm or its affiliates if a director, the president, financial officer or accounting officer of the Company has worked at the CPA firm or its affiliates in the last year: N/A.

3.8. Share transfer and share mortgage of directors, supervisors, executives, and shareholders holding over 10% of shares in the last year and by the report publishing date:

3.8.1. Share transfer of directors, supervisors, executives, and major shareholders:

(unit: share)

Title	Name	2015		By April 19 of current year	
		Increase (reduction) of shares held	Increase (reduction) of shares mortgaged	Increase (reduction) of shares held	Increase (reduction) of shares mortgaged
Chairman	Joseph Wang	233,157	0	0	0
Director	Xin-chi Yeh	(264,130)	0	0	0
Director	Argosy Research	110,825	0	0	0
Representative of Director	Chao-liang Wang	9,066	0	0	0
Director	Wei-ming Liang	30,615	514,908	0	0
Director	Tai-Yi Investment Co., Ltd.	120,263	0	0	0
Representative of Director	Wei-Chun Wang	(466,251)	0	0	0
Independent Director	Chi-lin Wei	0	0	0	0
Independent Director	Shi-Kuan Chen	0	0	0	0
Supervisor	Min-cheng Lin	5,807	0	0	0
Supervisor	Andy T.C. Chiu	5,807	0	0	0
Supervisor	Kuo-Shian Investment Co., Ltd	70,329	0	0	0
Representative of Supervisor	Kuo-Hong Wang	3,057	0	0	0
President	Wei-ming Liang	30,615	514,908	0	0
Vice President	Huang-ji Lin	4,125	0	0	0
Vice President	Zhen-xing Chen	0	0	0	0
Director	Wen-sen Huang	6,714	0	0	0
Director	Ping LI	2,947	0	0	0
Director	Qi-zhong Chen	1,126	0	0	0
Director	Hong-kai Luo	0	0	0	0
Director	Jia-zhi Hsu	(8,297)	0	0	0
Director	Jun-yu Chen	1,693	0	0	0
Director	Li-hua Zhang	32	0	0	0
Director	Li-li Huang	(17,973)	0	0	0
CFO	Chi-Chou Chang	11,562	0	0	0
Director	Jun-qiang Wang	7,052	0	0	0
Ass. Director	Cheng-ling Li	0	0	0	0
Ass. Director	Xiu-sui Lin	885	0	0	0
Ass. Director	Jie-liang Chen	6	0	0	0
Ass. Director	Yun-ru Huang	0	0	0	0
Ass. Director	Jin-ze Zheng	0	0	0	0
Ass. Director	Hao-min Hsu	2	0	0	0
Ass. Director	Bing-chen Song	49	0	0	0

Title	Name	2015		By April 19 of current year	
		Increase (reduction) of shares held	Increase (reduction) of shares mortgaged	Increase (reduction) of shares held	Increase (reduction) of shares mortgaged
Ass. Director	Xin-chun Wu	2,025	0	0	0
Ass. Director	Kong-de Yang	0	0	0	0
Ass. Director	Min-zheng Lin	17	0	0	0
Ass. Director	Lian-jing Huang	1,413	0	0	0

[1]Shareholders holding over 10% of shares are considered as major shareholders (no shareholders of the Company holds over 10% of shares of the Company.)
[2]List the counterparty of share transfer or share mortgage in the table below.

3.8.2. Share Transfer Information

Name	Reasons for Transfer[2]	Transaction Date	Transaction Counterparty	Relationship between the transaction counterparty and the Company, directors, supervisors, and shareholders holding over 10% of shares	Shares	Transaction Price
Director Xin-chi Yeh	settlement	Dec. 27, 2016	Yeh's wife and child	N/A	330,000	N/A

[1]Fill in the name of directors, supervisor, and officers of the Company.
[2]Fill in "acquisition" or "settlement".

3.8.3. Share Mortgage Information

Name[1]	Reasons for Pledge[2]	Change Date	Transaction Counterparty	Relationship between the transaction counterparty and the Company, directors, supervisors, and shareholders holding over 10% of shares	Shares	Shares Held (%)	Pledge Rate (%)	Pledge (redemption) amount (NT$1,000)
Wei-ming Liang	pledge	Apr. 26, 2016	CTBC Bank	No	514,908	0.47%	49%	N.A.

[1]Fill in the name of directors, supervisors, and executives of the Company.
[2]Fill in pledge or redemption.

3.9. Information of Top Ten Shareholders Who Are Interested Parties, Spouse, Relatives within Second Degree

Top Ten Shareholders Who Are Interested Parties

Name[1]	Shares held by own party		Shares held by spouse or minor children		Shares held under the name of others		The name and relationship of top ten shareholders who are interested parties, spouse, relatives within second degree[3]		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Fubon Life Insurance	16,536,167	7.34%	0	0.00%	0	0.00%	N/A	N/A	
US JP Morgan Chase Bank Taipei Branch entrusted custody of T. Luo Pai Si international exploration fund investment account	6,573,387	2.92%	0	0.00%	0	0.00%	N/A	N/A	

Name[1]	Shares held by own party		Shares held by spouse or minor children		Shares held under the name of others		The name and relationship of top ten shareholders who are interested parties, spouse, relatives within second degree[3]		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
HSBC Managed HSBCGIF Asia Small Business	5,318,547	2.36%	0	0.00%	0	0.00%	N/A	N/A	
Joseph Wang	5,008,062	2.22%	2,131,236	0.95%	0	0.00%	Representative of Tai-Yi Investment: Wei-Chun Wang.	Father and son	
Deutsche Bank Deutsche Bank Taipei Branch Trusted First Domain Investment Company - First Domain Greater China Growth Fund Investment Account	4,858,181	2.16%	0	0.00%	0	0.00%	N/A	N/A	
HSBC Hosted Cooper Locke International Small Cap Fund	4,849,971	2.15%	0	0.00%	0	0.00%	N/A	N/A	
Tai-Yi Investment Co., Ltd.	4,130,572	1.83%	0	0.00%	0	0.00%	Joseph Wang	Father and son	
Labor Insurance Fund	3,835,898	1.70%	0	0.00%	0	0.00%	N/A	N/A	
Argosy Research	3,695,596	1.70%	0	0.00%	0	0.00%	N/A	N/A	
US JP Morgan Chase Bank Taipei Branch Trusted Scotland Oriental Small Business Trust Company Investment Account	3,585,000	1.59%	0	0.00%	0	0.00%	N/A	N/A	

[1]List all top ten shareholders and the name of companies and their representatives for the Companys.
[2]Share-holding percentage is calculated by the percentage of shares held by own persons, spouse, minor children, and under other's name.
[3]The relationship with the said shareholders, including corporations and natural persons, must be disclosed with reference to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

3.10. Consolidated Percentage of Shares Held of Re-Invested Enterprises by the Company, Directors, Supervisors, Executives, or Enterprises under Direct/Indirect Control of the Company

(shares/percentage/December 31, 2015)

Re-Invested Enterprise[1]	Company Investment		Investments by the Company, Directors, Supervisors, Executives, or Enterprises under Direct/ Indirect Control of the Company[2]		Consolidated Investments	
	Shares	%	Shares	%	Shares	%
SINBON International Enterprise Co., Ltd	-	100.00	-	-	-	100.00
SINBON Beijing	-	100.00	-	-	-	100.00
SINBON Hong Kong	-	100.00	-	-	-	100.00
Guanze Co., Ltd.	23,560,000	100.00	-	-	23,560,000	100.00
Lianding Venture Investment	8,000,000	20.00	-	-	8,000,000	20.00
Super Elite Ltd.	-	64.48	-	-	-	64.48
Samoa Smart& Diligent Co.,Ltd	-	51.51	-	-	-	51.51

Re-Invested Enterprise[1]	Company Investment		Investments by the Company, Directors, Supervisors, Executives, or Enterprises under Direct/ Indirect Control of the Company[2]		Consolidated Investments	
	Shares	%	Shares	%	Shares	%
Argosy Research	2,945,034	3.59	14,624,200	17.81	17,569,234	21.40
Korea SINBON Electronics Co., Ltd.	-	37.50	-	-	-	37.50
SINBON Tongan Electronics Beijing	-	100.00	-	-	-	100.00
SINBON Electronics Japan	350	70.00	-	-	350	70.00
World Wide Wire Harnesses Co., Ltd.	-	50.00	-	-	-	50.00
SINBON Technologies L.L.C	-	51.00	-	-	-	51.00
Sinbon USA L.L.C	-	100.00	-	-	-	100.00
Ray Service AVA Co., Ltd.	2,700,000	90.00	-	-	2,700,000	90.00
SINBON Europe GmbH	-	100.00	-	-	-	100.00

[1]Investments by the equity method.

[2]Investments in Guanze.

[3]Items marked by “-”, “0”, N/A, or none; except for items with Remarks.

4. Fundraising

4.1. Capital and Shares

4.1.1. Capitalization

Month/Year	Issue Price	Authorized Shares/Capital		Capital Stock		Remarks		
		Shares (1K)	Amount (NT$1K)	Shares (1K)	Amount (NT$1K)	Sources of Capital (NT$1K)	Non-cash Capital Increase (NT$1K)	Others (NB)
Dec 1989	10	500	5,000	500	5,000	Establishment with cash at 5,000.	None	N/A
Jun 1991	10	1,300	13,000	1,300	13,000	Cash capital increase at 6,000.	Shareholder transactions at 2,000.	N/A
Dec 1994	10	2,900	29,000	2,900	29,000	Cash capital increase at 5,000.	Liability 11,000.	N/A
Sep 1995	10	9,900	99,000	9,900	99,000	Cash capital increase at 70,000.	None	N/A
Dec1997	10	19,800	198,000	19,800	198,000	—	Consolidated increase 99,000.	N/A
Sep 1998	10	50,000	500,000	30,000	300,000	Cash capital increase at 64,560. Amortization of premiums at 11,880. Capital surplus transferred to capital at 23,760. New share issue through capitalization of employee bonus at 1,800.	None	1
Sep 1999	10	50,000	500,000	40,000	400,000	Cash capital increase at 37,000. Amortization of premiums at 30,000. Capital surplus transferred to capital at 30,000. New share issue through capitalization of employee bonus at 3,000.	None	2
Jul 2000	10	50,000	500,000	46,800	468,000	Amortization of premiums at 44,000. Capital surplus transferred to capital at 16,000. New share issue through capitalization of employee bonus at 8,000.	None	3
Nov 2000	10	50,000	500,000	50,000	500,000	Cash capital increase at 32,000.	None	4
Jun 2001	10	90,000	900,000	61,500	615,000	Amortization of premiums at 100,000. New share issue through capitalization of employee bonus at 15,000.	None	5
Mar 2002	10	150,000	1,500,000	70,798	707,981	Conversion with convertible bonds at 92,981.	None	6
Aug 2002	10	150,000	1,500,000	88,213	882,132	Amortization of premiums at 141,596. New share issue through capitalization of employee bonus at 20,000. Conversion with convertible bonds at 12,555.	None	7
Oct 2002	10	150,000	1,500,000	89,849	898,489	Conversion with convertible bonds at 16,357.	None	6
Oct 2002	10	150,000	1,500,000	90,028	900,279	Conversion with convertible bonds at 1,790.	None	8
Jan 2003	10	150,000	1,500,000	90,455	904,554	Conversion with convertible bonds at 4,275.	None	6
Mar 2003	10	150,000	1,500,000	90,578	905,780	Conversion with convertible bonds at 1,226.	None	6
Jun 2003	10	190,000	1,900,000	100,336	1,003,358	Amortization of premiums at 17,516. New share issue through capitalization of employee bonus at 10,000. Capital surplus transferred to capital at 70,062.	None	9
Aug 2003	10	190,000	1,900,000	101,700	1,016,997	Conversion with convertible bonds at 13,638.	None	6
Sep 2003	10	190,000	1,900,000	101,797	1,017,971	Conversion with convertible bonds at 974.	None	6
Jul 2004	10	190,000	1,900,000	106,797	1,067,969	Amortization of premiums at 45,999. New share issue through capitalization of employee bonus at 4,000.	None	10
Aug 2004	10	190,000	1,900,000	107,010	1,070,103	Conversion with convertible bonds at 2,134.	None	6
Jul 2005	10	240,000	2,400,000	131,970	1,319,695	Amortization of premiums at 230,016. Capital surplus transferred to capital at 19,576.	None	11
Aug 2005	10	240,000	2,400,000	146,281	1,462,811	Conversion with convertible bonds at 143,115.	None	6
Nov 2005	10	240,000	2,400,000	150,139	1,501,392	Conversion with convertible bonds at 38,581.	None	6

Month/Year	Issue Price	Authorized Shares/Capital		Capital Stock		Remarks		
		Shares (1K)	Amount (NT$1K)	Shares (1K)	Amount (NT$1K)	Sources of Capital (NT$1K)	Non-cash Capital Increase (NT$1K)	Others (NB)
Jul 2006	10	240,000	2,400,000	157,646	1,576,462	Capital surplus transferred to capital at 75,070.	None	12
Jun 2007	10	450,000	4,500,000	176,563	1,765,636	Amortization of premiums at 157,646. Capital surplus transferred to capital at 31,529.	None	13
Jun 2008	10	450,000	4,500,000	185,291	1,852,919	Amortization of premiums at 87,282.	None	14
Nov 2010	10	450,000	4,500,000	185,796	1,857,962	Conversion with convertible bonds at 5,043.	None	15
Apr 2011	10	450,000	4,500,000	183,796	1,837,962	Capital reduction by mature stock repurchases at 20,000, base date on 25 May 2011.	None	16
Aug 2011	10	450,000	4,500,000	182,666	1,826,662	Capital reduction by mature stock repurchases at 11,300, base date on 20 August 2011.	None	16
Nov 2011	10	450,000	4,500,000	179,516	1,795,162	Capital reduction by mature stock repurchases at 31,500, base date on 11 November 2011.	None	16
May 2012	10	450,000	4,500,000	180,887	1,808,865	Conversion with convertible bonds at 13,704.	None	17
Jul 2012	10	450,000	4,500,000	180,928	1,809,282	Conversion with convertible bonds at 417.	None	17
Nov 2012	10	450,000	4,500,000	200,015	2,000,155	Conversion with convertible bonds at 190,873.	None	17
Apr 2013	10	450,000	4,500,000	207,671	2,076,709	Conversion with convertible bonds at 76,554.	None	17
May 2015	10	450,000	4,500,000	207,956	2,079,563	Conversion with convertible bonds at 2,854.	None	18
Aug 2015	10	450,000	4,500,000	211,109	2,111,090	Conversion with convertible bonds at 31,528	None	18
Sep 2015	10	450,000	4,500,000	215,262	2,152,625	Capital surplus transferred to capital at 41,534	None	19
Nov 2015	10	450,000	4,500,000	215,830	2,158,298	Conversion with convertible bonds at 5,674	None	18
Mar 2016	10	450,000	4,500,000	217,645	2,176,454	Conversion with convertible bonds at 18,155	None	18
May 2016	10	450,000	4,500,000	217,934	2,179,342	Conversion with convertible bonds at 2,888	None	18
Aug 2016	10	450,000	4,500,000	217,958	2,179,585	Conversion with convertible bonds at 243	None	18
Sep 2016	10	450,000	4,500,000	224,495	2,244,949	Capital surplus transferred to capital at 65,364	None	20
Nov 2016	10	450,000	4,500,000	224,607	2,246,068	Conversion with convertible bonds at 1,119	None	18
Mar 2017	10	450,000	4,500,000	225,416	2,254,161	Conversion with convertible bonds at 8,093	None	18

NB 1: Approved by Letter (87) Tai-Cai-Cheng-(1) 47522 issued by the Securities and Futures Commission, Ministry of Finance, on 6 June 1998.

NB 2: Approved by Letter (88) Tai-Cai-Cheng-(1) 56082 issued by the Securities and Futures Commission, Ministry of Finance, on 20 June 1999.

NB 3: Approved by Letter (89) Tai-Cai-Cheng-(1) 58816 issued by the Securities and Futures Commission, Ministry of Finance, on 7 July 2000.

NB 4: Approved by Letter (89) Tai-Cai-Cheng-(1) 81883 issued by the Securities and Futures Commission, Ministry of Finance, on 2 October 2000.

NB 5: Approved by Letter (90) Tai-Cai-Cheng-(1) 123711 issued by the Securities and Futures Commission, Ministry of Finance, on 7 May 2001.

NB 6: Approved by Letter (90) Tai-Cai-Cheng-(1) 166362 issued by the Securities and Futures Commission, Ministry of Finance, on 9 November 2001.

NB 7: Approved by Letter (91) Tai-Cai-Cheng-(1) 0910139537 issued by the Securities and Futures Commission, Ministry of Finance, on 16 July 2002.

NB 8: Approved by Letter (91) Tai-Cai-Cheng-(1) 0910133858 issued by the Securities and Futures Commission, Ministry of Finance, on 27 June 2002.

NB 9: Approved by Letter (92) Tai-Cai-Cheng-(1) 0920126156 issued by the Securities and Futures Commission, Ministry of Finance, on 13 June 2003.

NB 10: Approved by Letter (93) Tai-Cai-Cheng-(1) 0930121806 issued by the Securities and Futures Commission, Ministry of Finance, on 18 May 2004.

NB 11: Approved by Letter Jin-Guan-Cheng-(1) 0940119716 issued by the Financial Supervisory Commission, Executive Yuan, on 18 May 2005.

NB 12: Approved by Letter Jin-Guan-Cheng-(1) 0950130935 issued by the Financial Supervisory Commission, Executive Yuan, on 17 July 2006.

NB 13: Approved by Letter Jin-Guan-Cheng-(1) 0960032589 issued by the Financial Supervisory Commission, Executive Yuan, on 28 June 2007.

NB 14: Approved by Letter Jin-Guan-Cheng-(1) 0970033372 issued by the Financial Supervisory Commission, Executive Yuan, on 4 July 2008.

NB 15: Approved by Letter Jin-Guan-Cheng-(1) 0990018240 issued by the Financial Supervisory Commission, Executive Yuan, on 4 May 2010.

NB 16: Cancelled with reference to Article 28-2 of the Securities and Exchange Act.

NB 17: Approved by Letter Jin-Guan-Cheng-Zi 090018240 issued on 4 May 2010 and Letter Jin-Guan-Cheng-Zi 1000060425 issued on 21 December 2011 by the Financial Supervisory Commission, Executive Yuan.

NB 18: Approved by Letter Jin-Guan-Cheng-Zi 1030017865 issued by the Financial Supervisory Commission, on 26 May 2014.
NB 19: Approved by Letter Jin-Guan-Cheng-Zi 104002851 issued by the Financial Supervisory Commission, on 28 July 2015.
NB 20: Approved by the Financial Supervisory Commission, on 18 July 2016.

Unit: Shares

Share Type	Authorized Shares/Capital			Remarks
	Externally circulated shares[1]	Unissued Shares	Total	
Common Share	Listed shares 225,416,137	224,583,863	450,000,000	30,000,000 shares were reserved for subscription warrant, preferred shares with warrants, or exercise of subscription right conversion of equity warrant bonds.

[1]Please specify stock status: listed or OCT-listed (remark stocks restricted from public offering or OTC trade).

4.1.2. Shareholder structure

(by Apri l18, 2017)

Shareholder Structure	Count	Shares Held	Percentage
Government Agencies	0	0	0 %
Financial Institutions	52	34,048,778	15.10 %
Other Corporations	69	16,566,796	7.35 %
Foreign Institutions and Individuals	225	87,953,306	39.02 %
Individuals	38,101	86,847,257	38.53 %
Subtotal	38,447	225,416,137	100.00 %

Note: First-time listing and emerging companies shall disclose the shares held by mainland investors. Mainland investors are civilians, corporations, groups, and other organizations or investment companies they establish in a third-party region prescribed in Article 3 of the Regulations Governing Investments by Citizens from Mainland China.

4.1.3. Share distribution

(by April 18, 2017)

Shares Held Grading	Number of Shareholders	Shares Held	Percentage
1 ～ 999	27,287	1,156,730	0.51%
1,000 ～ 5,000	8,397	14,692,101	6.52%
5,001 ～ 10,000	1,194	8,207,981	3.64%
10,001 ～ 15,000	551	6,466,742	2.87%
15,001 ～ 20,000	193	3,390,786	1.50%
20,001 ～ 30,000	247	5,928,256	2.63%
30,001 ～ 40,000	108	3,696,820	1.64%
40,001 ～ 50,000	75	3,348,426	1.49%
50,001 ～ 100,000	160	11,146,465	4.94%
100,001 ～ 200,000	93	13,274,729	5.89%
200,001 ～ 400,000	56	15,417,286	6.84%
400,001 ～ 600,000	20	9,746,507	4.32%
600,001 ～ 800,000	18	12,614,670	5.60%
800,001 ～ 1,000,000	8	7,298,044	3.24%
Above 1,000,001	40	109,030,594	48.37%
Total	38,447	225,416,137	100.00%

4.1.4. List of major shareholders

Major Shareholder \ Shares	Shares Held	Percentage
Fubon Life Insurance	16,536,167	7.34%
US JP Morgan Chase Bank Taipei Branch entrusted custody of T. Luo Pai Si international exploration fund investment account	6,573,387	2.92%
HSBC Managed HSBCGIF Asia Small Business	5,318,547	2.36%
Joseph Wang	5,008,062	2.22%
Deutsche Bank Deutsche Bank Taipei Branch Trusted First Domain Investment Company - First Domain Greater China Growth Fund Investment Account	4,858,181	2.16%
HSBC Hosted Cooper Locke International Small Cap Fund	4,849,971	2.15%
Tai-Yi Investment Co., Ltd.	4,130,572	1.83%
Labor Insurance Fund	3,835,898	1.70%
Argosy Research	3,806,421	1.69%
US JP Morgan Chase Bank Taipei Branch Trusted Scotland Oriental Small Business Trust Company Investment Account	3,585,000	1.59%

4.1.5. Market price per share, net value per share, equity per share, dividends per share and relevant information in last two years

Item \ Year			2015	2016	By 30 April 2017[8]
Market price per share[1]	Highest		67.50	80.90	77.60
	Lowest		43.65	54.50	67.60
	Average		53.82	69.30	72.42
Net value per share[2]	Before distribution		25.87	25.52	26.84
	After distribution		22.11	Undistributed	Undistributed
EPS	Weighted average		220,761,000 shares	224,653,000 shares	225,416,000 shares
	EPS[3]	Adjusted	4.39	5.15	1.25
		Unadjusted	4.38	Undistributed	Undistributed
Dividends per share	Cash dividends		3.10	3.50	Undistributed
	Dividends for capital surplus		-	0.20	Undistributed
	Stock Grants	Stock dividends from retained earnings	-	-	Undistributed
		Stock dividends from capital surplus	0.30	-	Undistributed
	Accumulative undistributed dividends[4]		-	-	Undistributed
ROI	Price/Earnings Ratio[5]		12.26	13.46	57.94
	Price/Dividends Ratio[6]		17.36	19.80	Undistributed
	Cash Dividends Yield[7]		5.76%	5.05%	Undistributed

*When distributing dividends with earnings or capital surplus transferred to capital, disclose the information of market price and cash dividends adjusted with reference to the number of shares distributed.

[1]List the highest and lowest market prices each year and calculate the average market price based on the transaction value and transaction volume each year.

[2]Fill in the distribution resolved at the shareholders' meeting in the following year based on the number of shares issued by the end of year.

[3]Where back adjustment was made for stock grants, list the adjusted and unadjusted EPS.

[4]Where "undistributed dividends of the year can be accumulated for distribution until the year with profit" is specified for the issue of equity securities, disclose the accumulative undistributed dividends by the end of the year.

[5]Price/Earnings Ratio=Average Market Price/ Diluted Earnings per Share

[6]Price/Dividends Ratio = Average Market Price/Cash Dividends per Share

[7]Cash Dividends Yield = Cash Dividends per Share/Average Market Price
[8]Disclose the information by the last quarter of report publishing date audited (reviewed) by a CPA for the net value per share and EPS, and fill in the information of the year by the report publishing date for other columns.

4.1.6. Dividends policy and implementation

(1) Dividends policy:

The Company shall, when the general final accounting of the fiscal year shows a earning, after having paid all taxes and dues and made adjustments in accordance with the Financial Accounting Standards, first have its losses been covered. At the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. It shall set aside or reverse another sum as special reserve in accordance with the regulation. The remaining balance, if any, plus the accumulated retained earnings of prior years as accumulated distributable earnings, except for retaining part or all of the amount depending on business conditions, and resolved in the shareholders' meeting for shareholders' dividends.

For long-term capital planning, the Company currently belongs to the growth stage, so shareholders' cash dividends shall not be less than 10% of total dividends.

(2) Implementation dividends distribution planned at the annual shareholders' meeting 2016 is as follows:

Dividends Type	Amount per Share	Source	Status
Cash dividends	3.10	Retained earnings	Distributed on Sep. 22, 2016 for cash dividends and on Oct. 7, 2016 for stock dividends
Stock dividends	0.30	Capital reserves	
Total	3.40		

4.1.7. Effect of stock grants planned at current shareholders' meeting on business performance and EPS

(1) Effect on business performance: None.

(2) Effect on EPS: None.

4.1.8. Employee profit sharing and remunerations for directors and supervisors

(1) Percentage or range of employee profit sharing and remunerations for directors and supervisors specified in the articles of incorporation:

1) 1% to 15% as employee bonus; and

2) ot more than 3% as remuneration to directors and supervisors;

Prior years' operation losses shall be reserved first.

Employees' compensation including subsidiaries' employees may be distributed through issuance of new shares of the Company or cash.

(2) Bases for estimating employee profit sharing and remunerations for directors and supervisors this period, calculating stock sharing, and accounting solution for differences between actually distributed amount and estimated amount: No difference and all paid by cash.

(3) Employee profit and remunerations for directors and supervisors information passed by the board in this year:

Employee profits		Remunerations for directors and supervisors (NT$)	The percentage of stock profit in total employee profits and the percentage in earning after tax
Cash (NT$)	Stock (NT$)		
21,000,000	-	13,800,000	-

There are no differences between plan and actual distribution.

(4) Distribution of employee profit and remunerations for directors and supervisors in last year:

Employee profits		Remunerations for directors and supervisors (NT$)	The percentage of stock profit in total employee profits and the percentage in earning after tax
Cash (NT$)	Stock (NT$)		
20,000,000	-	13,000,000	-

The above actual distributions are the same as the distribution planned by the board.

4.1.9. Repurchase of corporate shares

April 30, 2017

Repurchase session	N/A
Repurchase objective	N/A
Repurchase period	N/A
Repurchase price range	N/A
Types and quantity of repurchased shares	N/A
Amount of repurchased shares	N/A
Quality of cancelled and transferred shares	N/A
Accumulative quantity of own corporate shares	N/A
Percentage of accumulative quantity of own corporate shares in totally issued shares (%)	N/A

4.2. Corporate bonds

4.2.1. Corporate bonds

Corporate Bond Type[2]	Fifth-time Domestic Unsecured Convertible Corporate Bonds[5]
Issue date	23 June 2014
Face value	NT$100,000
Place of issue and transaction[3]	N/A
Issue Price	NT$100
Total amount	NT$300,000,000
Interest rate	0%

Expiry		3 years, until 23 June 2017
Guarantee organization		No.
Trustee		Taipei-Fubon Bank
Underwriting agency		Taipei-Fubon Securities
Certified lawyer		Kang-de Lu
CPA		Wen-bi Yan and Qing-yuan Tu
Reimbursement method		Principal in one time on expiry
Outstanding amount		NT$0
Redemption or advance reimbursement terms		As specified in Articles 18-19 of the issue and conversion regulations.
Restrictions[4]		N/A
Name of credit rating agency, rating date, and rating results		None
Other additional rights	Amount of converted (conversion or subscription) common stocks, GDRs, and other marketable securities by the report publishing date	None
	Issue and conversion (exchange) regulations	None
Potential dilution of shares and effect on current shareholder equity of the issue, conversion, exchange, or subscription regulations, and issue conditions.		All bonds had been transferred to stocks on Dec. 5, 2016 at the latest conversion price at NT$38.30.
Name of depository organization of exchanged stocks		N/A

[1]Corporate bonds are currently issued through public offering and private placement. Public offering means corporate bonds approved for issue by the FSC, while private placement means corporate bonds approved for issue by a board resolution.

[2]Adjust the number of columns according to the frequency of corporate bond issues.

[3]List out corporate bonds issued overseas.

[4]Such as restrictions on cash dividends distributions, external investments, and request of maintaining assets at a specific percentage.

[5]Highlight corporate bonds issued through private placement.

[6]Disclose the information of bonds by nature according to the format in the list. These bonds include convertible bonds, exchangeable bonds, self-registration bonds, and equity warrant bonds.

4.2.2. Convertible corporate bonds: Unissued convertible corporate bonds by the report publishing date:

Bond Type[1]		Fifth-time Domestic Unsecured Convertible Corporate Bonds	
Item \ Year		2016	By April 30, 2017[4]
Market price of bonds[2](NT$)	Highest	197.00	-
	Lowest	135.15	-
	Average	173.10	-
Conversion price (NT$)		38.30	-
Issue date		23 June 2014	
Conversion Price at issue (NT$)		46.90	
Conversion obligation[3]		New issued share	

[1]Adjust the number of columns according to the frequency of corporate bond issues.
[2]List all overseas transaction places, if any.
[3]Delivered issued shares or new issued shares.
[4]Disclose the information of the year by the report publishing date.

4.3. Issue of preferred shares: N/A

4.4. Issue of GDR: N/A

4.5. Issue of certificates of employee stock subscription: N/A

4.6. Issue of employee restricted shares: N/A

4.7. Acquisition (including mergers, buyouts, and spin-offs): N/A

4.8. Items to be disclosed in capital utilization plans: N/A

5. Operation Overview

5.1. Business operations:

5.1.1. Scope of operations:

1. CC01080 Electronic parts and components manufacturing.
2. F119010 Wholesale of electronic materials.
3. CC01110 Computers and computing peripheral equipment manufacturing.
4. F113050 Wholesale of computing and business machinery equipment.
5. CC01030 Electric appliance and audiovisual electric products manufacturing.
6. F113020 Wholesale of household appliances.
7. CC01101 Restrained telecom radio frequency equipment and materials manufacturing.
8. F401021 Restrained telecom radio frequency equipment and materials import.
9. CC01060 Wired communication equipment and apparatus manufacturing.
10. CC01070 Wireless communication equipment and apparatus manufacturing.
11. F113070 Wholesale of telecom instruments.
12. CC01090 Batteries manufacturing.
13. F113110 Wholesale of batteries.
14. I501010 Product designing.
15. CF01011 Medical materials and equipment manufacturing.
16. F108031 Wholesale of drugs, medical goods.
17. CE01021 Metrological instruments manufacturing
18. F113060 Wholesale of metrological instruments.
19. IG03010 Energy Technical services
20. F401010 International Trade
21. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

5.1.2. Industry overview

Our Company specializes in the processing and manufacturing of cable assemblies as well as the distribution of connectors in Taiwan. Apart from the provision of integration, design and manufacturing services for

electronic components, we are also the largest distributor in Asia for Hirose connector products. Hirose is one of the top 10 connector manufacturers in the world. Our products have a wide range of applications ranging from Medical Health, Automotive, Green Energy, Industrial Application and Communication, or "MAGIC" for short.

1. Current state and developments of the industry:

Connector refers specifically to component and peripherals attached to electronic product signal and power sources. In more general terms, it refers to cable assemblies, sockets and plugs. It provides a detachable or replaceable interface for connecting two sub-systems within an electronic system so that signals or power can be transmitted. It can be considered the bridge between all signals.

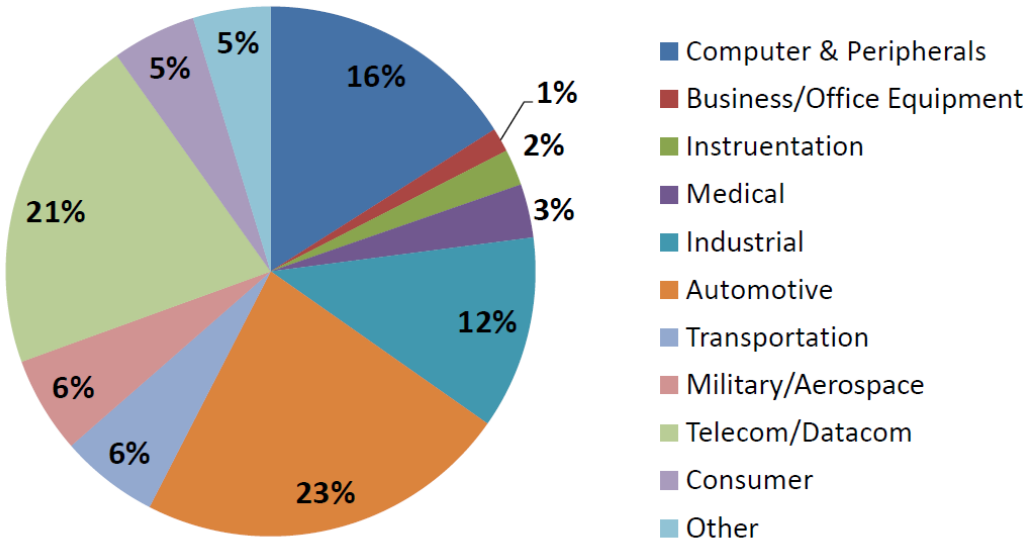
A cable assembly refers to a device with cables in the middle and connectors on one or both ends. The main types of connectors are Chip-to-Board, Intra-equipment, and Inter-Equipment. Intra-equipment connections can be further divided into Board-to-Board, Wire-to-Board and Wire-to-Wire connectors. Board-to-Board connectors have both ends affixed to a printed circuit board (PCB). Depending on the implementation, it can be classified as Surface Mount Technology (SMT) or Dual In-line Package (DIP); Wire-to-Board and Wire-to-Wire connectors are those that have one or both ends affixed to the cable. Inter-equipment connections can be divided according to shape into circular connectors, rectangular connectors, co-axial connectors and fiber optic connectors. There are many types of cable assemblies and connector products. In addition to traditional interface standards such as RF Coaxial, Composite Video, S-Video, YPbPr, VGA, DVI, IEEE 1394, BNC and USB 2.0, market growth is now mainly driven by newer, high-speed interface standards such as HDMI, DisplayPort, Apple Lightning Connector, DockPort, Thunderbolt, HD-SDI, MHL, SlimPort and USB 3.0/3.1.

The connector production process is divided into three stages: front-end

design, intermediate production and back-end assembly. Design encompasses product design and mold development, production consists of the stamping, molding and plating processes, while assembly includes the assembly and testing processes. A wide range of technologies are involved including terminal manufacture, mold manufacture, plastic molding, surface treatment, cable manufacture, assembly, inspection and testing. Poor connector quality not only impacts the reliability of signal and power transmission but also has an effect on the operational quality, performance and service life of the entire electronic system and product. Modularity, systemization and high sensitivity are therefore all important in connector circuit design.

Connectors are an important and widespread part of the electronics industry with extensive applications in many end-user fields. Bishop & Associates study suggested that Automotive, Telecommunications, Computers and Peripherals, Industrial, Military and Aerospace, Transportation, Consumer Electronics and Medical Health make up the main fields in the global connector application market.

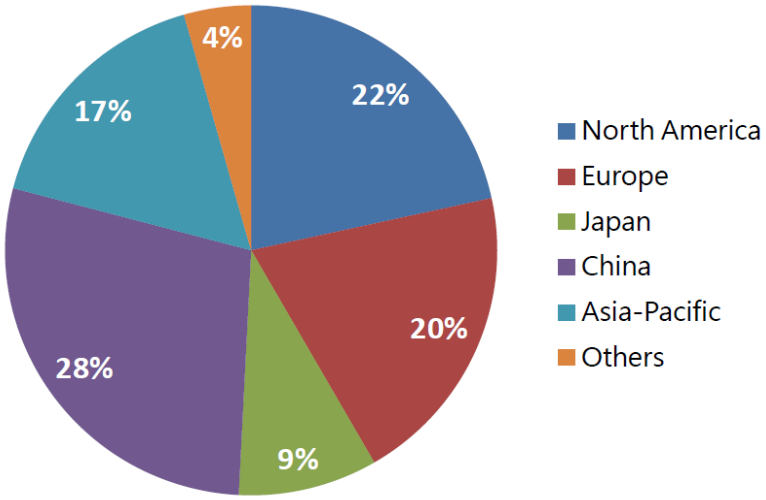
Global connector application market shares in 2015



Source: Bishop & Associates (2015)

Bishop & Associates study put the size of the global connector market at 52.05 billion USD in 2015, decline 1.52% from 2014. The top 3 regional markets for connectors were China, Europe and North America with 28%, 22% and 20% respectively of the global market in 2015. Together they accounted for nearly 70% of the overall market.

Global connector regional market shares in 2014



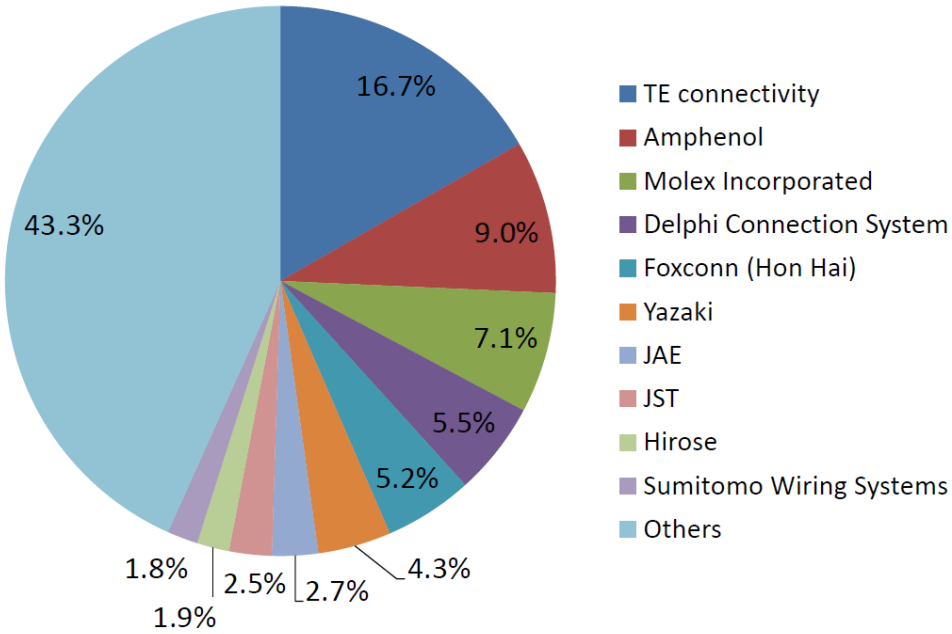
Source: Bishop & Associates (2015)

Connector developments in the future will be along two main directions. In the first, smaller, more sophisticated terminal products will call for miniature connectors suitable for mobile phones, tablets, ultra-light notebooks and other slim products. The technologies to reduce the amount of space required by connectors by shrinking intervals and attachment heights are currently still held by Japanese companies; in the second, the maturity of the cloud and IoT concepts means high-quality multimedia content that generate large amounts of data traffic. It is therefore essential to develop high-frequency connectors. Thunderbolt 2.0, MHL 3.0, USB 3.1 and Type C will therefore be the key technologies in the future market.

The top 10 connector manufacturers in the world account for around 60% of the overall market (see Fig. 6). They are dominated by American

and Japanese companies due to their exceptional R&D capability, technical standards and product quality. Mergers, acquisitions and alliances are also frequently employed to maintain their market leadership and competitive advantage. Due to the wide scope of product applications, TE Connectivity has opened its lead against 2nd place and 3rd place Amphenol and Molex in size. Delphi Connection Systems has used the automotive electronics supply chain to its advantage and by cultivating the Chinese market surpassed Foxconn to become the 4th largest connector supplier. The top 4 American companies now own around 40% of the overall market. Foxconn from Taiwan has benefited from group resources and its longstanding partnership with international customers such as Apple. Its business has remained steady and at 5.5% market share it is the 5th largest connector maker. Japanese companies Yazaki, JAE, JST, Hirose and Sumitomo Wiring System are in the 6th to 10th place and together account for around 15% of the overall market.

Global connector regional market shares in 2015



Source: Bishop & Associates (2015)

2. Supply chain relationship:

A connector product consists of the terminals and plastic casing. The industry structure and value chain (Fig. 15) can be divided between the upstream raw material suppliers, mid-stream connector manufactures and down-stream application industries.

(1) Upstream

Upstream can in turn be divided among the suppliers of metals, plastics, electroplating and other materials. They account for around 60% of production costs. Metal materials account for the largest share followed by plastics then electroplating.

Metals are used to make connector terminals. To avoid signals being obstructed or degraded during transmission, brass or phosphor bronze are turned into copper alloy plates to ensure good electrical conductivity, heat tolerance and mechanical strength; plastics frequently used for connector casing include PBT, PPS, Nylon and LCP resin; electroplating is related to the connector's conductivity and mating life cycles. Gold and tin electroplating liquid are the most commonly used follow by nickel and silver-plating. Commonly used brass, PBT, and tin-lead electroplating liquid can all be sourced from domestic suppliers. High-end materials such as phosphor bronze, LCP, pure tin and tinned copper electroplating liquid are mostly imported from the U.S. and Japan.

The upstream material industry's size, supply and demand, and pricing changes have a major effect on the development of the connector industry. The quality of raw materials is also critical to the manufacture of high-quality connectors. Plastic prices have remained relatively stable so metal prices are crucial to the industry. In early 2014, the drop in gold and tin prices reduced production costs and increased profit margins for connector manufacturers. The rapid obsolescence rate of electronic products however mean that connectors should monitor external changes in supply and demand as well as product upgrade cycles carefully so they can release connector products that match market

trends; internally, they should strengthen their inventory management to avoid inventory losses due to changes in material prices. Taiwanese connector manufacturers now have full control over the main midstream processes. Upstream materials and equipment are however still mostly controlled by Japanese companies and there is little domestic R&D into related fields. Local companies are still in a relatively weak position when it comes to bargaining with upstream suppliers.

(2) Midstream

Midstream connector manufacturers encompass metal stamping, plastic injection, electroplating and assembly companies. The connector manufacturing process includes the front-end product design & mold development, the intermediate metal stamping, plastic injection and electroplating processes, then back-end assembly and testing (conductivity & signal performance, pressure resistance, high-frequency characteristics etc.). Connector manufacturing can be broken down into a "metal part" and "plastic part". The metal parts are formed through machining, stamping and die-casting before electro-plating. Machining is frequently used for the manufacture of RF connector terminals and casing, stamping is usually used for manufacture of terminals and casings, though die-casting can also be used for casing manufacture. Technical and cost considerations mean that electroplating is usually outsourced; plastic parts generally use injection-molding.

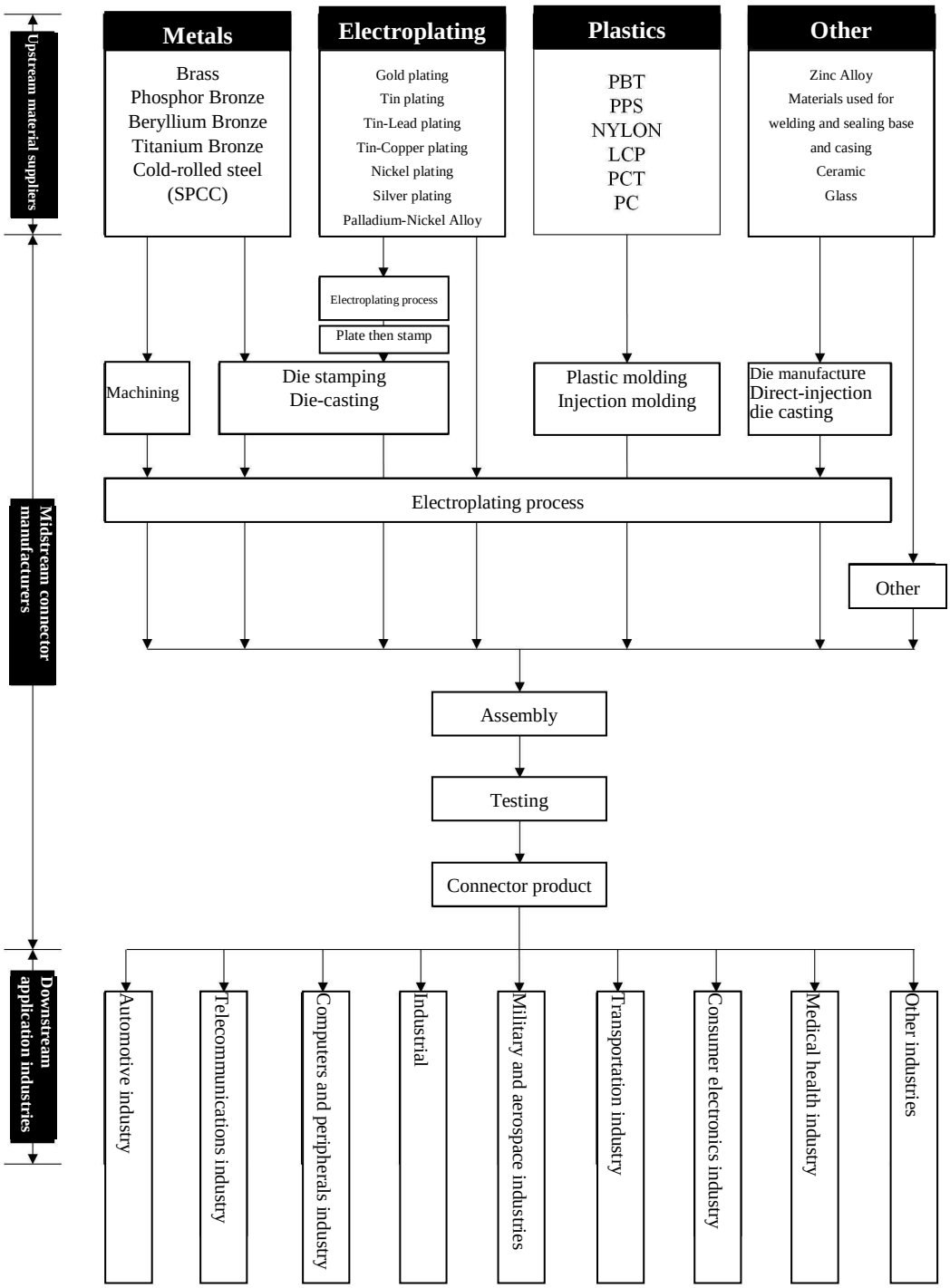
(3) Downstream

Depending on the product specifications and design, connectors are extensively used in fields such as automotive, telecommunications, computers and peripherals, industrial, military and aerospace, transportation, consumer electronics and medical health. Its development will directly determine the market, product mix and R&D direction for connector products. Connector manufacturers generally have a particular specialty. Downstream application companies usually

work closely with midstream connector manufacturers to ensure stable quality, cost and delivery.

Slowing demand from the global computer market and the high level of maturity in the connector industry means that room for future market growth is limited with terminal products becoming more minimalist in design and using less connectors. This is why Taiwanese connector companies have, in recent years, increasingly shifted away from downstream application industries such as computers and peripherals, telecommunications and consumer electronics into other applications such as medical health, automotive, green energy, industrial, networking, cloud and wearable device connectors. These make-up a relatively small proportion of the overall output and there is still plenty of room for development.

Figure 15. Connector industry supply chain



Source: IEK. Compiled by Sinbon

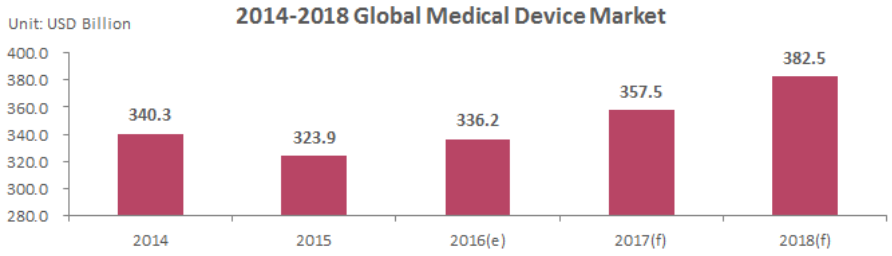
3. Product development trends:

The electronic parts and components produced, sold and distributed by our Company are divided into the five main industries listed below and is known as MAGIC for short:

(1)Medical Health:

A. Global Medical Devices Market

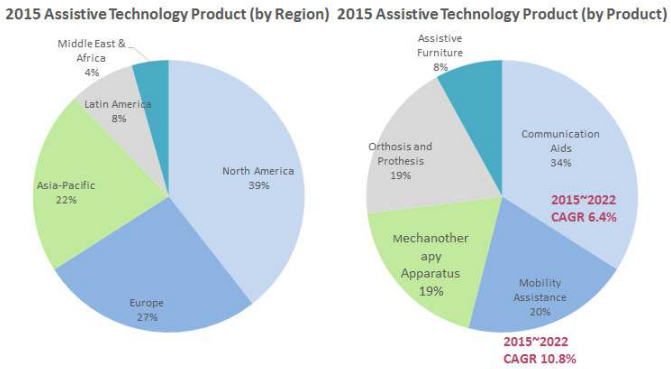
Aging society is getting more and more a concern. With the increase in the number of people with chronic diseases, people became more interested in precision medicine. The industry is now focusing more on accurate and non-invasive testing equipment, in vitro diagnostic medical devices, intelligent technology assistive devices and other medical equipment. According to the BMI Research report, the size of the global medical device market in 2016 is about US $ 357.5 billion, and estimated to grow to US $ 382.5 billion in 2018.



Source: IEK (2016)

According to the study conducted by the World Health Organization, about 1 billion of people around the world suffer from a certain degree of life disorder due to age and disease, of which about 200 million of people suffer from the plight of daily life function loss. Assistive technology product demand is the focus of future medical device development, with the market in North America and Europe accounting for 65.9%. In 2015, the global market for aging and disabled people assistive devices reached US $ 26.23 billion (including mobility aids, rehabilitation aids, homecare aids, prosthetics, etc.) and is expected to grow to nearly US $ 39.75 billion in 2022 and a compound annual growth rate (CAGR) of 7.2% from 2015 to 2022.

B. Assistive Technology Market



Source: IEK (2016)

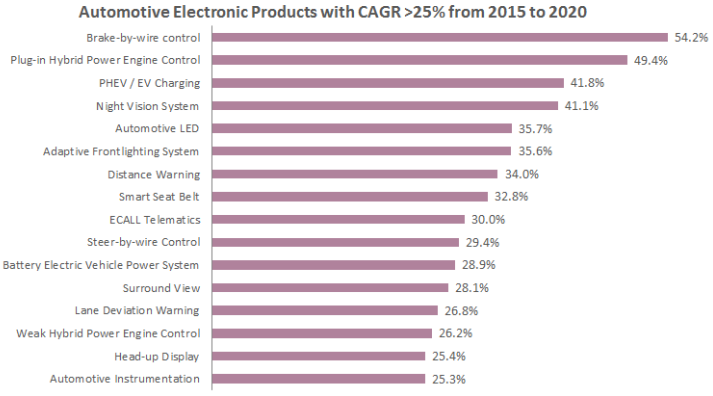
In the home health care market (including heartbeat monitoring, glycemic index, nebulizer, etc.), the CAGR will reach 8.85% from 2016 to 2020. Trends are dominated by the combination of medical devices and mobile networking devices and the growth rate of wearable devices is the highest. The major manufacturers are Johnson & Johnson, Omron Healthcare, Philips, McKesson and Roche Holdings.

(2) Automotive & Aviation:

A. Automotive industry

<u>Automotive Electronics</u>

The output of global automotive electronics and internet of automotive in 2015 was US $ 270.3 billion. The output is estimated to be US $ 451.1 billion in 2023 and the CAGR will reach 6.61%, of which the CAGR of 16 automotive electronic products will be more than 25%.

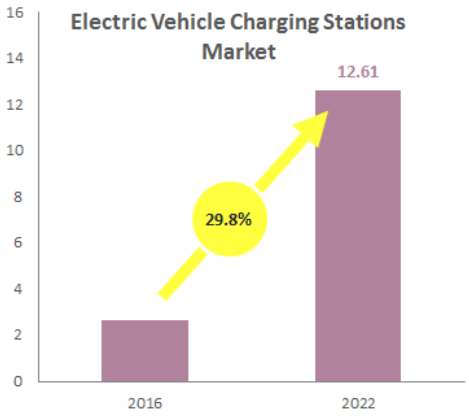


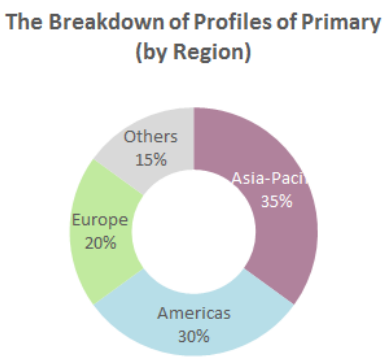
Source: IEK (2016)

Electric Vehicle Charging Equipment Market

Electric vehicle charging equipment includes DC charging stations, AC charging stations, and inductive charging stations. The market size is estimated to reach US$12.61 billion in 2022, of which the inductive charging stations will have the highest growth rate. The overall market CAGR is estimated at 29.8% from 2016 to 2022.

Leading global manufacturers include ABB, AeroVironment, ChargePoint, Delphi Automotive, Elektromotive, GE, Pod Point, Schneider, SemaConnect, Siemens, and Tesla. The shipments of charging station in China in 2015 were ranked by XuJi, NEO-OPTIC TEK, Shenzhen Clou, Shenghai Xundao, Beijing Jiyeda, CYG, Shenzhen Auto Electric Power Plant, Hong-wei jin, Wanma new energy, and KGE.





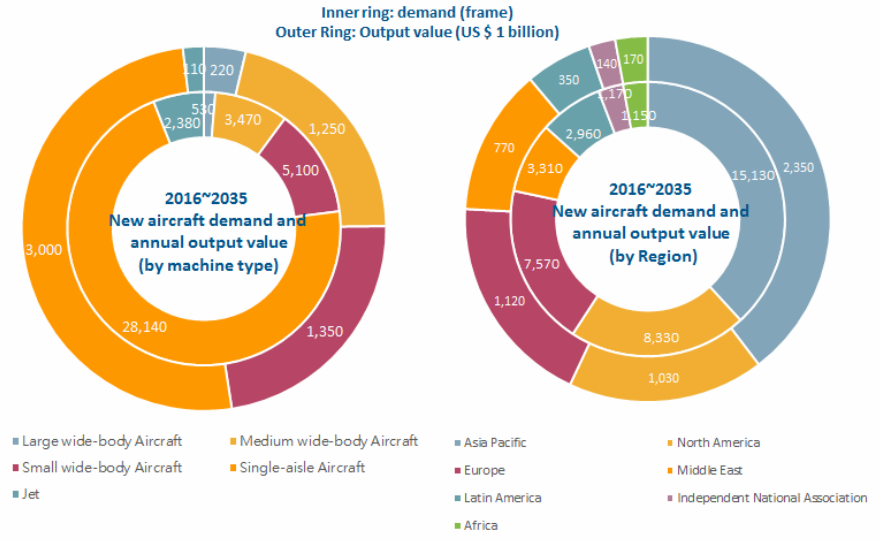
Source: PRNewswire (2016)

B. Aviation industry

Demand for commercial airplanes continues to rise as more and more people take airplanes for business or travel. According to the report released by Boeing, the world's largest aircraft manufacturer, the global demand for new airplanes will be 39,620 units and the total output will be about US $ 5.9 trillion from 2016 to 2035. The demand for single-aisle aircraft is the highest, at 28,140 units (annual output value is about 3 trillion US dollars).

The Asia-Pacific market is the world's largest market, with a total demand of 15,130 new airplanes from 2016 to 2035 and the annual output value is approximately US $ 2.3 trillion, followed by the North

American market with 83,300 new airplanes and the European market with 75,700 new airplanes.

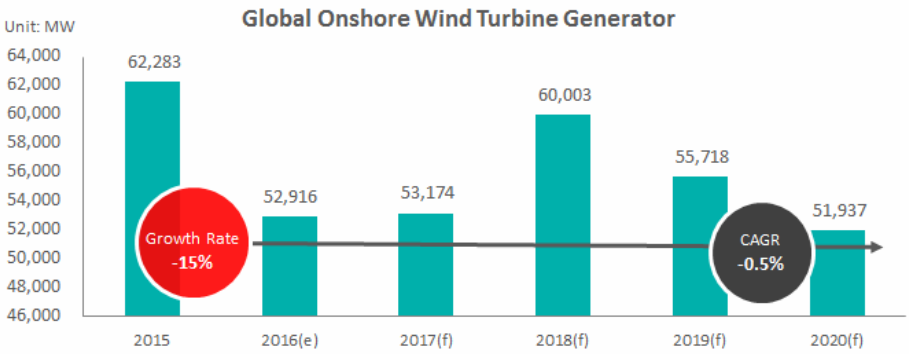


Source: Boeing (2016/11

(3) Green Energy:

A. Global Onshore Wind Energy

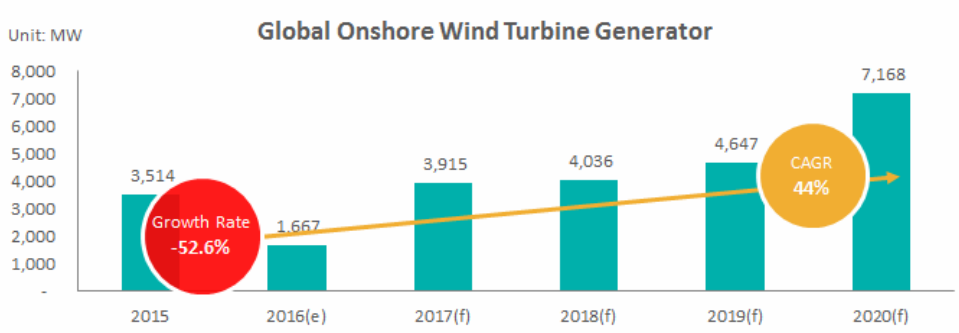
China's onshore wind turbine generator installed capacity in 2016 declined from 32.5GW in 2015 to 21GW, due to the drop in China's onshore wind power feed-in-tariff in 2016. This cause the global market decline. Global onshore wind power showed a long-term flat development, and the CAGR is estimated to be -0.5% from 2016 to 2020. Onshore wind power market is more mature, with the range of the product price drop being more limited in the future. It is estimated that the price of onshore wind power will decrease by 1.7% per year from 2016 to 2020.



Source: MAKE Consulting, IEK (2016/04)

B. Global Offshore Wind Energy

It is estimated to reach up to 7,168MW in 2020, and CAGR is estimated to be 44% from 2016 to 2020. Due to the German offshore wind power subsidy cutoff and the UK second round of wind field development progress nearing completion in 2016, the market size was affected by a slight decline, and it is expected to resume growth after 2017. The current cost of offshore wind power are still high, but many manufacturers invest in this market, so the rate of decline in prices is rather quick. It is estimated that the cost of offshore wind power will decrease by 4.5% per year from 2016 to 2020, and the price gap between offshore wind power and onshore wind power will be gradually reduced.



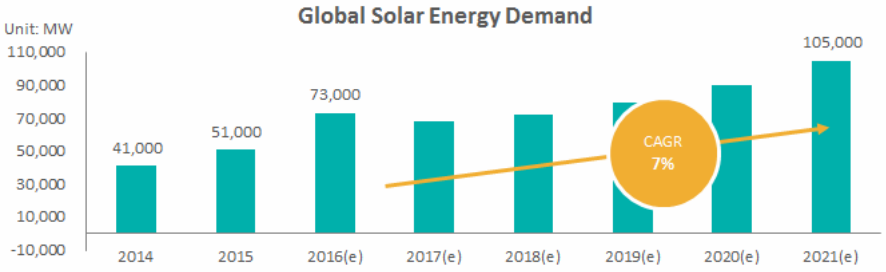
Source : MAKE Consulting, IEK (2016/04)

C. Solar Energy

China, Japan and the U.S. lead the global solar PV installation market, Asia have its advantages on cost, as most of solar modules are manufactured by Asian suppliers. However, the electricity grid and economy is relatively unstable; even if the demand of PV shows a positive growth rate, there are still risks of each countries.

The main factors influencing the market are as follows:

1) China's electricity price subsidy policy weakened.
2) India announced a large-scale tender.
3) Japan and the United Kingdom scaling back Feed-in Tariff support.
4) The new US president unsupportive attitude to renewable energy.



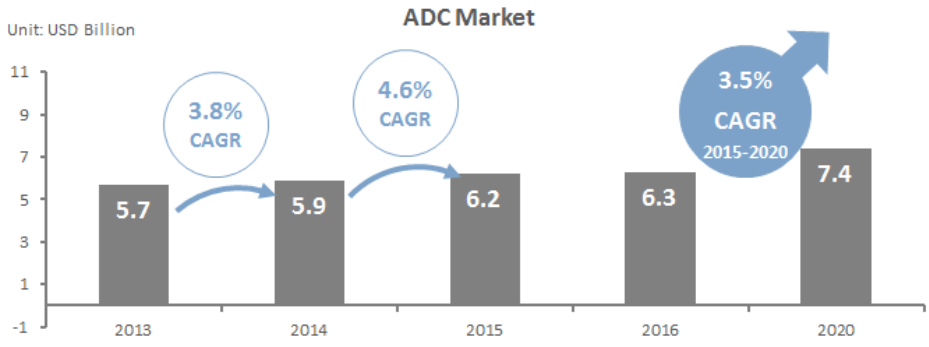
Source: GTM Research (2016/8)

(4) Industrial Application:

A. ADC Market

Consumer's demand for faster delivery and the existing system is hard to keep up with those orders, also the labor cost increase are the market drivers of increase in adoption of self-checkout systems.

There is an increase of 2D barcodes and Android OS adoption, and a Growing penetration of imaging technology, particularly vision capture for dimensional applications.



	2014	2015	2016(e)	2020	CAGR 2015–2020
Rugged mobile devices*	$ 2,760	$ 2,856	$ 2,870	$ 3,112	1.7%
Barcode scanners and printers	$ 3,209	$ 3,386	$ 3,510	$ 4,287	4.8%

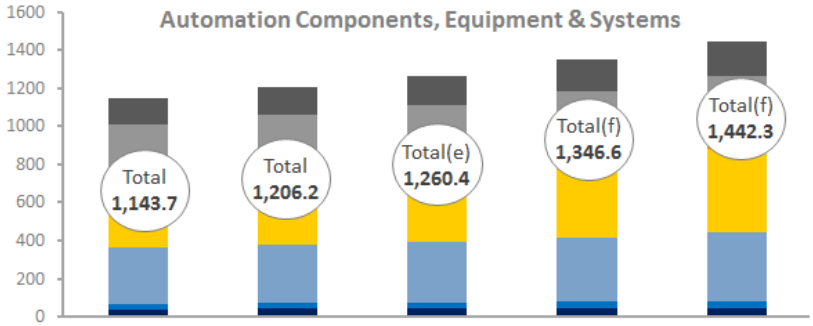
*Includes forklift-mounted, handheld/mobile devices, and wearables

** The ADC market includes handheld and stationary barcode scanning and imaging devices, barcode printers and ruggedized mobile computing solutions for factories and warehouses.

Source: VDC Research(2016)

B. Automation Components, Equipment & Systems

The use of advanced automation technology manufacturing has become the issues of concern of the global manufacturing industry. With the gradual application of robots in production lines, market size is expected to grow year by year. Moreover, related automation components, equipment and systems industry also experience a corresponding growth. Market growth momentum mainly come from the Asia-Pacific countries like India, China, Japan, and so forth. The main applications include automotive, electronics, and food and beverage industries, etc.

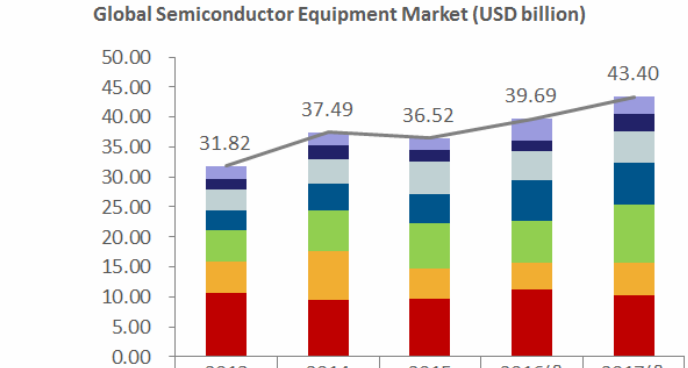


	2014	2015	2016(e)	2017(f)	2018(f)
Information Technology System	136.5	144.9	152.3	163.6	176.3
Enterprise Resource Planning	221.1	235.2	247.9	267.0	288.3
Manufacturing Execution System	69.6	75.7	81.6	90.1	99.5
Industrial Control System	352.2	369.8	384.7	409.2	436.3
Control Components	295.5	308.4	319.0	337.1	357.4
RFID System	28.1	29.9	31.6	34.1	36.9
Industrial Network	40.8	42.3	43.3	45.5	47.6

Source: IEK (2016)

C. Semiconductor Equipment

As the overall slowdown in economic growth affected the semiconductor equipment market, however, it is still considered a slight growth. This accounted for the bulk of the DRAM market being weak, but the 3D NAND growth made up for the gap. As the output value of semiconductor industry is counted in US dollar, If US dollar continue strong, it will bring a negative impact for the output value. The future growth of the market will come from the increase in the Chinese market demand, automotive electronics and medical market demand, increasing the amount of mobile devices, growth of the 3D NAND and MEMS. Moreover, market mergers and acquisitions, supply chain reshuffling, expansion and so on should also be given extra attention.



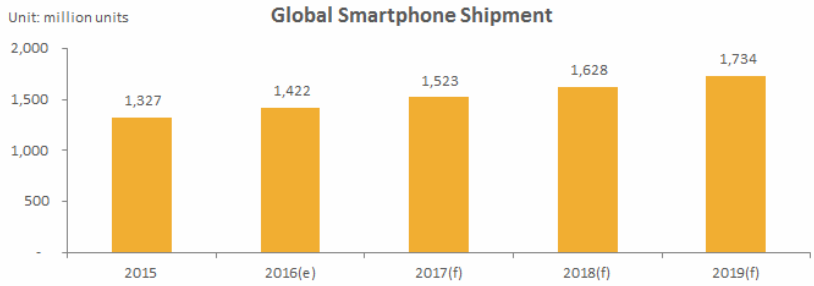
	2013	2014	2015	2016(f)	2017(f)
ROW	2.08	2.15	1.97	3.70	2.97
Europe	1.92	2.38	1.95	1.75	2.75
Japan	3.38	4.18	5.49	4.78	5.34
China	3.38	4.37	4.90	6.70	6.99
Korea	5.22	6.84	7.46	7.14	9.72
North America	5.27	8.16	5.12	4.37	5.41
Taiwan	10.57	9.41	9.63	11.25	10.22
Total	31.82	37.49	36.52	39.69	43.40

Source: SEMI (2016/12)

(5) Communication:

A. Smartphone

Mobile phone shipments will be about 1.42 billion in 2016, estimated at around 1.52 billion in 2017, and annual shipments growth rate will be about 7.1%. The global smart phone market tends to reach the point of saturation. It will be growing, but the momentum will be reduced year by year. Except South-East Asia, Central and East Africa will have a chance to reach 2-digit percentage growth rate, while the percentage growth rate in the rest of the region will be only single digits.



Source: DIGITIMES (2016/10)

B. Tablet

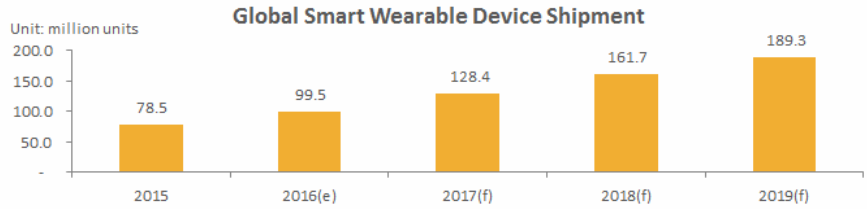
Tablet shipments in 2016 is about 180 million units, and it is estimated to be reduced to about more than 160 million units in 2017, and annual shipments growth rate will be -7.2%. It is

expected to show a negative growth in the future, mainly due to an already saturated market.

Source: DIGITIMES (2016/10)

C. Smart Wearable Device

Smart wearable device shipments in 2016 will be about 99 million units, and it is estimated to be about 128 million units in 2017, with annual shipments growth rate to be about 29%. New wearable devices will be launched year by year, so the life cycle of new products can continue and the shipments can increase year by year. It is estimated to reach a 2-digit annual growth rate annually and will have a higher room for growth than other consumer electronics.



Source: MIC (2016/08)

4. Competition among main products

Our Company's main products are connectors and cable assemblies used in electronic peripheral parts, opto-electronic parts, wireless communications parts, energy products, automotive industry and medical electronic parts. Listed or OTC companies that have a business portfolio similar to our Company include Foxlink, JPC, and BizLink. Our competitors' product portfolios are listed below:

Company Name	Main Products
Foxlink (2392)	Manufacture, sale and support of connectors, cables, batteries and power supply products for the information, communication, automation equipment, precision machinery and consumer electronic industries.
JPC (6197)	Manufacture, sale and support of connectors, cable assemblies and antennae
BizLink (3665)	The R&D, production and sale of parts, cable assemblies, connectors, wiring and opto-electronic component products for the computer, automotive, medical health, communication and solar power equipment industries.

Source: Compiled by Fubon Securities.

5.1.3. Technology & R&D:

Year	Results of R&D
2009~2010	1. Deeply created more related products and engineering capacities in data capture field including Single & four slot Ethernet Cradle、Vehicle cradle、and Vehicle charger, which is used in industrial terminal devices.
2009~2010	2. For the development and application of GPS module & Zigbee module, using the development of embedded system, from hardware platform design, OS porting to implement software application, and had developed the technology of embedded system for commercial PDA and industrial terminal engineering prototype products.
2011~2012	Successfully developed HDMI, DDR3, DDR4, and USB connectors and deepened photovoltaic (PV) product development, and our junction box, PV connector, and PV cable have passed TÜV and UL certification.
2013~2014	SINBON won a gold prize from iF Design Award 2013 for our latest Brezze® Nebulizer, a portable drug nebulizer developed by DigiO2 International Co., Ltd. (our re-invested enterprise) in collaboration with the NTUH Telehealth Center under the Telecare Service Project.

Year	Results of R&D
2015~2016	1. Tablet PC for Shun Feng logistics development to DVT stage. 2. Solar monitoring system developed to DVT stage. 3. Finished development EV charger、charging gun and AC charging pile.

In 2016 we invested a total of NT$429,818 thousand for R&D, with 12% higher than previous year. In the future, SINBON actively develop electronic parts and components for the Internet of Thing (IoT), robots, and smart home applications. At the 4th board meeting of 2015, we even passed a joint venture in Ray Service AVA Co., Ltd with Czech Ray Service a. s. company for creating aerospace component products. It is estimated that we will invest at least NT$300 million each year or over 3% of revenue on research and development in the future.

5.1.4. Long and short-term business development plan:

1. Short-term business development plan:

(1) Short-term business direction:

A. R&D, integration and manufacture of various electronic parts: These include the manufacture of various cable assemblies, PCBA, LED backlight modules, wireless communication parts and integrated electronics parts. We have also successfully entered the automotive electronic parts, electronic medical device parts, green energy and industrial control instrumentation fields in recent years.

B. Distribution of electronic parts: These include distributing connectors from HRS of Japan, GPS modules, wireless antenna modules, and driver IC as well as the distribution and trading of other strategic electronic parts.

C. Expand electronic parts business through strategic alliances and acquisitions: These include acquiring stakes in T-conn Precision and Comtek Electronics to become involved in the connector production and manufacture.

D. Our Company hopes to provide customers with a one-stop shop for total solutions. In addition to aggressive development of new products and providing total solutions, we are also consolidating the resources of the group's investments through

organizational reform and IT system integration in order to maximum their returns.

(2) Important production and sales policies:

A. Strategic alliances, mergers and acquisitions: Use strategic alliances, mergers or acquisitions to adapt to a fast changing industry and achieve rapid expansion.

B. Continued performance improvements: Establish a functioning group performance evaluation department that will provide direct oversight over the operating performance of each business unit.

C. Development of niche products: Our Company's production and sales have always attached high importance to the development of high-margin niche products. We have so far successfully developed electronic parts for automotive O2 sensors, aviation/maritime/automotive navigation systems, high-precision wireless communications U.FL wiring, electronic fetal movement counter, telecare platform, portable physiological signal device; high-end cable assemblies for X-ray machines, MRI machines, bone density testing machines, wind turbines, petrol pumps and CNC machines. We are also actively developing electronic parts for industrial control, industrial computers, electronic medical devices, solar power and wind power.

D. Cultivation of iMAGIC industries: To keep up with industry trends, we are not only developing cabling and PCBA products for the Medical, Auto, Green, Industrial and Communication industries but also incorporating requirements from Internet-of-Things (IoT) to develop electronic parts for automated warehouse storage systems, robotics and smart grid systems. Our aim is to become a specialist supplier of electronic parts.

2. Long-term business development plan:

(1) Expand the strategic matrix (new customers for old products, new products for old customers, new products and new customers) to continue the pursuit of high growth.

(2) Establish Strategy & Marketing as a dedicated unit under the Group's general administration division that will actively track market developments and future trends in order to identify the company's next-generation product.

(3) Strategic alliance, mergers and acquisitions: Sinbond has been searching for strategic alliances or partners through various channels in recent years.

5.2. Market, Production and Sales:

5.2.1. Market analysis:

Unit: 1000 NTD

Sales Region		FY 2015		FY 2016	
		Amount	%	Amount	%
Domestic Sales		791,616	6.54	815,472	6.31
Export Sales	U.S.	1,461,815	12.07	1,826,867	14.13
	Europe	522,874	4.32	465,898	3.60
	China	7,777,857	64.22	7,526,767	58.23
	Other	1,557,096	12.86	2,290,839	17.73
Total		12,111,258	100.00	12,925,843	100.00

5.2.2. Key product applications and production process:

Key Products	Key applications or functions	Production process
Electronic peripheral parts	Cables: PCMIA signal cable, computers & peripherals I/O cable, USB link cable, flat cable, barcode scanner I/O interface module, LCD flex board, LCD ultra-thin co-axial signal cable. Connectors: Various types of connectors used in network communications, computer peripherals and consumer electronic products. System products: Sweep receiver, USB pen drive, R&D and manufacture of service and consumer electronic products.	1. Cable trimming and stripping 2. Crimping 3. Assembly, stamping 4. Inspection 5. Packaging
Energy products	Manufacture and sale of power rectifier.	
Wireless communications	Mobile phone link cable, mobile phone connector, wireless antenna, RFID.	
Fiber communications parts	Fiber optic connectors, LED, LCM, and high-frequency co-axial cable.	
Other	Parts of automotive, medical health and industrial products.	1. SMT 2. Assembly 3. Inspection 4. Packaging

5.2.3. Supply of key raw materials:

Material Name	Supplier	Supply Status
Connector	Hirose, NDK	Good, stable
Cable	Chian Hong, HONDA, Sinlicon	Good, stable

5.2.4. Names of customers that accounted for over 10% of total purchases or sales in any year within the last two years, their proportion of purchases and sales, and explanation for any changes:

1. Customers:

Unit: 1,000 NTD

	FY 2015				FY 2016				FY 2017 Q1			
Item	Name	Amount	Proportion of Net Sales for the Year (%)	Relationship to Publisher	Name	Amount	Proportion of Net Sales for the Year (%)	Relationship to Publisher	Name	Amount	Proportion of Net Sales as of Preceding Quarter this Year	Relationship to Publisher
1	Beijing Etechwin Electric	529,673	4.37	None	Beijing Etechwin Electric	801,182	6.20	None	Beijing Etechwin Electric	156,559	4.87	None
2	HONDA TSUSHIN KOGYO	508,905	4.20	None	HONDA TSUSHIN KOGYO	589,040	4.56	None	HONDA TSUSHIN KOGYO	152,474	4.74	None
3	Other	11,072,680	91.43	-	Other	11,535,621	89.24	-	Other	2,904,868	90.39	-
	Net Sales	12,111,258	100.00	-	Net Sales	12,925,843	100.00	-	Net Sales	3,213,901	100.00	-

Reason for Change: Increase in Beijing Etechwin Electric and HONDA TSUSHIN KOGYO sales was due to increase in customer demand.

2. Suppliers:

Unit: 1,000 NTD

	FY 2015				FY 2016				FY 2017 Q1			
Item	Name	Amount	Proportion of Net Purchases for the Year (%)	Relationship to Publisher	Name	Amount	Proportion of Net Purchases for the Year (%)	Relationship to Publisher	Name	Amount	Proportion of Net Purchases as of Preceding Quarter this Year	Relationship to Publisher
1	Hirose (Taiwan)	999,591	11.79	None	Hirose (Taiwan)	906,721	10.73	None	Hirose (Taiwan)	215,058	11.62	None
2	Hirose Electric (Shanghai)	915,517	10.80	None	Hirose Electric (Shanghai)	1,007,868	11.93	None	Hirose Electric (Shanghai)	202,584	10.94	None
3	Other	6,561,082	77.41	-	Other	6,533,409	77.34	-	Other	1,433,914	77.44	-
	Net Purchases	8,476,190	100.00	-	Net Purchases	8,447,998	100.00	-	Net Purchases	1,851,556	100.00	-

Reason for Change: Amount of purchases increased from HRS SH in 2016 due to increase in sales.

5.2.5. Production output and value in the last two years:

Unit: 1000 pcs, 1000 NTD

Production Quality / Year / By major product (or by department)	2015			2016		
	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value
Cable Assembly	-	258,461	8,775,326	-	188,957	6,967,051
Connector	-	56,167	356,687	-	66,823	351,310
Other	-	-	-	-	-	-
Total	-	314,628	9,132,013	-	255,780	7,318,361

Note 1: Production capacity refers to the quantity that can be produced using existing production operation under normal conditions after factoring in essential stoppages and days off.

Note 2: If production lines for different products are inter-changeable then production capacity can be consolidated and noted accordingly.

Note 3: Our Company is a distributor for connector products and they are manufactured in-house.

5.2.6. Production and sales in the last two years:

Unit: 1,000 pcs, 1,000 units; 1,000 NTD

Production Quality / Year / By major product (or by department)	FY 2015				FY 2016			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Cable	10,918	477,717	156,018	6,826,818	10,032	503,798	148,951	7,480,322
Connector	55,285	307,451	790,055	4,393,638	80,427	303,762	1,194,162	4,510,210
Other	1,968	6,908	28,128	98,726	904	8,061	13,419	119,690
Total	68,171	792,076	974,201	11,319,182	91,363	815,621	1,356,532	12,110,222

5.3. The number of employees as well as their average seniority, average age and education distribution in the past two years and as of the date of publication:

Year		2015	2016	As of March 31, 2017
No. of Employees	Direct employee	2,625	2,622	2,923
	Indirect employee	1,739	1,544	1,496
	Total	4,364	4,166	4,419
Average Age		29.2	30.12	30.2
Average Seniority		3.0	3.52	3.27
Distribution of Academic Background	Post-Graduate	0.0%	0.02%	0.02%
	Graduate	1.6%	2.05%	1.75%
	College/University	23.9%	26.49%	24.36%
	High School	38.3%	27.33%	22.75%
	Below High School	36.2%	44.10%	51.12%
	Total	100.00%	100.00%	100.00%

5.4. Environmental expenditure:

(1) Total amount of losses or punitive damages due to environmental pollution in the most recent year and as of this annual report's date of publication: None.

(2) Future response strategies and potential costs:

1. Our Company does not produce wastewater or air pollution during production.

2. The cooling water used in chillers used by the factory during production are recycled. The cooling water is channeled to dedicated water towers and cooled before being recycled again.

3. Waste generated by our Company includes waste paper or stationery products from office workers as well as small amounts of wire ends from trimming processes on the production line. Our Company enforces waste recycling and sorting. General trash is disposed of by the Miaoli City Government while industrial waste is disposed by licensed contractors in accordance with the law.

4. Most raw materials are pre-processed by contractors before being shipped to our Company for assembly into the final product. The amount of industrial waste produced is therefore extremely limited and does not cause environmental pollution.

5.5. Labor relations:

(1) The benefits, in-service education, training and retirement scheme for our employees as well as their actual implementation:

1. All employees are enrolled in Labor Insurance and National Health Insurance:

All employees are enrolled by the company in Labor Insurance and National Health Insurance by the company from the day they start to protect their rights.

2. Group insurance:

Employees are enrolled in group insurance in accordance with our Company's insurance regulations. This encompasses life insurance, accident insurance, hospital cover and cancer insurance. The amount of insurance coverage varies according to position and nature of work. The insurance costs are fully funded by the company and employees incur no costs.

3. Regular employee health exams:

Employees are important assets to the company and their health has a direct impact on productivity and family life. All personnel above the

grade of manager at our Company can therefore undergo one health exam each year. For other employees, health exams are organized in accordance with the labor safety and health regulations.

4. Employee training:

To meet the Group targets for strategic development and equip employees with the skills they need for work, our Company offers a variety of learning methods and channels including: in-house training, domestic/foreign training, overseas study and book clubs.

5. Employee dividends:

Employees share in the profits from company growth to cultivate a high level of employee rapport and team spirit.

6. Employee Welfare Committee:

A. Cash gifts and subsidies for weddings, funerals and celebrations.

B. Regular employee holidays.

C. Organization of various club activities to promote labor communications and harmony.

D. Gifts of cash or goods for holidays, celebrations and birthdays.

E. Discount programs with many merchants to provide employees with discounts and promotions.

F. Hospitalization, treatment and disaster assistance.

G. Employee in-service education scholarships.

H. Hosting of professional workshops at different times.

7. Employee retirement scheme:

Retirement regulations have been defined in accordance with government regulations to take care of employees after their retirement. The company contributes a set proportion of their salary each month to their retirement fund.

8. Free parking:

Parking is difficult for the Taipei office. The company has paid for the rental of parking spaces for the free use of designated employees.

9. Some leave regulations that better than the Labor Standards Act:

A. Employee maternity/paternity leave: the company offers 61 days off for maternity leave where the legal requirement is 56 days.

B. "Caregiver leave for seriously ill/injured parents or spouse" added that is superior to the Labor Standards. This leave is not required by law but to take care of employees, our Company allows employees to take up to

10 days off in both the first and second half of the year in the first year for "Caregiver leaver for seriously ill/injured parents or spouse". This gives them the time they need to make arrangements or look after their parents or their spouse in the event of a serious illness or injury.
C. Paid leaves: there are extra 7-day paid leaves for employees.

(2) Losses due to labor disputes in the past year and as of the date of this annual report's publication: None.

5.6. Important contracts:

Type of Contract	Party	Starting Date	Summary	Restrictions
Commitment to Honest Trading	A	2014.1.29~ Contract end date	We and Company A have committed ourselves to make honesty the basis of all mutual transactions. All forms of illegal behavior are banned including business bribery.	None
Supplier Contract	H	2014.8.14~ Contract end date	We are a part of the supply chain for Company H, a leading consumer electronics product supplier. Supplier guidelines were also signed with Company H.	None
Confidentiality Agreement	P	2014.1.1~ Contract end date	Our Company is an OEM contractor for Company P, a large foreign medical company. A confidentiality agreement was signed to protect Company P's R&D info and our production know-how.	None
Joint R&D contract	U	2015.08.17 ~	Co-developing products with company U, signed the contract to ensure that our intellectual property rights and the right to use.	None
Supplier contract	Q	2015.3	Products supply to company Q.	None
Agency agreement	C	2015.7.15 ~	To be an agent for selling products of company C.	None
MOU	A	2016.3.1	To be an agent for selling products of company A in some territory.	None

Type of Contract	Party	Starting Date	Summary	Restrictions
MOU	E	2016.11.18~	To be an agent for selling products of company E in some territory.	None
Investment Agreement	C	2017.3.15	SINBON increases to invest in company C to 40%.	None

6. Financial Status

6.1. Condensed Balance Sheet, Integrated Income Statement, CPA Name and Comments:

6.1.1. IFRS Condensed Balance Sheet and Statement of Comprehensive Income:

Condensed Balance Sheet (IFRS and Consolidated)

Unit：NTD in thousand

Item \ Year		Five-Year Financial Summary					Financial data of ending date in current year on Mar. 31, 2017 (Reviewed Only)
		2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
Current assets		6,295,025	6,768,638	7,949,062	8,530,755	8,807,101	8,303,876
Fixed assets		1,598,775	1,554,838	1,539,336	1,507,537	1,339,108	1,267,219
Intangible assets		47,505	4,784	9,150	9,551	10,156	8,862
Other assets		167,916	145,237	158,299	135,100	160,654	182,856
Total assets		8,879,288	9,385,164	10,486,831	11,113,671	11,082,844	10,642,938
Current liabilities	Before distribution	4,063,787	4,126,418	4,795,863	5,115,795	5,045,793	4,519,375
	After distribution	4,416,828	4,583,294	5,377,342	5,791,225	Not yet	Not yet
Non Current liabilities		704,670	605,493	606,852	359,820	257,620	286,384
Total liabilities	Before distribution	4,768,457	4,731,911	5,402,715	5,475,615	5,303,413	4,805,759
	After distribution	5,121,498	5,188,787	5,984,194	6,151,045	Not yet	Not yet
Equity Attributable to the parent company		3,972,644	4,572,456	5,019,057	5,583,341	5,732,732	5,789,704
Capital stock		2,065,638	2,076,709	2,076,709	2,176,454	2,254,162	2,254,162
Capital surplus		848,735	797,621	746,795	890,644	858,462	858,462
Retained earnings	Before distribution	1,308,193	1,601,051	1,936,291	2,325,815	2,801,132	3,083,069
	After distribution	955,152	1,144,175	1,354,812	1,650,385	Not yet	Not yet
Other Equities		(249,922)	97,075	259,262	190,428	(181,024)	(405,989)
Treasury Stocks		-	-	-	-	-	-
Non-controlling interests		138,187	80,797	65,059	54,715	46,699	47,475
Total equity	Before distribution	4,110,831	4,653,253	5,084,116	5,638,056	5,779,431	5,837,179
	After distribution	3,757,790	4,196,377	4,502,637	5,056,577	Not yet	Not yet

Condensed Balance Sheet (IFRS and Parent)

Unit：NTD in thousand

Item \ Year		Five-Year Financial Summary					Financial data of ending date in current year on Mar. 31, 2017 (No Parent Company's Reports)
		2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
Current assets		1,436,435	1,687,250	2,157,908	2,388,388	2,864,101	N.A.
Fixed assets		280,904	266,597	283,533	291,858	288,352	N.A.
Intangible assets		-	-	-	-	-	N.A.
Other assets		23,877	20,627	22,754	14,420	14,748	N.A.
Total assets		6,056,686	7,041,112	7,963,782	8,785,123	8,871,822	N.A.
Current liabilities	Before distribution	1,402,245	1,892,807	2,369,698	2,865,831	2,916,389	N.A.
	After distribution	1,755,286	2,349,683	2,951,177	3,541,261	Not yet	N.A.
Non Current liabilities		681,797	575,849	575,027	335,951	222,701	N.A.
Total liabilities	Before distribution	2,084,042	2,468,656	2,944,725	3,201,782	3,139,090	N.A.
	After distribution	2,437,083	2,925,532	3,526,204	3,877,212	Not yet	N.A.
Equity Attributable to the parent company		3,972,644	4,572,456	5,019,057	5,583,341	5,732,732	N.A.
Capital stock		2,065,638	2,076,709	2,076,709	2,176,454	2,254,162	N.A.
Capital surplus		848,735	797,621	746,795	890,644	858,462	N.A.
Retained earnings	Before distribution	1,308,193	1,601,051	1,936,291	2,325,815	2,801,132	N.A.
	After distribution	955,152	1,144,175	1,354,812	1,650,385	Not yet	N.A.
Other Equities		(249,922)	97,075	259,262	190,428	(181,024)	N.A.
Treasury Stocks		-	-	-	-	-	N.A.
Non-controlling interests		-	-	-	-	-	N.A.
Total equity	Before distribution	3,972,644	4,572,456	5,019,057	5,583,341	5,732,732	N.A.
	After distribution	3,619,603	4,115,580	4,437,578	4,907,911	Not yet	N.A.

Condensed Statement of Comprehensive Income (IFRS and Consolidated)

Unit：NTD in thousand

Item \ Year	Five-Year Financial Summary					Financial data of ending date in current year on Mar. 31, 2017 (Reviewed Only)
	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
Operating revenue	10,011,618	10,555,261	11,642,719	12,111,258	12,925,843	3,213,901
Gross profit	2,152,815	2,268,093	2,530,400	2,722,157	3,209,102	796,951
Income from operations	689,402	732,998	950,590	1,066,789	1,418,204	394,632
Non-operating income and expenses	35,619	134,046	92,932	303,220	178,840	(15,971)
Net income before tax	725,021	867,044	1,043,522	1,370,009	1,597,044	378,661
Income from operations of continued segments - after tax	479,051	608,426	774,947	954,103	1,161,735	285,108
Income or Loss from discontinued departments	-	-	-	-	-	-
Net income(loss)	479,051	608,426	774,947	954,103	1,161,735	285,108
Other comprehensive income/loss (Net of tax)	(101,421)	319,823	163,618	(65,277)	(378,233)	(227,360)
Total other comprehensive income (loss), net of tax	377,630	928,249	938,565	888,826	783,502	57,748
Net income attributable to stockholders of the parent	548,495	663,263	793,752	970,195	1,157,386	281,937
Net income attributable to non-controlling interests	(69,444)	(54,837)	(18,805)	(16,092)	4,349	3,171
Comprehensive income (loss) attributable to stockholders of the parent	468,382	992,896	954,303	902,169	779,295	56,972

Item \ Year	Five-Year Financial Summary					Financial data of ending date in current year on Mar. 31, 2017 (Reviewed Only)
	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
Comprehensive income (loss) attributable to non-controlling interests	(90,752)	(64,647)	(15,738)	(13,343)	4,207	776
Earnings per share	2.93	3.20	3.82	4.39	5.15	1.25

Condensed Statement of Comprehensive Income (IFRS and Parent)

Unit：NTD in thousand

Item \ Year	Five-Year Financial Summary					Financial data of ending date in current year on Mar. 31, 2016 (No Parent Company' s Reports)
	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
Operating revenue	2,405,583	3,041,504	3,946,131	4,363,053	4,640,558	N.A.
Gross profit	536,678	687,572	814,569	929,588	1,131,605	N.A.
Income from operations	81,724	168,101	272,749	277,470	415,424	N.A.
Non-operating income and expenses	553,209	625,448	667,406	867,947	894,290	N.A.
Net income before tax	634,933	793,549	940,155	1,145,417	1,309,714	N.A.
Income from operations of continued segments - after tax	548,495	663,263	793,752	970,195	1,157,386	N.A.
Income or Loss from discontinued departments	-	-	-	-	-	N.A.
Net income(loss)	548,495	663,263	793,752	970,195	1,157,386	N.A.
Other comprehensive income/loss (Net of tax)	(80,113)	329,633	160,551	(68,026)	(378,091)	N.A.

Item \ Year	Five-Year Financial Summary					Financial data of ending date in current year on Mar. 31, 2016 (No Parent Company's Reports)
	2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
Total other comprehensive income (loss), net of tax	468,382	992,896	954,303	902,169	779,295	N.A.
Net income attributable to stockholders of the parent	-	-	-	-	-	N.A.
Net income attributable to non-controlling interests	-	-	-	-	-	N.A.
Comprehensive income (loss) attributable to stockholders of the parent	-	-	-	-	-	N.A.
Comprehensive income (loss) attributable to non-controlling interests	-	-	-	-	-	N.A.
Earnings per share	2.93	3.20	3.82	4.39	5.15	N.A.

6.1.2. Last 5 years Auditors' Opinions:

Year	CPA Firm	CPA's Name	Auditing Opinion
2012	Ernst & Young	Yan, Wen-Pi Tu, Qing-Yuan	Modified Unqualified
2013	Ernst & Young	Yan, Wen-Pi Tu, Qing-Yuan	Modified Unqualified
2014	Ernst & Young	Yan, Wen-Pi Lin, Hong-Kuang	Modified Unqualified
2015	Ernst & Young	Yan, Wen-Pi Lin, Hong-Kuang	Modified Unqualified
2016	Ernst & Young	Lin, Hong-Kuang Huang, Tzu-Ping	Unqualified

6.2. Financial Analysis of the Last Five Years:

6.2.1. Financial Analysis:

Item \ Year		Financial analysis in the past five years (IFRS and Consolidated)					Financial data of ending date in current year on Mar. 31, 2017 (Reviewed Only)
		2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
Financial structure (%)	Ratio of liabilities to assets	53.70	50.42	51.52	49.27	47.85	45.15
	Ratio of long-term capital to fixed assets	290.99	321.56	349.93	374.29	432.88	461.82
Solvency (%)	Current ratio	154.91	164.03	165.75	166.75	174.54	183.74
	Quick ratio	115.25	123.72	121.24	122.32	130.9	141.79
	Times interest earned ratio	12.90	24.39	26.71	36.81	57.74	74.6
Operating ability	Accounts receivable turnover (turns)	3.71	3.59	3.76	3.93	4.14	3.87
	Average collection period	98	102	97	92	88	94
	Inventory turnover (turns)	4.66	4.96	4.93	4.39	4.38	4.78
	Accounts payable turnover (turns)	5.03	4.77	4.78	4.62	4.57	4.84
	Average days in sales	78	74	74	83	83	76
	Fixed assets turnover (turns)	5.95	6.69	7.53	7.95	9.08	9.86
	Total assets turnover (turns)	1.13	1.12	1.17	1.12	1.16	1.18
Profitability	Return on total assets (%)	6.08	7.00	8.14	9.13	10.68	2.66
	Return on stockholders' equity (%)	12.58	13.88	15.92	17.80	20.35	4.91
	Pre-tax income to issued capital (%)	36.25	41.75	50.25	62.95	70.85	16.8
	Profit ratio (%)	4.78	5.76	6.66	7.88	8.99	8.87
	Earnings per share ($)	2.93	3.20	3.82	4.39	5.15	1.25
Cash flow	Cash flow ratio (%)	14.52	21.31	12.84	28.40	24.12	4.66
	Cash flow adequacy ratio (%)	64.73	68.03	95.85	118.46	148.43	132.44
	Cash reinvestment ratio (%)	5.06	7.36	1.40	12.12	7.49	2.89
Leverage	Operating leverage	3.17	3.13	2.69	2.53	2.21	1.98

Item \ Year		Financial analysis in the past five years (IFRS and Consolidated)					Financial data of ending date in current year on Mar. 31, 2017 (Reviewed Only)
		2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
	Financial leverage	1.10	1.05	1.04	1.04	1.02	1.01

Item \ Year		Financial analysis in the past five years (IFRS and Parent)					Financial data of ending date in current year on Mar. 31, 2017 (No Parent Company's Reports)
		2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
Financial structure (%)	Ratio of liabilities to assets	34.41	35.06	36.98	36.45	35.38	N.A.
	Ratio of long-term capital to fixed assets	1,605.44	1,841.15	1,770.18	1,913.03	1,988.1	N.A.
Solvency (%)	Current ratio	102.44	89.14	91.06	83.34	98.21	N.A.
	Quick ratio	81.39	73.41	75.60	71.74	86.34	N.A.
	Times interest earned ratio	25.88	49.97	45.73	74.89	101.23	N.A.
Operating ability	Accounts receivable turnover (turns)	3.68	3.44	3.72	3.84	4.2	N.A.
	Average collection period	99	106	98	95	87	N.A.
	Inventory turnover (turns)	7.15	8.03	9.48	9.83	10.34	N.A.
	Accounts payable turnover (turns)	4.62	3.95	3.82	3.81	3.95	N.A.
	Average days in sales	51	45	39	37	35	N.A.
	Fixed assets turnover (turns)	8.69	11.11	14.35	15.17	16.00	N.A.
	Total assets turnover (turns)	0.42	0.46	0.53	0.52	0.53	N.A.
Profitability	Return on total assets (%)	11.38	12.36	10.81	11.74	13.23	N.A.
	Return on stockholders' equity (%)	15.18	15.52	16.55	18.30	20.46	N.A.
	Pre-tax income to issued capital (%)	30.74	38.21	45.27	52.63	58.1	N.A.
	Profit ratio (%)	22.80	21.81	20.11	22.24	24.94	N.A.
	Earnings per share ($)	2.93	3.20	3.82	4.39	5.15	N.A.

Item \ Year		Financial analysis in the past five years (IFRS and Parent)					Financial data of ending date in current year on Mar. 31, 2017 (No Parent Company's Reports)
		2012 (Audited)	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	
Cash flow	Cash flow ratio (%)	(8.93)	18.50	6.90	15.52	14.83	N.A.
	Cash flow adequacy ratio (%)	66.06	48.55	35.17	43.11	40.04	N.A.
	Cash reinvestment ratio (%)	(9.01)	(1.23)	(6.17)	(2.24)	(3.95)	N.A.
Leverage	Operating leverage	5.59	3.65	2.85	2.86	2.41	N.A.
	Financial leverage	1.55	1.13	1.08	1.06	1.03	N.A.

6.3. Supervisor or Auditor Audit Report of Financial Statements in the Last Year:

SUPERVISOR'S REVIEW REPORT

The Board of Directors has prepared the Company's 2016 Financial Statements. The CPA firm of Ernst & Young, by CPA Lin, Hong-Kuang and Huang, Tzu-Ping, was retained to audit the Company's Financial Statements and has issued an audited report relating to the Financial Statements. The Financial Statements, Business Report, and the Proposal for Distribution of 2016 Profits have been reviewed and determined to be correct and accurate by Supervisor. According to Article 219 of the Company Law, we hereby submit this report.

Supervisor: Lin, Min-Cheng

Chiu, Te-Chen

Kuo-Shian Investment Co., Ltd.

Representative: Wang, Kuo-Hong

April 7, 2017

6.4. Financial Statements in the Last Year (including CPA audit reports, cross-reference of balance sheets of two years, integrated income statements, equipment change list, case flows list, and remarks or tables):

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Sinbon Electronics Co., Ltd.

Opinion

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2016 and 2015, and their consolidated financial performance and cash flows for the years ended December 31, 2016 and 2015, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2016 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation for inventories

As of December 31, 2106, the Group's net inventories amounted to NT$2,104,058 thousand. The amount of inventories was significant to the Group's financial statements. As the fluctuation in market demand and the fast-changing technology could cause losses of obsolete and slow-moving inventories, the assessment of the inventory write-downs require significant management judgement. We therefore determined this a key audit mater.

Our audit procedures included, but not limited to, evaluating the adequacy of accounting policy around obsolete and slow-moving inventories, including historical analysis of loss ratio of scrapped inventories; evaluating stocktaking plan and selecting important storage locations to observe inventory counts to ensure inventory quantities and status; obtaining inventory aging schedule to test whether inbound and outbound records are accurate; re-calculating the unit cost of inventories; and evaluating and testing net realized value adopted by management. We also assessed the adequacy of disclosures of financial assets. Please refer to Notes 5 and 6 to the Group's consolidate financial statements.

2. Impairment of accounts receivable

As of December 31, 2106, gross accounts receivable and allowance for bad debts by the Group amounted to NT$2,890,994 thousand and NT$31,041 thousand, respectively. Net accounts receivable represented 26% of consolidates total assets that could have significant impacts on consolidated statements. Since the collection of accounts receivable is the key factor in the working capital management of the Group, the provision for bad debts would reflect the credit risk of accounts receivable. As the adequacy of provision policy requires significant management judgement, we therefore determined this a key audit mater.

Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around accounts receivable management; assessing the appropriateness of provision for bad debts; testing the correctness of the accounts receivable aging schedule, including selecting samples to check whether they were recorded in appropriate periods; analyzing the aging changes and assessing the reasonable of the accounts receivable long overdue; analyzing the trend of bad debt expense and accounts receivable turnover ratio; Selecting samples to perform the accounts receivable confirmation; and reviewing the collection of receivable in subsequent period to assess their recoverability. We also assessed the adequacy of disclosures of financial assets. Please refer to Notes 5 and 6 to the Group's consolidate financial statements.

Other Matter– Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflected total assets of NT$1,516,036 thousand and NT$1,838,832 thousand, constituting 14% and 17% of consolidated total assets as of December 31, 2016 and 2015, respectively, and total operating revenues of NT$2,606,702 thousand and NT$2,720,914 thousand, constituting 20% and 22% of consolidated operating revenues for the years ended December 31 2016 and 2015, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT$344,367 thousand and NT$391,898 thousand, representing 3% and 4% of consolidated total assets as of December 31, 2016 and 2015, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$49,003 thousand and NT$21,992 thousand, representing 3% and 2% of the consolidated net income before tax for the years ended December 31 2016 and 2015, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$(7,099) thousand and NT$17,321 thousand, representing 2% and (27)% of the consolidated other comprehensive income for the years ended December 31, 2016 and 2015, respectively.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2016 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a

matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have also audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2016 and 2015.

Lin, Hung Kang

Huang, Tzu Ping

Ernst & Young, Taiwan

March 9, 2017

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and 2015
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As of December 31, 2016	As of December 31, 2015
Current assets			
Cash and cash equivalents	4,6(1)	$3,130,300	$3,044,273
Financial assets at fair value through profit or loss, current	4,6(2)	11,662	70,980
Debt instrument investments without active market , current	12	-	95,723
Notes receivable, net	4,6(3)	452,551	356,682
Accounts receivable, net	4,6(4)	2,859,953	2,569,356
Other receivables		132,975	109,827
Inventories	4,6(5)	2,104,058	2,171,069
Prepayments		97,908	101,989
Other current assets		17,694	10,856
Total current assets		8,807,101	8,530,755
Non-current assets			
Available-for-sale financial assets, noncurrent	4,6(6)	84,901	93,265
Financial assets measured at cost, noncurrent	4,6(7)	281,304	371,495
Investments accounted for under the equity method	4,6(8)	350,531	418,131
Property, plant and equipment	4,6(9)	1,339,108	1,507,537
Other intangible assets		10,156	9,551
Deferred tax assets	4,6(22)	49,089	47,837
Other non-current assets	4,6(10)	160,654	135,100
Total non-current assets		2,275,743	2,582,916
Total assets		$11,082,844	$11,113,671

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS(Continued)
December 31, 2016 and 2015
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of December 31, 2016	2015
Current liabilities			
Short-term loans	4,6(11)	$1,592,317	$1,919,023
Financial liabilities at fair value through profit or loss, current	4,6(12)	59,054	6,489
Notes payable		40,393	41,128
Accounts payable		2,270,797	2,193,384
Other payables	7	781,983	686,007
Current tax liabilities		201,196	141,995
Current portion of bonds payable	4,6(13)	-	47,035
Current portion of long-term loans	4,6(14)	8,998	4,067
Other current liabilities		91,055	76,667
Total current liabilities		5,045,793	5,115,795
Non-current liabilities			
Long-term loans	4,6(14)	17,286	4,504
Deferred tax liabilities	4,6(22)	140,120	261,011
Long-term deferred revenue	4,6(15)	16,858	18,902
Net defined benefit obligation, noncurrent	4,6(16)	83,354	75,401
Other non-current liabilities-others		2	2
Total non-current liabilities		257,620	359,820
Total liabilities		5,303,413	5,475,615
Equity attributable to the parent company	6(17)		
Capital			
Common stock		2,246,068	2,158,299
Certificates of bond-to-stock conversion		8,094	18,155
Subtotal		2,254,162	2,176,454
Additional Paid-in Capital	6(17)	858,462	890,644
Retained earnings			
Legal reserve		728,416	631,397
Special reserve		134,446	134,446
Unappropriated earnings	6(22)	1,938,270	1,559,972
Subtotal		2,801,132	2,325,815
Other components of equity			
Exchange differences on translation of foreign operations		(156,539)	199,450
Unrealized gains or losses on available-for-sale financial assets		(24,485)	(9,022)
Subtotal	4	(181,024)	190,428
Non-controlling interests	4,6(17)	46,699	54,715
Total equity		5,779,431	5,638,056
Total liabilities and equity		$11,082,844	$11,113,671

(The accompanying notes form an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2016 and 2015

(Expressed in Thousand New Taiwan Dollars, Except Earnings Per Share)

	Notes	For the years ended December 31, 2016	2015
Operating revenues	4,6(18)	$12,925,843	$12,111,258
Operating costs	6(5),6(19),7	(9,716,741)	(9,389,101)
Gross profit-net		3,209,102	2,722,157
Operating expenses	6(19),7		
Sales and marketing expenses		(692,026)	(639,391)
General and administrative expenses		(669,054)	(631,785)
Research and development expenses		(429,818)	(384,192)
Subtotal		(1,790,898)	(1,655,368)
Operating income		1,418,204	1,066,789
Non-operating income and expenses	6(20)		
Other income		165,101	184,026
Other gains and losses		(4,356)	142,688
Finance costs		(28,145)	(38,259)
Share of profit or loss of associates and joint ventures	4,6(8)	46,240	14,765
Subtotal		178,840	303,220
Income from continuing operations before income tax		1,597,044	1,370,009
Income tax expense	4,6(22)	(435,309)	(415,906)
Net income		1,161,735	954,103
Other comprehensive income (loss)	6(21)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(7,998)	973
Income tax related to items that may not be reclassified subsequently to profit or loss		1,359	(165)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(428,752)	(1,767)
Unrealized losses on available-for-sale financial assets		(8,364)	(82,181)
Share of other comprehensive income of associates and joint ventures		(7,099)	17,321
Income tax related to items that may be reclassified subsequently to profit or loss		72,621	542
Total other comprehensive loss, net of tax		(378,233)	(65,277)
Total comprehensive income		$783,502	$888,826
Net income attributable to:	4,6(23)		
Stockholders of the parent		$1,157,386	$970,195
Non-controlling interests		4,349	(16,092)
		$1,161,735	$954,103
Comprehensive income (loss) attributable to:			
Stockholders of the parent		$779,295	$902,169
Non-controlling interests		4,207	(13,343)
		$783,502	$888,826
Earnings per share (NTD)			
Earnings per share-basic	4,6(23)	$5.15	$4.39
Earnings per share-diluted		$5.15	$4.38

(The accompanying notes form an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SINBON 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 the parent company										
				Retained earnings			Other components of equity				
	Common stock	Certificates of Bond-to-Stock Conversion	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Available-For-Sale Financial Assets	Total	Non-Controlling Interests	Total Equity
Balance as of January 1, 2015	$2,076,709	$-	$746,795	$552,022	$134,446	$1,249,823	$203,424	$55,838	$5,019,057	$65,059	$5,084,116
Appropriation and distribution of 2014 retained earnings											
Legal reserve				79,375		(79,375)			-		-
Special reserve						(581,479)			(581,479)		(581,479)
Change in Other additional paid-in capital											
Payable Bonds with attached warrents									0		
Capital surplus transferred to common sttock	41,534		(41,534)						-		-
Net income in 2015						970,195			970,195	(16,092)	954,103
Other comprehensive income (loss), net of tax in 2015						808	(3,974)	(64,860)	(68,026)	2,749	(65,277)
Total comprehensive income (loss)	-	-	-	-	-	971,003	(3,974)	(64,860)	902,169	(13,343)	888,826
Balance as of January 1, 2016	$2,158,299	$18,155	$890,644	$631,397	$134,446	$1,559,972	$199,450	$(9,022)	$5,583,341	$54,715	$5,638,056
Appropriation and distribution of 2015 retained earnings											
Legal reserve				97,019		(97,019)			-		-
Special reserve									-		-
Change in Other additional paid-in capital											
Capital surplus- Cash dividends									-		-
Share of changes in net assets of associates and joint ventures accounted for using equity method			741						741		741
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries			(2,688)						(2,688)		(2,688)
Additional paid-in capital at stock dividends	65,364		(65,364)						-		-
Net income in 2016						1,157,386			1,157,386	4,349	1,161,735
Other comprehensive income (loss), net of tax in 2016						(6,639)	(355,989)	(15,463)	(378,091)	(142)	(378,233)
Total comprehensive income (loss)	-	-	-	-	-	1,150,747	(355,989)	(15,463)	779,295	4,207	783,502
Bonds converted to stock	22,405	(10,061)	35,129						47,473		47,473
Decrease in non-controlling interests									-	(12,223)	(12,223)
Balance as of December 31, 2016	$2,246,068	$8,094	$858,462	$728,416	$134,446	$1,938,270	$(156,539)	$(24,485)	$5,732,732	$46,699	$5,779,431

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2016	2015
Cash flows from operating activities:		
Net income before tax	$1,597,044	$1,370,009
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	151,405	152,346
Amortization	29,360	29,238
Interest expense	28,145	38,259
Interest revenue	(12,343)	(26,473)
Dividends revenue	(16,975)	(19,656)
Bad debt reversal		
Share of profit of associates and joint ventures	(46,240)	(14,765)
Loss on disposal of property, plant and equipment	9,195	3,571
Loss from market value decline, obsolete and slow-moving of inventories (Gain from price recovery)	(33,216)	48,718
Gain on disposal of investments	6,549	(2,039)
Loss on disposal of investments		
Loss (Gain) of financial assets and liabilities at fair value through profit or loss	85,988	(35,161)
Changes in operating assets and liabilities:		
Disposition of financial asset held for trading	34,003	-
Increase in financial asset held for trading	(7,965)	(414)
(Increase) decrease in notes receivable	(95,869)	42,568
(Increase) decrease in accounts receivable	(304,853)	119,561
(Increase) decrease in other receivables	(41,918)	9,161
Decrease (increase) in inventories, net	100,227	(308,103)
Decrease (increase) in prepayments	4,081	(46,230)
(Increase) decrease in other current assets	(6,838)	5,010
Increase in other noncurrent assets	(52,630)	(20,114)
(Decrease) increase in notes payable	(735)	16,456
Increase in accounts payable	88,240	142,112
Increase in other payables	109,173	253,052
Increase in other current liabilities	14,601	34,336
(Decrease) increase in accrued pension liabilities	(45)	17
Cash generated from operations	1,638,384	1,791,459
Interest received	14,693	23,990
Dividend received	16,975	19,656
Interest paid	(31,283)	(35,346)
Income tax paid	(421,931)	(347,085)
Net cash provided by operating activities	1,216,838	1,452,674

(The accompanying notes form an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS(Continued)

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2016	2015
Cash flows from investing activities:		
Net Cashflow from disposal of subsidiaries (Note 6.(24))	$169	$(119,873)
Acquisition of property, plant and equipment	(99,408)	(211,634)
Proceeds from disposal of property, plant and equipment	3,757	7,025
Increase in other intangible assets	(605)	(2,833)
Dividends received from investee company	19,949	26,520
Decrease in financial assets measured at cost	85,240	31,423
Proceeds from disposal of financial assets measured at cost	-	1,294
Acquisition of financial assets measured at cost	(279)	(197,774)
Disposal of investments accounted for under the equity method	9,344	
Acquisition of investments accounted for under the equity method	-	(15,309)
Decrease in investments accounted for under the equity method	60,000	20,000
Decrease (increase) in debt investment without active market	95,723	(95,723)
Acquisition of non-controlling interests	(3,273)	
Net cash provided by (used in) investing activities	170,617	(556,884)
Cash flows from financing activities:		
Increase in short-term loans	(326,706)	307,709
Increase (decrease) in long-term loans (including current portion)	17,713	(3,595)
Cash dividends	(675,430)	(581,479)
Decrease in long-term deferred revenue	(403)	(424)
Decrease in non-controlling interests	11,638	2,999
Net cash used in financing activities	(973,188)	(274,790)
Effect of exchange rate changes on cash and cash equivalents	(328,240)	10,799
Net increase in cash and cash equivalents	86,027	631,799
Cash and cash equivalents at beginning of period	3,044,273	2,412,474
Cash and cash equivalents at end of period	$3,130,300	$3,044,273

(The accompanying notes form an integral part of the consolidated financial statements)

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Sinbon Electronics Co., Ltd. (SINBON) was incorporated in Republic of China (R.O.C) in December 1989. The main activities of the Company include manufacturing and selling computer peripherals, connectors, wires and other parts. The shares of the Company commenced trading on Taiwan's Over-the-Counter Market in May 2001 and were listed on the Taiwan Stock Exchange in August 2002.

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

The consolidated financial statements of SINBON and its subsidiaries ("the Company") were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 9, 2017.

3. Newly issued or revised standards and interpretations

(1) Standards or interpretations issued, revised or amended, which are recognized by Financial Supervisory Commission ("FSC"), but not yet adopted by the Group at the date of issuance of the Group's financial statements are listed below.

(a) *IAS 36 "Impairment of Assets" (Amendment)*

This amendments relate to the amendments issued in May 2011 and require entities to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit when an impairment loss has been recognized or reversed during the period. The amendments also require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed, including valuation techniques used, level of fair value hierarchy of assets and key assumptions used in measurement. The amendments are effective for annual periods beginning on or after 1 January 2014.

(b) *IFRIC 21 "Levies"*

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government (both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain). The interpretation is effective for annual periods beginning on or after 1

January 2014.

(c) *IAS 39 "Financial Instruments: Recognition and Measurement" (Amendment)*

Under the amendments, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The interpretation is effective for annual periods beginning on or after 1 January 2014.

(d) *IAS 19 "Employee Benefits" (Defined benefit plans: employee contributions)*

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to provide a policy choice for a simplified accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for annual periods beginning on or after 1 July 2014.

(e) *Improvements to International Financial Reporting Standards (2010-2012 cycle):*

IFRS 2 "Share-based Payment"

The annual improvements amend the definitions of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendments prospectively apply to share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 "Business Combinations"

The amendments include: (1) deleting the reference to "other applicable IFRSs" in the classification requirements; (2) deleting the reference to "IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or other IFRSs as appropriate", other contingent consideration that is not within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognized in profit or loss; (3) amending the classification requirements of IFRS 9 *Financial Instruments* to clarify that contingent consideration that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in profit or loss depending on the requirements of

IFRS 9. The amendments apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

IFRS 8 "Operating Segments"

The amendments require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. The amendments also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The amendments are effective for annual periods beginning on or after 1 July 2014.

IFRS 13 "Fair Value Measurement"

The amendments to the Basis for Conclusions of IFRS 13 clarify that when deleting paragraph B5.4.12 of IFRS 9 *Financial Instruments* and paragraph AG79 of IAS 39 *Financial Instruments: Recognition and Measurement* as consequential amendments from IFRS 13 *Fair Value Measurement*, the IASB did not intend to change the measurement requirements for short-term receivables and payables.

IAS 16 "Property, Plant and Equipment"

The amendments clarify that when an item of property, plant and equipment is revalued, the accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendments are effective for annual periods beginning on or after 1 July 2014.

IAS 24 "Related Party Disclosures"

The amendments clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendments are effective for annual periods beginning on or after 1 July 2014.

IAS 38 "Intangible Assets"

The amendments clarify that when an intangible asset is revalued, the accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendments are effective for annual periods

beginning on or after 1 July 2014.

(f) *Improvements to International Financial Reporting Standards (2011-2013 cycle):*

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendments clarify that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application.

IFRS 3 "Business Combinations"

This amendments clarify that paragraph 2(a) of IFRS 3 *Business Combinations* excludes the formation of all types of joint arrangements as defined in IFRS 11 *Joint Arrangements* from the scope of IFRS 3; and the scope exception only applies to the financial statements of the joint venture or the joint operation itself. The amendments are effective for annual periods beginning on or after 1 July 2014.

IFRS 13 "Fair Value Measurement"

The amendments clarify that paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. The objective of the amendments is to clarify that this portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*. The amendments are effective for annual periods beginning on or after 1 July 2014.

IAS 40 "Investment Property"

The amendments clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property; in determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 *Business Combinations* and investment property as defined in IAS 40 *Investment Property*, separate application of both standards independently of each other is

required. The amendments are effective for annual periods beginning on or after 1 July 2014.

(g) *IFRS 14 "Regulatory Deferral Accounts"*

IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. IFRS 14 is effective for annual periods beginning on or after 1 January 2016.

(h) *IFRS 11 "Joint Arrangements" (Accounting for Acquisitions of Interests in Joint Operations)*

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments require the entity to apply all of the principles on business combinations accounting in IFRS 3 "Business Combinations", and other IFRS (that do not conflict with the guidance in IFRS 11), to the extent of its share in a joint operation acquired. The amendments also require certain disclosure. The amendments are effective for annual periods beginning on or after 1 January 2016.

(i) *IAS 16"Property, Plant and Equipment and IAS 38 "Intangible Assets" — Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments clarify that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as selling activities and change in sales volumes or prices. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendments are effective for annual periods beginning on or after 1 January 2016.

(j) *IAS 16"Property, Plant and Equipment and IAS 41 "Agriculture" — Agriculture: Bearer Plants*

The IASB decided that bearer plants should be accounted for in the same

way as property, plant and equipment in IAS 16 *Property, Plant and Equipment*, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, and the produce growing on bearer plants will remain within the scope of IAS 41. The amendments are effective for annual periods beginning on or after 1 January 2016.

(k) *IAS 27"Separate Financial Statements" — Equity Method in Separate Financial Statements*

The IASB restored the option to use the equity method under IAS 28 for an entity to account for investments in subsidiaries and associates in the entity's separate financial statements. In 2003, the equity method was removed from the options. This amendments remove the only difference between the separate financial statements prepared in accordance with IFRS and those prepared in accordance with the local regulations in certain jurisdictions.

The amendments are effective for annual periods beginning on or after 1 January 2016.

(l) *Improvements to International Financial Reporting Standards (2012-2014 cycle):*

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendments clarify that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendments also require identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendments are effective for annual periods beginning on or after 1 January 2016.

IFRS 7 "Financial Instruments: Disclosures"

The amendments clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and therefore the disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety under IFRS 7 *Financial Instruments: Disclosures* is required. The amendments also clarify that whether the IFRS 7 disclosure related to the offsetting of financial assets and financial liabilities are required to be included in the condensed interim financial

report would depend on the requirements under IAS 34 *Interim Financial Reporting.* The amendments are effective for annual periods beginning on or after 1 January 2016.

IAS 19 "Employee Benefits"

The amendments clarify the requirement under IAS 19.83, that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. The amendments are effective for annual periods beginning on or after 1 January 2016.

IAS 34 "Interim Financial Reporting"

The amendments clarify what is meant by "elsewhere in the interim financial report" under IAS 34; the amendments state that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendments are effective for annual periods beginning on or after 1 January 2016.

(m) *Disclosure Initiative — Amendment to IAS 1 "Presentation of Financial Statements":*

The amendments contain (1) clarifying that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments reemphasize that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted, (2) clarifying that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, and how an entity shall present additional subtotals, (3) clarifying that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasize that understandability and comparability should be considered by an entity when deciding on that order, (4) removing the examples of the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be, and (5) clarifying that the share of OCI of

associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2016.

(n) *IFRS 10"Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", and IAS 28"Investments in Associates and Joint Ventures" — Investment Entities: Applying the Consolidation Exception*

The amendments contain (1) clarifying that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiary at fair value, (2) clarifying that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated when all other subsidiaries of an investment entity are measured at fair value, and (3) allowing the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are effective for annual periods beginning on or after 1 January 2016.

The abovementioned standards and interpretations issued by IASB and recognized by FSC so that they are applicable for annual periods beginning on or after 1 January 2017. The company has evaluated the impact of the abovementioned standards and interpretations have no material impact.

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

(a) *IFRS 15 "Revenue from Contracts with Customers"*
The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation
The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2018.

(b) *IFRS 9"Financial Instruments"*
The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 *Financial Instruments* (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).
Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that 'own credit risk' adjustments are not recognized in profit or loss.
Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.
Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.
The new standard is effective for annual periods beginning on or after 1 January 2018.

(c) *IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*
The amendments address the inconsistency between the requirements in

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

(d) *IFRS 16"Leases"*

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

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

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

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

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

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

The amendments clarify how to identify a performance obligation in a

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

(h) *IFRS 2 "Shared-Based Payment" — Amendments to IFRS 2*

The amendments contain (1) clarifying that vesting conditions (service and non-market performance conditions), upon which satisfaction of a cash-settled share-based payment transaction is conditional, are not taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, these are taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction, (2) clarifying if tax laws or regulations require the employer to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment, such transactions will be classified in their entirety as equity-settled share-based payment transactions if they would have been so classified in the absence of the net share settlement feature, and (3) clarifying that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date and is recognized in equity, on the modification date, to the extent to which goods or services have been received. The liability for the cash-settled share-based payment transaction as at the modification date is derecognized on that date. Any difference between the carrying amount of the liability derecognized and the amount recognized in equity on the modification date is recognized immediately in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2018.

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

The amendments help to resolve issues arising from the different effective dates for IFRS 9 "Financial Instruments" (1 January 2018) and the new insurance contracts standard about to be issued by the IASB (still to be decided, but not before 1 January 2020). The amendments allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 "Financial Instruments" before the IASB's new insurance contracts standard becomes effective. The

amendments introduce two approaches: an overlay approach and a temporary exemption. The overlay approach allows an entity applying IFRS 9 to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before the new insurance contracts standard is applied. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until 2021 (these entities that defer the application of IFRS 9 will continue to apply IAS 39).

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

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

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

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

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

IFRS 12 "Disclosure of Interests in Other Entities"

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

IAS 28"Investments in Associates and Joint Ventures"

The amendments clarify that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and other

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

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is evaluating the impact of the standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended 31 December 2016 and 2015 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed by FSC (TIFRSs).

(2) Basis of Preparation

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

(3) Basis of Consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of

control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries 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.

If the Company loses control of a subsidiary, it:
(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		Note
			2016.12.31	2015.12.31	
The Company	Sinbon International Enterprise Co., Ltd. (SB(B.V.I))	Holding company	100.00%	100.00%	
The Company	Hong Kong Sinbon Electronics Co., Ltd. (HKSB)	Selling a wide variety of connectors, wires and cables	100.00%	100.00%	Note 5
The Company	Super Elite Ltd. (SEL)	General interesting	64.48%	64.48%	Note 5
The Company	Beijing Sinbon Electronics Co., Ltd. (BJSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	
The Company	Samoa Smart and Diligent Co., Ltd. (Samoa S&D)	Holding company	-	51.51%	Note 1
The Company	Sinbon Technologies L.L.C. (USSB)	Selling a wide variety of connectors, wires and cables	-	51.00%	Note 2
The Company	Japan Sinbon Electronics Co., Ltd. (JPSB)	Selling a wide variety of connectors, wires and cables	70.00%	70.00%	
The Company	Worldwide Wire Harnesses Co., Ltd.	Holding company	50.00%	50.00%	
The Company	Kwan-Ze Corporation Ltd. (Kwan-Ze)	Selling a wide variety of electronic materials and holding company	100.00%	100.00%	
The Company	Sinbon USA L.L.C.	Logistic center	100.00%	100.00%	
The Company	Beijing Sinbon Tongan Electronics Co., Ltd.(BJSB Tongan)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	
The Company	Sinbon Europe GmbH (EuropeSB)	Logistic center	100.00%	100.00%	
The Company	Ray Service ADA Corp.	Manufacturing and selling	90.00%	90.00%	

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		Note
			2016.12.31	2015.12.31	
		signal cables and cabin wiring.			
BVI	Jiangyin Sinbon Electronics Co., Ltd. (JYSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	
BVI	Shenzhen Sinbon Electronics Co., Ltd. (SZSB)	Selling a wide variety of connectors, wires and cables	100.00%	100.00%	
BVI	Shanghai Sinbon Electronics Co., Ltd. (SHSB)	Selling a wide variety of connectors and cables	100.00%	100.00%	
BVI	Tong Cheng Sinbon Electronics Co., Ltd . (TCSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	
SEL	Hong Kong Comtek Electronics Co., Ltd. (Hong Kong CMK)	Selling a wide variety of connectors and cables	-	64.48%	Note 3
SEL	T-CONN Precision (Zhongshan) Co., Ltd.(T-CONN Zhongshan)	Selling a wide variety of connectors and cables	64.48%	64.48%	Note 5
SEL	T-CONN Precision Co., Ltd.(T-CONN)	Manufacturing and selling a wide variety of connectors, wires and cables	64.48%	64.48%	Note 5
SEL	Super Progressive Ltd. (SPL)	Logistic center	64.48%	64.48%	Note 5
Worldwide Wire Harnesses Co., Ltd.	Sinbon Technologies Tennessee L.L.C. (STT)	Logistic Center	50.00%	50.00%	
Kwan-Ze	Digi O2 International Co., Ltd. (Digi O2)	Selling a wide variety of connectors and cables	98.83%	92.74%	Note 4

Note 1: On September 30, 2016, the Company sold SAMOA S&D's shares. The Company will not incorporate SAMOA S&D's gain or loss in its consolidated financial statement from the day the Company ceased to have control over SAMOA S&D. Refer to Note 6(24) for the changes.

Note 2: On September 30, 2016, the Company sold USSB's shares. The Company will not incorporate USSB's gain or loss in its consolidated financial statement from the day the Company ceased to have control over USSB. Refer to Note 6(24) for the changes.

Note 3: The Company was closed down in December, 2016. The Company will not incorporate Hong Kong CMK's gain or loss in its consolidated financial statement from the day the Company ceased to have control over Hong Kong CMK.

Note 4: On July 29, 2016 and November 24, 2016, Kwan-Ze acquired additional 603 thousand and 500 thousand shares of Digi O2 and increased the shareholding percentage to 98.83%. Refer to Note 6(25) for the changes in ownership of subsidiaries.

Note 5: The financial statements of the subsidiaries were audited by other independent accountants. The relevant assets of these consolidated subsidiaries audited by other accountants amounted to $1,516,036 and $1,838,832 as of December 31, 2016 and 2015, respectively; total revenues amounted to $2,606,702 and $2,720,914 for the years ended December 31, 2016 and 2015, respectively.

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NT$), which is also the Company's functional currency. Each entity in

the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of Financial Statements in Foreign Currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive

income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:
(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

(7) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets

The Group accounts for all regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Group determines the classification of its financial assets at initial recognition.

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at

fair value through profit or loss. A financial asset is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in short term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the

effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity, other than those that are designated as available-for-sale, classified as financial assets at fair value through profit or loss, or meet the definition of loans and receivables.

After initial measurement held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

i significant financial difficulty of the issuer or obligor; or
ii. a breach of contract, such as a default or delinquency in interest or principal payments; or
iii. it becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
iv. the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for

the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset in its entirety, the difference

between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(b) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Its carrying amount is not re-measured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IAS 39 *Financial Instruments: Recognition and Measurement*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in short term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition

inconsistency; or

ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount

reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative financial instruments

The Group uses derivative financial instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that

market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on a first in, first out basis

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is

recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new shares, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	5～50 years
Machinery and equipment	3～10 years
Transportation equipment	5 years
Office equipment	3～10 years
Other equipment	2～15 years
Leasehold improvements	Lower of leasehold years or useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit

level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	1~5 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Sales returns and allowances

A provision has been recognized for sales returns and allowances based on past experience and other known factors.

(17) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

(a) the significant risks and rewards of ownership of the goods have passed to the buyer;
(b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Group's right to receive the payment is established.

(18) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are

recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity

and the same taxation authority.

(22) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.
When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 *"Financial Instruments: Recognition and Measurement"* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before

aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

(c) Impairment of accounts receivable

If there is any objective evidence of impairment, the Group takes into consideration the estimation of future cash flows. The amounts of the impairment loss is determined by the past records of payment in arrears, the financial conditions and the aging analysis. 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to Note 6.

(d) Valuation of Inventory

The Group estimates the net realizable value of inventory while taking into consideration obsolescence and falling price. The estimation of net realizable value was based on expected realizable value. Please refer to Note 6.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for disclosure on unrecognized deferred tax liabilities of the Group as at 31 December 2016.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2016	2015
Cash on hand	$16,282	$16,727
Demand deposits	2,547,636	2,981,718
Time deposits	566,382	45,828
Total	$3,130,300	$3,044,273

(2) Financial assets at fair value through profit or loss - current

	As of December 31,	
	2016	2015
Held for trading:		
Derivatives not designated as hedging instruments		
Cross currency swap	$6,011	$28,431
Embedded derivatives-bond	-	77
Non-derivative financial assets		
Funds	2,216	28,507
Stocks	3,435	13,965
Total	$11,662	$70,980

Financial assets held for trading were not pledged.

(3) Notes receivables

	As of December 31,	
	2016	2015
Notes receivables arising from operating activities	$452,551	$216,649
Notes receivables arising from non-operating activities	-	140,033
Less: allowance for doubtful debts	-	-
Total	$452,551	$356,682

Notes receivables were not pledged.

(4) Trade receivables

	As of December 31,	
	2016	2015
Trade receivables	$2,890,880	$2,598,714
Less: allowance for doubtful debts	(31,041)	(29,946)
subtotal	2,859,839	2,568,768
Accounts receivable – related parties	114	588
Total	$2,859,953	$2,569,356

Trade receivables were not pledged.

Trade receivables are generally on 60-120 day terms. The movements in the provision for impairment of trade receivables are as follows (please refer to Note 12 for disclosure on credit risk exposure):

	Individually impaired	Collectively impaired	Total
As of January 1, 2016	$ -	$29,946	$29,946
Write-off for uncollectable accounts	-	(719)	(719)
Charge/reversal for the current period	-	2,125	2,125
Exchange differences	-	(311)	(311)
As of December 31 2016	$ -	$31,041	$31,041
As of January 1, 2015	$ -	$12,253	$12,253
Write-off for uncollectable accounts	-	(877)	(877)
Charge/reversal for the current period	-	18,570	18,570
Exchange differences	-	-	-
As of December 31, 2015	$ -	$29,946	$29,946

There was no impairment loss of individually accounts receivable for the years ended December 31 2016 and 2015.

Ageing analysis of trade receivables as follows:

		Past due but not impaired					
As of December 31,	Neither past due nor impaired	<=30 days	31~60 days	61~90 days	91~120 days	>=121 days	Total
2016	$2,740,326	$67,075	$24,135	$527	$24,775	$3,115	$2,859,953
2015	2,486,344	57,599	19,789	2,711	1,740	1,173	2,569,356

(5) Inventories

	As of December 31,	
	2016	2015
Raw materials	$677,397	$706,540
Supplies & parts	901	660
Work in progress	79,190	79,513
Finished goods	674,970	841,908
Merchandise	671,600	542,448
Net amount	$2,104,058	$2,171,069

The inventory cost recognized as expenses for the years ended December 31, 2016 and 2015 were NT$9,716,741 thousand and NT$9,389,101 thousand, respectively. The price (recovery) reduction of inventories related to cost of goods sold were NT$(33,216) thousand and NT$48,718 thousand.

Gain from price recovery of inventories was due to the sale of obsolete products and the net realized value recovery for the year ended December 31, 2016.

Inventories were not pledged.

(6) Available-for-sale financial assets - noncurrent

	As of December 31,	
	2016	2015
INPAQ Technology Co., Ltd.	$168,381	$168,381
Less：unrealized loss on available -for-sale financial assets	(75,489)	(67,125)
Less: accumulated impairment-available-for-sale financial assets	(7,991)	(7,991)
Total	$84,901	$93,265

Available-for-sale financial assets were not pledged.

(7) Financial assets measured at cost - noncurrent

	As of December 31,	
	2016	2015
Financial assets at fair value through profit or loss		
Top Taiwan Venture Capital Co., Ltd.	$60,000	$60,000
Elcotronic Holding GmbH	56,261	59,933
Hotwire Development L.L.C	32,653	32,653
Top Taiwan VII Venture Capital Co., Ltd.	31,362	60,750
Circuits & Cables L.L.C	25,823	26,453
General Research of Electronics Inc.	23,184	23,184
Gongwin Biopharm Co. Ltd	18,685	18,685
Niigata Seimitsu Co., Ltd.	13,460	13,460
Top Taiwan III Venture Capital Co., Ltd.	13,415	23,577
Ultracap Technologies Co., Ltd.	12,667	12,667
Top Taiwan II Venture Capital Co., Ltd.	8,750	35,000
Dynahz Technologies Co., Ltd.	6,150	6,150
Bandrich, Inc.	4,125	4,125
Argosy (Beijing) Technologies Co., Ltd.	2,440	2,500
Actmax Technologies Inc.	1,441	1,441
Sinbon Czech a.s	279	-
Shanghai Guoshun Shimen Investment Center (limited partnership)	-	20,368
Subtotal	310,695	400,946
Less: accumulated impairment - financial assets measured at cost	(29,391)	(29,451)
Total	$281,304	$371,495

The fair value of the above investments in unlisted entities are not reliably measurable as the variability in the range of reasonable fair value measurements is significant for the instrument and the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value. Therefore these investments are measured at cost.

The return of paid-in capital for capital reduction from Top Taiwan II Venture Capital Co., Ltd., Top Taiwan III Venture Capital Co., Ltd., Top Taiwan VII Venture Capital Co., Ltd. and Shanghai Guoshun Shimen Investment for the year ended December 31, 2016 were NT$26,250 thousand, NT$10,162 thousand, NT$29,388 thousand and NT$19,440 thousand, respectively.

The return of paid-in capital for capital reduction from Top Taiwan II Venture Capital Co., Ltd. and Top Taiwan III Venture Capital Co., Ltd. for the year ended December 31, 2015 were NT$5,000 thousand and NT$26,423 thousand respectively.

In order to expand business in Eastern Europe, the Group invested NT$279 thousand in Sinbon Czech a.s. on February 22, 2016.

Financial assets measured at cost were not pledged.

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

	As of December 31,			
	2016		2015	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Listed (OTC) company				
Argocy Research Inc.	$254,418	21.40%	$231,764	21.40%
Non listed(OTC) company				
Top Taiwan IV Venture Capital Co., Ltd.	89,949	20.00%	160,134	20.00%
Sardines Wisdom Technology Co., Ltd.	6,164	27.16%	10,033	27.27%
Korea Sinbon Electronics Co., Ltd.	-	-	16,200	37.50%
Total	$350,531		$418,131	

The return of paid-in capital for capital reduction from Top Taiwan IV Venture Capital Co., Ltd for the years ended December 31, 2016 and 2015 were NT$60,000 thousand and NT$20,000 thousand.

On October 13, 2015, the Group acquired Sardines Wisdom Technology Co., Ltd. The Group's ownership in the company rose to 27.27% on December 31 2015. The Group originally used cost method as measurement but later changed to equity method while the investments were accounted for using the equity method. In the first quarter of 2016, Sardines Wisdom raised cash capital; however, the Group did not acquire shares according to the shareholding percentage of shareholding. Therefore, its ownership dropped from 27.27% to 27.16%.

The shareholders' of Korea Sinbon Electronics Co., Ltd. (Korea Sinbon) approved liquidation of Korea Sinbon. Approved by a majority of the shareholders, the liquidation was completed on July 12, 2016. A Cash consideration of NT$9,344 thousand was received and the Company has recognized loss on liquidation of investment amounting to NT$6,464 thousand.

Fair value of the investment in the associate when there is a quoted market price for the investment: Argocy Research Inc. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Argocy Research Inc. is NT$374,225 thousand and NT$232,792 thousand, as at 31 December 2016 and 2015, respectively.

The Group's investments in Argocy Research Inc., Top Taiwan IV Venture Capital Co., Ltd., and Sardines wisdom Technology Co., Ltd. are not individually material. The aggregate financial information based on Group's share of its associates is as follows:

	For the years ended December 31,	
	2016	2015
Profit from continuing operations	$46,240	$14,765
Other comprehensive income (post-tax)	(7,099)	17,321
Total comprehensive income	$39,141	$32,086

The associates had no contingent liabilities or capital commitments and investments in the associate was not pledged as of December 31, 2016 and 2015.

Our audit, insofar as it related to the investments accounted for under the equity method amounting to NT$344,367 thousand and NT$391,898

thousand as of December 31, 2016 and 2015; the related shares of investment income from the associates and joint ventures amounted to NT$49,003 thousand and NT$21,992 thousand for the years ended December 31, 2016 and 2015, respectively; and the related shares of other comprehensive income from the associates and joint ventures amounted to NT$(7,099) thousand and NT$17,321 thousand for the years ended December 31, 2016 and 2015, respectively; are based solely on the reports of other independent accountants.

(9) Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress and equipment pending inspection	Total
Cost:									
As of January 1, 2016	$149,804	$1,422,969	$804,096	$99,429	$44,998	$171,805	$5,394	$8,772	$2,707,267
Additions	6,129	6,148	38,166	10,570	4,081	29,024	-	5,290	99,408
Disposals	-	(902)	(38,796)	(9,797)	(8,108)	(11,688)	-	-	(69,291)
Exchange differences	10	(106,572)	(60,154)	(6,028)	(5,615)	(14,059)	-	(763)	(193,181)
Other changes	726	2,719	635	-	-	5,493	-	(12,954)	(3,381)
As of December 31, 2016	$156,669	$1,324,362	$743,947	$94,174	$35,356	$180,575	$5,394	$345	$2,540,822
As of January 1, 2015	$146,976	$1,188,627	$952,783	$91,190	$43,055	$160,178	$128,273	$10,870	$2,721,952
Additions	2,882	102,519	53,860	17,202	3,571	20,722	301	10,577	211,634
Disposals	-	(357)	(204,232)	(8,963)	(1,232)	(12,400)	(123,445)	(45)	(350,674)
Exchange differences	(54)	6,013	1,646	-	(396)	758	265	(36)	8,196
Other changes	-	126,167	39	-	-	2,547	-	(12,594)	116,159
As of December 31, 2015	$149,804	$1,422,969	$804,096	$99,429	$44,998	$171,805	$5,394	$8,772	$2,707,267
Depreciation and impairment:									
As of January 1, 2016	$-	$487,770	$509,890	$68,691	$31,257	$97,012	$5,110	$-	$1,199,730
Depreciation	-	65,042	40,393	10,258	3,915	31,638	159	-	151,405
Disposals	-	(615)	(30,940)	(8,168)	(6,271)	(10,345)	-	-	(56,339)
Exchange differences	-	(37,481)	(40,086)	(4,694)	(2,480)	(8,341)	-	-	(93,082)
As of December 31, 2016	$-	$514,716	$479,257	$66,087	$26,421	$109,964	$5,269	$-	$1,201,714
As of January 1, 2015	$ -	$425,548	$565,735	$63,564	$24,197	$73,130	$30,442	$ -	$1,182,616
Depreciation	-	64,383	52,896	8,651	6,550	19,834	32	-	152,346
Impairment losses	-	-	(2,762)	-	-	-	-	-	(2,762)
Disposals	-	(357)	(100,251)	(7,462)	(1,132)	(9,096)	(25,418)	-	(143,716)
Exchange differences	-	(1,804)	(5,728)	3,938	1,642	13,144	54	-	11,246
As of December 31, 2015	$ -	$487,770	$509,890	$68,691	$31,257	$97,012	$5,110	$ -	$1,199,730
Net carrying amount as of :									
December 31,2016	$156,669	$809,646	$264,690	$28,087	$8,935	$70,611	$125	$345	$1,339,108
December 31,2015	$149,804	$935,199	$294,206	$30,738	$13,741	$74,793	$284	$8,772	$1,507,537

Property, plant and equipment was not pledged.

There is no capitalization of interest due to purchase of property, plant

and equipment

Components of building that have different useful lives are the main building structure and air conditioning, which are depreciated over 50 years and 25 years, respectively.

(10) Other non-current assets

	As of December 31,	
	2016	2015
Long-term deferred charges	$62,953	$54,708
Long-term prepaid rent	39,843	44,841
Prepayment for equipment	34,205	5,661
Refundable deposits	21,138	27,375
Other long-term investment	2,361	2,361
Other assets	154	154
Total	$160,654	$135,100

Long-term prepaid rents were payments for land use rights as of December 31, 2016 and 2015.

No other non-current assets were pledged.

(11) Short-term loans

	Interest rates (%)	December 31, 2016	December 31, 2015
Unsecured bank loans	0.72%-5.09%	$1,592,317	$1,919,023

The Group's unused short-term lines of credits amounted to NT$437,448 thousand and NT$703,475 thousand as of December 31, 2016 and 2015, respectively.

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

	As of December 31,	
	2016	2015
Held for trading:		
Derivatives not designated as hedging Instruments		
Currency option contracts	$58,096	$6,489
Forward exchange contracts	958	-
Total	$59,054	$6,489
Current	$59,054	$6,489
Non-current	-	-
Total	$59,054	$6,489

(13) Bonds payable

	As of December 31,	
	2016	2015
Liability component:		
Principal amount	$ -	$48,200
Discounts on bonds payable	-	(1,165)
Subtotal	$ -	$47,035
Less: current portion	-	(47,035)
Net	$ -	$ -
Embedded derivative	$ -	$(77)
Equity component	$ -	$1,844

Issuance of convertible bonds:

On June 23, 2014, the Company issued zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: $ 300,000

Period: June 23, 2014 ~ June 23, 2017

Conversion price: $ 46.9

On August 21, 2014, the conversion price had been adjusted from $ 46.9 to $ 44.5 (in dollar) per share. On September 2, 2015, the conversion price had been adjusted from $ 44.5 to $ 41.2 (in dollar).

On August 30, 2016, the conversion price had been adjusted from $ 41.2 to $38.3 (in dollar). The total volume of bonds already exchanged was 3,000 as of December 31, 2016 and the bonds were converted into 7,055 thousand shares of common stock.

Redemption clauses:

The Company may redeem the bonds, in whole or in part, after 1 month of the issuance and prior to 40 days before the maturity date, at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.

The bonds already exchanged amount to NT$300,000 thousand and NT$251,800 thousand as of December 31, 2016 and December 31, 2015, respectively.

(14) Long-term loans

Details of long-term loans as of December 31, 2016 and 2015 are as follows:

Lenders	As of December 31, 2016	Interest Rate (%)	Maturity date and terms of repayment
The Bank of Aichi, Ltd	$13,456	0.70%	Effective October 13, 2016 to October 7, 2023. Principal is repaid in 84 monthly payments with monthly interest payments.
The Bank of Nagoya, Ltd	3,488	0.90%	Effective August 7, 2013 to July 9, 2018. Principal is repaid in 60 monthly payments with monthly interest payments.
The Bank of Nagoya, Ltd	1,069	0.90%	Effective July 25, 2015 to July 7, 2017. Principal is repaid in 36 monthly payments with monthly interest payments.
The Bank of Nagoya, Ltd	8,271	0.85%	Effective March 7, 2016 to March 7, 2019. Principal is repaid in 36 monthly payments with monthly interest payments.
Total	26,284		
Less: current portion	(8,998)		
Net amount	$17,286		

Lenders	As of December 31, 2015	Interest Rate (%)	Maturity date and terms of repayment
The Bank of Nagoya, Ltd	$5,674	0.90%	Effective August 7, 2013 to July 9, 2018. Principal is repaid in 60 quarterly payments with monthly interest payments.
The Bank of Nagoya, Ltd	2,897	0.90%	Effective July 25, 2014 to July 7, 2017. Principal is repaid in 36 quarterly payments with monthly interest payments.
Subtotal	8,571		
Less: current portion	(4,067)		
Total	$4,504		

(15) Long-term Deferred Revenue

	For the years ended December 31,	
	2016	2015
Beginning balance	$18,902	$19,402
Amortization	(403)	(424)
Exchange difference	(1,641)	(76)
Ending Balance	$16,858	$18,902

	As of December 31,	
	2016	2015
Deferred revenue - related to assets	$16,858	$18,902

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

(16) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Pension expenses under the defined contribution plan for the years ended December 31, 2016 and 2015 were NT$27,889 thousand and NT$28,738 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension

benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19.The Group expects to contribute NT$2,889 thousand to its defined benefit plan during the 12 months beginning after December 31, 2016.

The weighted average duration of the defined benefits obligation was 17 years as of December 31, 2016.

Pension costs recognized in profit or loss are as follows:

	For the years ended December 31	
	2016	2015
Current service costs	$1,555	$1,905
Net interest on the net defined benefit liabilities(Assets)	1,289	1,516
Total	$2,844	$3,421

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	As of		
	31 Dec. 2016	31 Dec. 2015	1 Jan. 2015
Defined benefit obligation	$147,969	$137,712	$139,637
Plan assets at fair value	(64,615)	(62,311)	(63,280)
Net defined benefit liabilities, noncurrent recognized on the consolidated balance sheets	$83,354	$75,401	$76,357

Reconciliation of liabilities (assets) of the defined benefit plan are as follows:

	As of		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of January 1,2015	$139,637	$(63,280)	$76,357
Current service cost	1,905	-	1,905
Interest expense (income)	2,796	(1,280)	1,516
Subtotal	144,338	(64,560)	79,778
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in demographic assumptions	4,818	-	4,818
Experience adjustments	(5,411)	-	(5,411)
Remeasurements of the defined benefit assets	-	(380)	(380)
Subtotal	(593)	(380)	(973)
Payments of benefit obligation	(6,033)	6,033	-
Contributions by employer	-	(3,404)	(3,404)
As of December 31,2015	137,712	(62,311)	75,401
Current period service costs	1,555	-	1,555

	As of		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
Interest expense (income)	2,410	(1,121)	1,289
Subtotal	141,677	(63,432)	78,245
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in demographic assumptions	2,919	-	2,919
Experience adjustments	4,542	-	4,542
Remeasurements of the defined benefit assets	-	537	537
Subtotal	7,461	537	7,998
Payments of benefit obligation	(1,169)	1,169	-
Contributions by employer	-	(2,889)	(2,889)
As of December 31,2016	$147,969	$(64,615)	$83,354

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of December 31,	
	2016	2015
Discount rate	1.60%	1.75%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis for significant assumption are shown below:

	For the years ended December 31			
	2016		2015	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.50%	$ -	$9,433	$ -	$9,416
Discount rate decrease by 0.50%	10,319	-	10,342	-
Future salary increase by 1.00%	21,080	-	21,204	-
Future salary decrease by 1.00%	-	18,003	-	17,962

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one

another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(17) Equity

(a) Common stock

The Company's authorized capital was NT$4,500,000 thousand as of December 31, 2016 and 2015. The paid-in capital was NT$2,246,068 thousand and NT$2,158,299 thousand, divided into 224,607 and 215,830 thousand shares with par value of NT$ 10 each, respectively. Each share has one voting right and a right to receive dividends.

The investors requested to convert the Company's convertible bonds into common stocks by issuing new common shares in the amount of NT$48,200 thousand in a total of 1,235 thousand shares from January 1, 2016 to December 31, 2016, and had been completed the registration process for 426 thousands units as of December 31, 2016. As the registration process for the remaining 809 thousand unit has not been completed, the accumulated book value of certificates of bond-to-stock conversion amounted to NT$8,094 thousand. The accumulated book value of certificates of bond - to - stock conversion had been completed the registration process in the amount of NT$18,155 thousand in a total of 1,815 thousand shares in the years ended December 31, 2016.

The investors requested to convert the Company's convertible bonds into common stocks by issuing new common shares in the amount of NT$251,800 thousand in a total of 5,821 thousand shares from January 1, 2015 to December 31, 2015, and 4,006 thousand shares had been completed the registration process for 4,006 thousand units as of December 31, 2015. As the registration process for the remaining 1,815 thousand unit has not been completed, the accumulated book value of certificates of bond-to-stock conversion amounted to NT$18,155 thousand.

Based on the resolution adopted at the annual shareholders' meeting held on June 17, 2016 and June 11, 2015, the Company declared stock dividends paid out of retained earnings in the amount of NT$65,365 thousand and NT$41,534 thousand, respectively. Increase its issued share capital by issuing ordinary shares with 6,536 thousand shares and 4,153 thousand shares, respectively. The Board of Directors

approved both changes and the effective dates of the capital increase were set on August 30, 2016 and September 2, 2015, respectively.

(b) Capital surplus

	As of December 31,	
	2016	2015
Premium on convertible bonds	$858,621	$887,012
Treasury share transactions	5,749	5,749
From share of changes in net assets of associates	(6,613)	(4,666)
Premium from merger	705	705
Stok options	-	1,844
Total	$ 858,462	$890,644

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

(c) Retained earnings and dividend policies

In consideration of the revision of the Company Act on 20 May, 2015, the shareholder's meeting resolved the amendment of SIBON's Articles of Incorporation on June 17, 2016. According to the amendment of SIBON's Artides of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of taxes.
b. Making up loss for preceding years;
c. Setting aside 10% for legal reserve.
d. Appropriating or reversing special reserve by government officials or other regulations.
e. The remaining shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the shareholder's meeting for approval.

As the Company is undergoing a growth stage, the policy of dividend distribution should reflect its long-term financial planning. The Board of Directors shall propose the distribution plan and submit it to the Shareholder's meeting every year. The distribution of shareholders dividend shall be allocated cash dividends to be distributed may not

be less than 10% of total dividends to be distributed.

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

Pursuant to existing regulation, the Company is requited to set aside addition special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

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

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve based on the difference between the amount already set aside and the total debit balance of other shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The Company did not reverse any special reserve as a result of using, disposing of or reclassifying related assets in the years ended December 31, 2016 and 2015.

Details of the 2016 and 2015 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 9, 2017 and June 17, 2016, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2016	2015	2016	2015
Common stock -cash dividend	$788,956	$675,430	$3.5	$3.1
Legal reserve	115,739	97,019		
Special reserve	46,577	-		
Total	$951,272	$772,449		

On March 9, 2017, the Company's board of directors' approved in a board meeting to distribute cash dividend in the amount of NT$45,083 thousand ($0.2 per share) by additional paid-in capital. On June 17, 2016, the Company's shareholders' meeting resolved to convert paid-in capital to capital increase of NT$65,364 thousand ($0.3 per share).

Please refer to Note 6(19) for relevant information on estimation basis and recognized amounts of employees' compensation and remuneration to directors and supervisors.

(d) Non-controlling interests

	For the years ended December 31	
	2016	2015
Beginning balance	$54,715	$65,059
Gains attributable to non-controlling interests	4,349	(16,092)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(142)	2,749
Acquisition of issued shares of subsidiary	(585)	-
Disposal of the shares of the subsidiary	(11,638)	-
Increase in non-controlling interests of the newly established subsidiary	-	2,999
Ending balance	$46,699	$54,715

(18) Operating revenue

	For the years ended December 31	
	2016	2015
Sale revenue	$12,971,190	$12,168,027
Less: sales returns and discounts	(45,347)	(56,769)
Net sales	$12,925,843	$12,111,258

(19) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2016 and 2015:

	For the years ended December 31,					
	2016			2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$791,013	$822,860	$1,613,873	$806,933	$799,199	$1,606,132
Labor and health insurance	77,445	109,216	186,661	60,370	116,499	176,869
Pension	9,154	21,579	30,733	9,023	23,136	32,159
Other employee benefits expense	57,664	59,420	117,084	65,440	57,241	122,681
Depreciation	93,822	57,583	151,405	70,536	81,809	152,345
Amortization	5,398	23,962	29,360	4,114	25,124	29,238

The number of employees for Company and its subsidiaries are 4,830 and 4,974 on December 31, 2016 and 2015, respectively.

In consideration of the revision of the Company Act in 20 May, 2015, the shareholders' meeting resolved the amendment of SINBON's Articles of Incorporation on June 7, 2016. According to the amendment of SINBON's Articles of Incorporation, the employees' compensation and directors' remuneration shall be distributed in following order:

According to the resolution, 1% to 15% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of its board of directors attended by two-thirds of the total number of directors and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

The employees' compensation and remuneration to directors and supervisors for 2015 were determined pursuant to the revised Articles of Incorporation.

Base on profit of current year, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2016 to be 1.60% and 1.05% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2016 amounted to NT$21,000 thousand and NT$13,800 thousand, respectively. Employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2015 amounted to NT$20,000 thousand and NT$13,000 thousand, respectively. The aforementioned employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2015 and 2016 were estimated based on post-tax net income of the period and recognized as salaries expense. The number of stocks distributed as employees' compensation was calculated based on the closing price one day prior to the date of shareholders' meeting and considered the impacts of ex-right/ex-dividend. The difference between the estimates and the amounts agreed by resolution of shareholders' meeting will be recognized in profit or loss of the subsequent year.

A resolution was passed at the board of directors meeting held on March 9, 2017 to distribute NT$21,000 thousand and NT$13,800 thousand in cash as employees' compensation and remuneration to directors and supervisors for 2016, respectively.

No material differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors and supervisors for the year ended December 31, 2016.

Information on the Company's board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Non-operating income and expenses

(a) Other income

	For the years ended December 31,	
	2016	2015
Sample income	$93,869	$27,164
Dividend income	16,975	19,656
Interest income	12,343	26,473
Others	41,914	110,733
Total	$165,101	$184,026

(b) Other gains and losses

	For the years ended December 31,	
	2016	2015
Foreign exchange (losses) gains, net	$(41,390)	$131,022
(Loss) gain on disposal of investments	(6,549)	2,039
(Loss) gain of financial instruments at fair value through profit or loss	(85,988)	35,161
Loss on disposal of property, plant and equipment	(9,195)	(3,571)
Others	138,766	(21,963)
Total	$(4,356)	$142,688

(c) Finance costs

	For the years ended December 31,	
	2016	2015
Interest on loans from bank	$27,685	$35,266
Interest on bonds payable	460	2,993
Total	$28,145	$38,259

(20) Components of other comprehensive income

For the year ended December 31, 2016:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(7,998)	$ -	$(7,998)	$1,359	$(6,639)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(428,752)	-	(428,752)	72,621	(356,131)
Unrealized losses from available-for-sale financial assets	(8,364)	-	(8,364)	-	(8,364)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(7,099)	-	(7,099)	-	(7,099)
Total of other comprehensive income	$(452,213)	$ -	$(452,213)	$73,980	$(378,233)

For the year ended December 31, 2015

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$973	$ -	$973	$(165)	$808
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(1,767)	-	(1,767)	542	(1,225)
Unrealized gains (losses) from available-for-sale financial assets	(82,181)	-	(82,181)	-	(82,181)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	17,321	-	17,321	-	17,321
Total of other comprehensive income	$(65,654)	$ -	$(65,654)	$377	$(65,277)

(21) Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the years ended December 31,	
	2016	2015
Current income tax expense :		
Current income tax charge	$492,405	$365,181
Adjustments in respect of current income tax of prior periods	(7,453)	15,367
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	(55,858)	35,358
Reversal of deferred income tax	6,215	-
Total income tax expense	$435,309	$415,906

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2016	2015
Deferred tax income:		
Exchange differences on translation of foreign operations	$(72,621)	$(542)
Remeasurements of defined benefit plans	(1,359)	165
Income tax relating to components of other comprehensive income	$(73,980)	$(377)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2016	2015
Accounting profit before tax from continuing operations	$1,597,044	$1,370,009
Tax at the domestic rates applicable to profits in the country concerned	$271,497	$232,902
Tax effect of revenues exempt from taxation	(22,374)	(2,712)
Tax effect of expenses not deductible for tax purposes	5,045	10,880
Tax effect of deferred tax assets/liabilities	(57,989)	(31,977)
10 % surtax on undistributed retained earnings	19,855	13,126
Tax effect of different tax rates for entities in other tax regions	226,728	178,320
Adjustments in respect of current income tax of prior periods	(7,453)	15,367
Total income tax expense recognized in profit or loss	$435,309	$415,906

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2016

	Balance as of January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as of December 31
Temporary differences					
Exchange differences on translation of foreign operations	$(75,879)	$ -	$72,621	$ -	$(3,258)
Investments accounted for using the equity method	(178,808)	43,230	-	-	(135,578)
Unrealized intragroup profits and losses	3,449	540	-	-	3,989
Unrealized foreign exchange gains or losses	(1,268)	374	-	16	(878)
Loss from price recovery (reduction) of inventories	19,311	(4,921)	-	(1,058)	13,332
Revaluations of financial assets at fair value through profit or loss	(4,650)	4,650	-	-	-
Revaluations of financial liabilities at fair value through profit or loss	917	9,683	-	(27)	10,573
Remeasurements of defined benefit plans	5,495	-	1,359	-	6,854
Non-current liability – Defined benefit Liability	7,323	(8)	-	-	7,315
Deferred income-government grants	4,726	(101)	-	(411)	4,214
Accumulated losses	6,214	(3,813)	-	-	2,401
Allowance for doubtful accounts	402	-	-	-	402
Convertible bonds	(406)	9	-	-	(397)
Deferred tax income/ (expense)		$49,643	$73,980	$(1,480)	
Net deferred tax liabilities	$(213,174)				$(91,031)
Reflected in balance sheet as follows:					
Deferred tax assets	$47,837				$49,089
Deferred tax liabilities	$261,011				$140,120

For the year ended December 31, 2015

	Balance as of January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as of December 31
Temporary differences					
Exchange differences on translation of foreign operations	$(76,421)	$ -	$542	$ -	$(75,879)
Investments accounted for using the equity method	(130,779)	(48,029)	-	-	(178,808)
Unrealized intragroup profits and losses	1,529	1,920	-	-	3,449
Unrealized foreign exchange gains or losses	(2,680)	1,412	-	-	(1,268)
Loss from price recovery (reduction) of inventories	2,481	16,868	-	(38)	19,311
Revaluations of financial assets at fair value through profit or loss	(1,908)	(2,742)	-	-	(4,650)
Revaluations of financial liabilities at fair value through profit or loss	4,432	(3,218)	-	(297)	917
Remeasurements of defined benefit plans	5,660	-	(165)	-	5,495
Non-current liability – Defined benefit Liability	7,320	3	-	-	7,323
Deferred income-government grants	4,850	(106)	-	(18)	4,726
Accumulated losses	6,214	-	-	-	6,214
Allowance for doubtful accounts	402	-	-	-	402
Impairment on financial instruments	707	(1,113)	-	-	(406)
Deferred tax income/ (expense)		$(35,005)	$377	$(353)	
Net deferred tax assets/(liabilities)	$(178,193)				$(213,174)
Reflected in balance sheet as follows:					
Deferred tax assets	$30,342				$47,837
Deferred tax liabilities	$208,535				$261,011

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at

December 31, 2016, and December 31, 2015, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregated to NT$210,899 thousand and NT$119,790 thousand, respectively.

Imputation credit information

	As of December 31,	
	2016	2015
Balances of imputation credit amounts	$141,445	$132,969

The expected creditable ratio for 2016 and the actual creditable ratio for 2015 were 13.63% and 12.20%, respectively. However, according to the amended Article 66-6 of Income Tax Act, in the case of the amount of the deductible tax of an individual shareholder residing in the territory of the Republic of China, the creditable ratio is halved. The amendment applies to companies which make distribution beginning January 1, 2015.

Information of the Company's earnings generated

	As of December 31,	
	2016	2015
Earnings generated before the year ended December 31, 1997	$382	$382
Earnings generated after the year ended December 31, 1997	1,937,888	1,559,590
Total	$1,938,270	$1,559,972

The assessment of income tax returns

As of December 31, 2016, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2014
Subsidiary- Kwan-Ze Corporation Ltd.	Assessed and approved up to 2014
Subsidiary- Digi O2 International Co., Ltd.	Assessed and approved up to 2014
Subsidiary- T-CONN Precision Co., Ltd.	Assessed and approved up to 2014

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the

weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2016	2015
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company	$1,157,386	$970,195
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	224,653	220,761
Basic earnings per share (NT$)	$5.15	$4.39
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company	$1,157,386	$970,195
Add: Interest expense from convertible bonds	382	2,484
Profit attributable to ordinary equity holders of the Company after dilution	$1,157,768	$972,679
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	224,653	220,761
Effect of dilution:		
Employee compensation-stock (in thousands)	299	326
Convertible bonds (in thousands)	76	1,028
Weighted average number of ordinary shares outstanding after dilution (in thousands)	225,028	222,115
Diluted earnings per share (NT$)	$5.15	$4.38

Note: Weighted average number of ordinary shares is calculated at conversion date.

The aforementioned weighted average number of ordinary shares outstanding has been adjusted retrospectively to December 31, 2016 in consideration of the issuance of stock dividend from capital surplus.

(23) Disposal of subsidiaries

The effects of disposal of subsidiaries in 2016 were as follows:

On September 30, 2016, the Company disposed of 51% interest in its subsidiary - USSB and lost control of the entity. The cash consideration was NT$3,137 thousand and the Company has recognized gain on disposal of investment amounting to NT$1,676 thousand, which was recorded in the statements of other comprehensive income.

On September 30 2016, the Company disposed of 51.51% interest in its subsidiary - Samoa S&D and lost control of the entity. A cash consideration of NT$8,590 thousand was received and the Company has recognized loss on disposal of investment amounting to NT$1,761 thousand, which was recorded in the statements of other comprehensive income.

The book value of the identifiable assets and liabilities of USSB and Samoa S&D as of September 30, 2016 were:

	USSB	Samoa S&D	Total
Assets			
Cash on hand & demand deposits	$4,707	$3,714	$8,421
Account receivable and other receivable	13,974	19,839	33,813
Property, plant and equipment	2,384	-	2,384
Liabilities			
Account payable and other payable	(18,387)	(2,252)	(20,639)
The net asset disposition	$2,678	$21,301	$23,979

(a) Gain on disposal of subsidiaries

	USSB	Samoa S&D	Total
The price charged by cash and cash equivalents	$3,137	$8,590	$11,727
The net asset value of the sale	2,678	21,301	23,979
Less: Non-controlling interests	(1,312)	(10,326)	(11,638)
Exchange differences on translation of foreign operations	95	(624)	(529)
Gain (Loss) on disposal of subsidiaries	$1,676	$(1,761)	$(85)

(b) Net cash outflow from disposal of subsidiaries

	USSB	Samoa S&D	Total
The price charged by cash and cash equivalents	$ -	$8,590	$8,590
Less：Disposition of cash and cash equivalents balances	(4,707)	(3,714)	(8,421)
Net cash outflow from disposal of subsidiaries	$(4,707)	$4,876	$169

Notes: A cash consideration of USSB was recognized on other receivable.

The effects of disposal of subsidiaries in 2015 were as follows:

On March 13, 2015, the Company disposed of 100% interest in its subsidiary - JY Sinact and lost control of the entity. A cash consideration of NT$12,560 thousand was received and the Company has recognized gain on disposal of investment amounting to NT$733 thousand, which was recorded in the statements of other comprehensive income.

The book value of the identifiable assets and liabilities of JY Sinact as of March 13, 2015 were:

Assets	Amount
Cash on hand & demand deposits	$132,433
Account receivable and other receivable	122,362
Inventories	24,628
Property, plant and equipment	196,362
Intangible assets	2,432
Others	30,514
Liabilities	
Short-term loans	(231,234)
Account payable and other payable	(265,461)
Other current liabilities	(209)
The net asset disposition	$11,827

(a) Gain on disposal of subsidiaries

	Amount
The price charged by cash and cash equivalents	$12,560
The net asset value of the sale	11,827
Gain on disposal of subsidiaries	$733

(b) Net cash outflow from disposal of subsidiaries

	Amount
The price charged by cash and cash equivalents	$12,560
Less：Disposition of cash and cash equivalents balances	(132,433)
Net cash outflow from disposal of subsidiaries	$(119,873)

(25) Change of Ownership of subsidiaries

Acquisition of issued shares of subsidiaries

On July 29, 2016 and November 24, 2016, the Group further acquired 6.03% and 0.06% shares with voting rights from Digi O2 which is a sub-subsidiary of the Group, respectively. Thus, the Group increased its ownership in the entity to 98.83%. The additional equity information such as reduction of non-controlling interests and adjustment of other comprehensive income or loss were as follows:

	Amount
Cash consideration paid to the non-controlling shareholders	$3,273
Reduction of non-controlling interests	(585)
Difference in additional paid-in capital from investee under equity method	$2,688

7. Related party transactions

Significant transactions with related parties

(a) Sales

	For the years ended December 31,	
	2016	2015
Other related parties	$923	$3,466

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection periods for domestic sales to related parties were month-end 60~120 days, while the term for overseas sales was net 45~75 days. The outstanding balance as of December 31, 2016 and 2015 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(b) Purchases

	For the years ended December 31,	
	2016	2015
Other related parties	$138,770	$169,931

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers were comparable with third party suppliers and were set between one to four months.

(c) Accounts Receivable-Related Parties

	As of December 31,	
	2016	2015
Other related parties	$114	$588

(d) Other Receivables-Related Parties

	As of December 31,	
	2016	2015
Other related parties	$11	$359

(e) Accounts payable-related parties

	As of December 31,	
	2016	2015
Other related parties	$35,243	$28,354

(f) Key management personnel compensation

	For the years ended December 31,	
	2016	2015
Short-term employee benefits	$185,943	$163,070
Post-employment benefits	30,733	32,159
Total	$216,676	$195,229

8. Assets pledged as security

None.

9. Significant contingencies and unrecognized contract commitments

The Company provided guarantees for subsidiaries' financing to banks for the years ended December 31, 2016. Please refer to Note 13.(1)(b).

10. Significant disaster loss

None.

11. Significant subsequent events

None.

12. Others

(1)Categories of financial instruments

Financial assets

	As of December 31,	
	2016	2015
Financial assets at fair value through profit or loss:		
Held for trading	$11,662	$70,903
Embedded derivatives-bond	-	77
Subtotal	11,662	70,980
Available-for-sale financial assets：		
Financial assets at fair value	84,901	93,265
Financial assets at cost-noncurrent	281,304	371,495
Subtotal	366,205	464,760
Loans and receivables:		
Cash and cash equivalents (exclude cash on hand)	3,114,018	3,027,546
Debt instrument investments without active market exists	-	95,723
Notes and accounts receivable	3,312,504	2,926,038
Other receivables	132,975	109,827
Subtotal	6,559,497	6,159,134
Total	$6,937,364	$6,694,874

Financial liabilities

	As of December 31,	
	2016	2015
Financial liabilities at amortized cost:		
Short-term loans	$1,592,317	$1,919,023
Notes and accounts payable	2,311,190	2,234,512
Bonds payable (including current portion with maturity less than 1 year)	-	47,035
Long-term loans (including current portion with maturity less than 1 year)	26,284	8,571
Subtotal	3,929,791	4,209,141
Financial liabilities at fair value through profit or loss:		
Held for trading	59,054	6,489
Subtotal	59,054	6,489
Total	$3,988,845	$4,215,630

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB.

Interest rate risk

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

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

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under held for trading financial assets or available-for-sale financial assets, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Pre-tax sensitivity analysis of changes in related risk factors for the years ended December 31, 2016 and 2015 are as follows:

For the year ended December 31, 2016

Main Risk	Fluctuation	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/− 1%	+/−$19,524	+/−$(329)
	NTD/RMB rate +/− 1%	+/−$195	+/−$8,547
Interest rate risk	Market rate +/− 10 basis points	+/−$1,626	-
Equity price risk	Stock price +/− 10%	-	+/−$8,490

For the year ended December 31, 2015

Main Risk	Main Risk	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/− 1%	+/−$16,780	+/−$(330)
	NTD/RMB rate +/− 1%	+/−$355	+/−$3,354
Interest rate risk	Market rate +/− 10 basis points	+/−$1,888	-
Equity price risk	Stock price +/− 10%	-	+/− $9,326

(4) Credit risk management

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

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

As of December 31, 2016 and 2015, amounts receivables from top ten customers represented 23.93% and 21.31% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

(5) Liquidity risk management

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

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2016					
Loans	$1,616,534	$9,905	$7,604	$ -	$1,634,043
Notes and accounts payable	2,311,190	-	-	-	2,311,190
As of December 31, 2015					
Loans	$1,949,778	$4,581	$ -	$ -	$1,954,359
Notes and accounts payable	2,234,512	-	-	-	2,234,512
Convertible bonds	49,169	-	-	-	49,169

Derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2016					
Forward exchange contracts					
Inflows	$5	$ -	$ -	$ -	$5
Outflows	(57,338)	-	-	-	(57,338)

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Net	$(57,333)	$ -	$ -	$ -	$(57,333)
Currency Option Contracts					
Inflows	$19,012	$ -	$ -	$ -	$19,012
Outflows	(20,075)	-	-	-	(20,075)
Net	$(1,063)	$ -	$ -	$ -	$(1,063)
Cross Currency Swap					
Inflows	$961,637	$ -	$ -	$ -	$961,637
Outflows	(960,564)	-	-	-	(960,564)
Net	$1,073	$ -	$ -	$ -	$1,073
As of December 31, 2015					
Forward exchange contracts					
Inflows	$625	$ -	$ -	$ -	$625
Outflows	(7,114)	-	-	-	(7,114)
Net	$(6,489)	$ -	$ -	$ -	$(6,489)
Cross Currency Swap					
Inflows	$438,410	$ -	$ -	$ -	$438,410
Outflows	(426,800)	-	-	-	(426,800)
Net	$11,610	$ -	$ -	$ -	$11,610

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

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

a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting

date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

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

(7) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts, cross currency swap and embedded derivatives. The related information for derivative financial instruments not qualified for hedge

accounting and not yet settled as of December 31, 2016 and December 31, 2015 is as follows:

Forward exchange contracts, Cross currency swaps and currency option contracts

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

Items (by contract)	Notional Amount			Contract Period
As of December 31, 2016				
Currency option contracts	Buy put option	USD	2,875	October 4, 2016 - November 10, 2017
Currency option contracts	Sell call option	USD	5,000	October 4, 2016 - November 10, 2017
Forward exchange contracts	Sell USD/Buy JPY	USD	1,122	November 18, 2016 - March 6, 2017
Cross currency swaps		USD	30,000	January 14, 2016 - January 16, 2018
As of December 31, 2015				
Currency option contracts	Buy call option	USD	2,500	August 7, 2015 - December 12, 2016
Currency option contracts	Buy put option	USD	950	December 18, 2015 - January 26, 2016
Currency option contracts	Sell call option	USD	250	May 15, 2015 - March 15, 2016
Currency option contracts	Sell put option	USD	5,000	August 7, 2015 - December 12, 2016
Cross currency swaps		USD	14,000	January 10, 2014 - August 5, 2016

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and were carried at fair value through profit or loss. Please refer to Note 6(13) for further information on this transaction.

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

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

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

(b) Fair value measurement hierarchy of the Group's assets and liabilities

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

As of December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Cross currency swaps	$ -	$6,011	$ -	$6,011
Fund	2,216	-	-	2,216
Stock	3,435	-	-	3,435
Available-for-sale financial assets:				
Stock	84,901	-	-	84,901
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$58,096	$ -	$58,096
Forward exchange contracts	-	958	-	958

As at December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Cross currency swaps	$ -	$28,431	$ -	$28,431
Fund	28,507	-	-	28,507
Stock	13,965	-	-	13,965
Embedded derivatives	-	77	-	77
Available-for-sale financial assets:				
Stock	93,265	-	-	93,265
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$6,489	$ -	$6,489

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December, 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

(c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed.

None.

(9) Significant assets and liabilities denominated in foreign currencies

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

	As of December 31, 2016			As of December 31, 2015		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$101,420	32.28	$3,273,749	$91,671	33.07	$3,031,201
RMB	386,892	4.64	1,797,034	407,557	5.09	2,074,465
EUR	1,947	33.92	66,037	1,233	36.13	44,566
Financial liabilities						
Monetary items:						
USD	41,937	32.28	1,353,677	34,270	33.07	1,133,325
RMB	199,350	4.64	925,941	218,964	5.09	1,114,531
EUR	237	33.92	8,031	403	36.13	14,548
Foreign exchange gains or losses on monetary financial assets and financial liabilities						
Monetary items:						
RMB	(14,537)	4.86	(70,720)	11,444	5.12	58,591
HKD	23,215	4.16	96,679	3,347	4.12	13,789

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

(10) Capital management

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

13. Other disclosure

(1) Information at significant transactions

(a) Financing provided to others for the year ended December 31, 2016: Please refer to Attachment 1.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2016: Please refer to Attachment 2.

(c) Securities held as of December 31, 2016: Please refer to Attachment

3.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2016: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2016: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2016: None.

(g) Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2016: Please refer to Attachment 4.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of year ended December 31, 2016: None.

(i) Financial instruments and derivative transactions: Please refer to Note 12. (7).

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 5.

(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of December 31, 2016, net income (loss) of investee company and investment income (loss) recognized as of December 31, 2016: Please refer to Attachment 6.

(3) Information on investments in mainland China

Investment in Mainland China: Please refer to Attachment 7.

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

(1) DMIS: The segment focuses on manufacturing and sale of cable assemblies.

(2) Component: The segment is in charge of selling various electronic connectors and electronic components.

(3) Headquarter Operating: The segment focuses on managing investment and other businesses beyond the scopes of DMIS and Component segments.

Operating segments are not aggregated to be reported as aforementioned operating segments.

The management monitors the operation results of its business units individually to make decisions on resource allocation and performance assessment. Segment performance is evaluated by its operating profit or loss and is measured in consistence with the operating profit or loss in the consolidated financial statements. However, the financial costs, financial income and income taxes are managed on a consolidated basis and are not allocated to operating units.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

Information on profit or loss, assets and liabilities of the reportable segment:

For the year ended December 31, 2016

	Cable Segment	Electronic Segment	Management Operation Segment	Adjustment and cancellation (Note)	Consolidated
Revenue					
External customer	$8,152,722	$4,196,095	$577,026	$ -	$12,925,843
Inter-segment	2,025,572	28,315	246,752	(2,300,639)	-
Total revenue	$10,178,294	$4,224,410	$823,778	$(2,300,639)	$12,925,843
Segment profit	$1,588,049	$397,404	$(388,409)	$ -	$1,597,044

Note: Inter-segment revenues were eliminated when consolidated.

For the year ended December 31, 2015

	Cable Segment	Electronic Segment	Management Operation Segment	Adjustment and cancellation (Note)	Consolidated
Revenue					
External customer	$7,390,386	$4,108,017	$612,855	$ -	$12,111,258
Inter-segment	1,968,640	36,421	219,736	(2,224,797)	-
Total revenue	$9,359,026	$4,144,438	$832,591	$(2,224,797)	$12,111,258
Segment profit	$1,249,557	$408,534	$(288,082)	$ -	$1,370,009

Note: Inter-segment revenues were eliminated when consolidated.

Information on assets and liabilities of the reportable segment as of December 31, 2016 and December 31, 2015 are as follows:

Segment Assets:

	Cable Segment	Electronic Segment	Management Operation Segment	Subtotal	Adjustment and elimination	Consolidated
December 31, 2016	$4,962,030	$1,997,440	$814,726	$7,774,196	$3,308,648	$11,082,844
December 31, 2015	$5,184,314	$1,709,707	$1,029,421	$7,923,442	$3,190,229	$11,113,671

Segment Liabilities:

	Cable Segment	Electronic Segment	Management Operation Segment	Subtotal	Adjustment and elimination	Consolidated
December 31, 2016	$2,881,248	$1,569,272	$769,539	$5,220,059	$83,354	$5,303,413
December 31, 2015	$3,334,685	$1,038,878	$1,026,651	$5,400,214	$75,401	$5,475,615

(a) Geographical information

i. Revenue from external customers:

	For the years ended December 31,	
	2016	2015
Mainland China (Hong Kong)	$7,526,767	$7,777,857
United States	1,826,867	1,461,815
Taiwan	815,472	791,616
Other countries	2,756,737	2,079,970
Total	$12,925,843	$12,111,258

The revenue information above is based on the location of the customers.

ii. Non-current assets:

	As of December 31,	
	2016	2015
Mainland China	$1,214,281	$1,437,344
United States	953,548	1,103,343
Taiwan	31,230	29,226
Other	76,684	13,003
Total	$2,275,734	$2,582,916

(b) Information about major customers

There's no sales revenue from a single customer accounting for over 10% of revenue on income statement for the years ended December 31, 2016 and 2015.

Attachment 1: Financing provided to others for the three-month periods ended December 31, 2016

No.	Lender (Note 1)	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
1	BJSB	BJSB Tongan	Other receivables	Y	$97,198	$92,896	-	0.00%	Note 4	$-	Need for operating	$ -	-	$ -	$124,174	$124,174

Note 1: The above transations were all made between consolidated entities in the Group and have been reversed.

Note 2: BJSB's financing limit for BJSB Tongan was set at 40% of the lender's net worth of the financial report audited by the certified public accountants as of 31 December 2016.

$310,436X40%=$124,174

Note 3: Total financing limit for individual counterparty was set at 40% of the lender's net worth of the financial report audited by the certified public accountants as of 31 December 2016.

$310,436X40%=$124,174

Note 4: For short-term financing.

Attachment 2: Endorsement/Guarantee provided to others for the nine-month periods ended December 31, 2016

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries (Note 5)	Subsidiaries' guarantee/ endorsement amount to parent company (Note 5)	Guarantee/ endorsement amount to company in Mainland China (Note 5)
		Company name	Releationship (Note 2)										
0	The Company	SHSB	3	$2,293,093	$50,475	$48,418	$ -	none	0.84%	$5,732,732	Y	N	Y
0	The Company	SZSB	3	$2,293,093	$33,650	$32,279	$ -	none	0.56%	$5,732,732	Y	N	Y
0	The Company	TCSB	3	$2,293,093	$100,950	$96,837	$ -	none	1.69%	$5,732,732	Y	N	Y
0	The Company	JYSB	3	$2,293,093	$336,500	$322,790	$ -	none	5.63%	$5,732,732	Y	N	Y
0	The Company	BJSB Tongan	2	$2,293,093	$842,008	$805,005	$ -	none	14.04%	$5,732,732	Y	N	Y
0	The Company	T-CONN Precision	3	$2,293,093	$134,600	$64,558	$ -	none	1.13%	$5,732,732	Y	N	N
0	The Company	T-CONN Zhongshan	3	$2,293,093	$302,850	$290,511	$63,538	none	5.07%	$5,732,732	Y	N	Y

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company that has a business relationship with the Company.

2. A subsidary in which the Company holds directly over 50% of equity interest.

3. An investee in which the Company and its subsidiaries hold over 50% of equity interest.

4. An investee in which the Company holds directly and indirectly over 50% of equity interest.

5. A company that has provided guarantees to the Company, and vice versa, due to contractual requirements.

6. An investee in which the Company conjunctly invests with other shareholders, and for which UMC has provided endorsement/guarantee in proportion to its shareholding percentage.

Note 3: Limit of guarantee/endorsement amount for receiving party is 40% of the net worth of the financial report reviewed by the certified public accountants as of December 31, 2016.

$5,732,732X40%=$2,293,093

Note 4: Limit of total guarantee/ endorsement amount is 100% of the net worth of the financial report reviewed by the certified public accountants as of December 31, 2016.

Note 5: "Y" for the listed (OTC) parent company guarantees/endorses for subsidiary, subsidiary guarantees/endorses for the listed (OTC) parent company or guarantee/endorse for companies in Mainland China.

Attachment 3: Securities held as of December 31, 2016. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities	Relationship (Note 1)	Financial statement account	as of Deceember 31, 2016				Note
				Shares	Book value	Percentage of ownership (%)	Fair value	
The Company	Top Taiwan VII Venture Capital Co., Ltd.	-	Financial assets measured at cost- noncurrent	3,061,225 shares	$31,362	3.06%	Note 2	-
The Company	Top Taiwan Venture Capital Co., Ltd.	-	Financial assets measured at cost- noncurrent	6,000,000 shares	60,000	7.50%	Note 2	-
The Company	Hotwire Development L.L.C	-	Financial assets measured at cost- noncurrent	11,000 shares	32,653	10.00%	Note 2	-
The Company	General Research of Electronics Inc.	-	Financial assets measured at cost- noncurrent	16,000 shares	23,184	7.50%	Note 2	-
The Company	Gongwin Biopharm Co. Ltd	-	Financial assets measured at cost- noncurrent	240,000 shares	18,685	18.69%	Note 2	-
The Company	Top Taiwan II Venture Capital Co., Ltd.	-	Financial assets measured at cost- noncurrent	875,000 shares	8,750	5.00%	Note 2	-
The Company	Niigata Seimitsu Co., Ltd.	-	Financial assets measured at cost- noncurrent	100,000 shares	13,460	0.46%	Note 2	-
The Company	Top Taiwan III Venture Capital Co., Ltd.	-	Financial assets measured at cost- noncurrent	1,341,463 shares	13,415	4.07%	Note 2	-
The Company	Ultracap Technologies Co., Ltd.	-	Financial assets measured at cost- noncurrent	791,667 shares	12,667	4.82%	Note 2	-
The Company	Dynahz Technologies	-	Financial assets measured at cost- noncurrent	2,309,725 shares	6,150	16.67%	Note 2	-
The Company	Bandrich, Inc.	-	Financial assets measured at cost- noncurrent	330,000 shares	4,125	1.62%	Note 2	-
The Company	Sinbon Czech a.s	-	Financial assets measured at cost- noncurrent	-	279	10.00%	Note 2	-
EuropeSB	Elcotronic Holding GmbH	-	Financial assets measured at cost- noncurrent	-	56,261	19.00%	Note 2	-
SB USA	Circuits & Cables LLC (C&C)	-	Financial assets measured at cost- noncurrent	-	25,823	19.95%	Note 2	-
SB BVI	Argosy (Beijing) Technologies Co., Ltd.	-	Financial assets measured at cost- noncurrent	-	2,440	12.00%	Note 2	
Kwan-Ze	Actmax Technologies Inc.	-	Financial assets measured at cost- noncurrent	-	1,441	19.00%	Note 2	
			Subtotal		310,695			
			Less: accumulated impairment		(29,391)			
			Total		$281,304			
The Company	INPAQ Technology Co., Ltd.	The Company is it's director	Available-for-sale financial assets-noncurrent	4,182,231 shares	$168,381	4.52%	$84,901	
			Adjustments for change in value of investment		(75,489)			
			Less: accumulated impairment		(7,991)			
			Total		$84,901			

Note 1: Not required if the issuer of securities is not a related party.

Note 2: The financial assets do not have quoted prices in an active market and their fair value cannot be reliably measured

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the nine-month periods ended December 31, 2016

Related-party	Counter-party	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	Jiangyin sinbon Electronics Co., Ltd. (JYSB)	Subsidiary	Purchase	$1,638,318	46.79%	Trading condition is as same as other supplier	N/A	N/A	($390,339)	(43.29)%	

Attachment 5: The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Related-party	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets(Note3)
0	The Company	Jiangyin sinbon Electronics Co., Ltd. (JYSB)	1	Prutcase	$1,638,318	(Note 4)	12.67%
1	Jiangyin sinbon Electronics Co., Ltd. (JYSB)	The Company	2	Sales	$1,638,318	(Note 4)	12.67%

Note 1 : The Company is coded "0".The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

1. The holding company to subsidia

2. Subsidiary to holding company.

3. Subsidiary to subsidiary.

Note 3 : The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, interim cumulative balances are used as basis.

Note 4 : The sales price to the above related parties was determined through mutual agreement based on the market conditions.

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of December 31, 2016, net income (loss) of investee company and investment income (loss) recognized as of December 31, 2016: (Excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2016			Net income (loss) of investee company (Note1)	Investment income (loss) recognized (Note 1)	Note (Note 1)
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
The Company	HKSB	Hong Kong	Selling a wide variety of connectors, wires and cables.	HKD95,606,000 $401,262	HKD95,606,000 $401,262	-	100.00%	$437,228	$32,538	$32,538	Subsidiary
The Company	JPSB	Japan	Selling a wide variety of connectors, wires and cables.	JPY25,000,000 $5,008	JPY25,000,000 $5,008	350 shares	70.00%	$6,901	$(1,664)	$(1,164)	Subsidiary
The Company	Kwan-Ze	Taipei County, Taiwan	Holding company	$235,600	$235,600	23,560,000 shares	100.00%	$278,582	$19,733	$19,733	Subsidiary
The Company	Top Taiwan IV Venture Capital Co., Ltd	Taipei City, Taiwan	Holding company	$80,000	$140,000	8,000,000 shares	20.00%	$89,949	$42,474	$8,495	Investee under the equity method
The Company	SB BVI	British Virgin Islands	Holding company	USD40,021,000 $1,309,185	USD40,421,000 $1,321,747	-	100.00%	$3,179,304	$457,285	$457,285	Subsidiary
The Company	Korea Sinbon Electronics Co., Ltd.	Korea	Selling a wide variety of connectors, wires and cables.	$ -	USD$30,000 $1,019	-	-	-	$977	$367	-
The Company	USSB	U.S.A Florida	Selling a wide variety of connectors, wires and cables.	$ -	$ -	-	-	-	$2,281	$1,163	-
The Company	S A M O A	Samoa	Holding company	$ -	USD3,143,000 $101,747	-	-	-	$(20)	$(11)	-
The Company	Argosy Technologies Co., Ltd.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	$30,648	$30,648	2,945,034 shares	3.59%	$41,928	$189,301	$6,790	Investee under the equity method
The Company	Worldwide Wire Harnesses Co., Ltd.	Samoa	Logistic center.	USD75,000 $2,451	USD75,000 $2,451	-	50.00%	$7,008	$50	$25	Subsidiary
The Company	S E L	Mauritius	Holding company	USD 6,109,000 $192,742	USD 6,109,000 $192,742	-	64.48%	$61,356	$14,325	$9,237	Subsidiary
The Company	Sinbon USA LLC.	216th street SW,Suite D Lynneood WA 98036	Logistic center.	USD2,000,000 $62,471	USD1,400,000 $43,500	-	100.00%	$53,212	$(9,231)	$(9,231)	Subsidiary
The Company	Sinbon Europe GmbH	Pfarrkirchen, Germany	Logistic center.	EUR1,684,000 $61,743	EUR1,684,000 $61,743	-	100.00%	$57,095	$(15)	$(15)	Subsidiary
The Company	Ray Service ADA Corp.	Miaoli County, Taiwan	Manufacturing and selling signal cables and cabin wiring.	$27,000	$27,000	2,700,000 shares	90.00%	$16,353	$(11,833)	$(10,650)	Subsidiary
S E L	HK CMK	Hong Kong	Selling a wide variety of connectors and cables.	-	USD4,620,000 $136,429	-	-	$ -	$ -	$ -	-

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of December 31, 2016, net income (loss) of investee company and investment income (loss) recognized as of December 31, 2016: (Excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2016			Net income (loss) of investee company (Note1)	Investment income (loss) recognized (Note 1)	Note (Note 1)
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
S E L	T-CONN	Hsinchu City, Taiwan	Selling a wide variety of connectors, wires and cables.	$10,000	$10,000	-	100.00%	USD279,000 $9,006	USD82,000 $2,651	$ -	Subsidiary
S E L	S P L	Mauritius	Logistic center.	USD 100,000 $3,228	USD 100,000 $3,228	-	100.00%	USD2,000,000 $64,558	USD(50,000) $(1,616)	$ -	Subsidiary
Kwan-Ze	Digi O2	Miaoli Country, Taiwan	Selling a wide variety of connectors and cables.	$108,770	$92,740	10,377,000 shares	98.83%	$(693)	$(16,171)	$ -	Subsidiary
Kwan-Ze	Argocy Research Inc.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	$147,175	$147,175	14,624,200 shares	17.81%	$212,490	$189,301	$ -	Investee under the equity method
Worldwide Wire Harnesses Co., Ltd.	STT	U.S.A Tennessee	Logistic center.	USD140,000 $4,542	USD140,000 $4,542	-	100.00%	USD183,000 $5,908	USD2,000 $49	$ -	Subsidiary
Argocy Research Inc.	Argosy Technology Inc.(USA)	U.S.A	Sell Multimedia related products, ODM and OED	$30,347	$30,347	900 shares	100.00%	$ -	$ -	$ -	Investee under the equity method
Argocy Research Inc.	Ari International B.V.	The Netherlands	Leasing operations and sell ODM and OED	$22,314	$22,314	-	100.00%	$16,055	$(291)	$ -	Investee under the equity method
Argocy Research Inc.	Ari International (Singapore)Pte.,Ltd. (AIS)	Singapore	Sell computer peripheral products and import and export business	$32,697	$32,697	-	100.00%	$5,559	$(2,106)	$ -	Investee under the equity method
Argocy Research Inc.	NOVAC ARGOSY	Tokyo	Sell computer peripheral products	$4,294	$4,294	-	49.00%	$ -	$ -	$ -	Investee under the equity method
Argocy Research Inc.	Global Saber Electronics Co., Ltd.	Mauritius	Selling a wide variety of connectors and cables.	$ -	$ -	-	100.00%	$70,432	$(7,745)	$ -	Investee under the equity method
Argocy Research Inc.	ROTEC LIMITED	British Virgin Islands	Holding company	$268,479	$268,479	8,550 shares	77.38%	$373,737	$56,011	$ -	Investee under the equity method
Global Saber Electronics Co., Ltd	ROTEC LIMITED	British Virgin Islands	Holding company	$72,918	$72,918	2,500 shares	22.62%	$109,252	$56,011	$ -	Investee under the equity method

Note 1: (1) "Investee company", "Addres", "Main businesses and products", "Initial Investment"and "Investment as of December 31, 2016" shall be filled in the Company's investmet.

to the subsidiaries' re-investment in corresponding order, and indicate the relationship in the Notes.

(2) "Net income (loss) of investee company" shall be filled in net income (loss) of investee for the six-month period ended December 31, 2016.

(3) "Investment income (loss) recognized", shall be filled in only investment income (loss) under the equity method, and the investor shall confirm that its investment income (loss) includes the subsidiaries' re-investment.

Attachment 7: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016
					Outflow	Inflow						
BJSB	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 4,450,000	Indirectly investment in Mainland China through remittance from a third region.	USD 1,020,000 $30,719	$ -	$ -	USD 1,020,000 $30,719	$5,349	100.00%	$5,349 (Note 1)	$310,454	USD8,476,000 $274,402
JY Sinact	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 31,280,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 18,419,000 $596,665	$ -	$ -	USD 18,419,000 $596,665	USD11,978,000 $387,193	100.00%	USD11,978,000 $387,193 (Note 1)	USD73,929,000 $2,386,345	USD9,064,000 $287,367
SHSB	Selling a wide variety of connectors, wires and cables.	USD 3,280,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,700,000 $55,358	$ -	$ -	USD 1,700,000 $55,358	USD 40,000 $1,289	100.00%	USD 40,000 $1,289 (Note 1)	USD6,685,000 $215,788	USD185,000 $6,050
SZSB	Selling a wide variety of connectors, wires and cables.	USD 2,810,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 2,750,000 $83,385	$ -	$ -	USD 2,750,000 $83,385	USD665,000 $21,481	100.00%	USD665,000 $21,481 (Note 1)	USD9,877,000 $318,810	$ -
TCSB	Selling a wide variety of connectors, wires and cables.	USD 6,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 3,000,000 $96,090	$ -	$ -	USD 3,000,000 $96,090	USD1,230,000 $39,766	100.00%	USD1,230,000 $39,766 (Note 1)	USD9,436,000 $304,570	$ -
China Digital Library Corp.Ltd.	Technology development of computer software, transfer of technology, advisory service	RMB 88,600,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 750,000	$ -	$ -	USD 750,000	$ -	4.85%	$ - (Note 2)	$ -	$ -
Argosy (Beijing) Technologies Co., Ltd.	Selling a wide variety of connectors, wires and cables.	RMB 5,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 76,000	$ -	$ -	USD 76,000	$ -	12.00%	$ - (Note 2)	USD76,000 $2,440	$ -
Wu Xi S&D	Manufacturing and selling new flat panel displays.	USD 4,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,900,000 $61,823	$ -	$ -	USD 1,900,000 $61,823	$ -	-	$ -	$ -	$ -
Ning Bo Smart and Diligent Co., Ltd.	Manufacturing and selling a new Flat Panel Display.	USD 2,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,140,000 $37,025	$ -	$ -	USD 1,140,000 $37,025	$ -	-	$ -	$ -	$ -

Attachment 7: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016
					Outflow	Inflow						
JY Sinact	Manufacturing and selling a wide variety of electronic materials.	USD 9,500,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 5,266,000 $164,599	$ -	$ -	USD 5,266,000 $164,599	$ -	-	$ -	$ -	$ -
Shang Hai Comtek Electronics Trading Co., ltd.	Selling a wide variety of electronic materials.	USD 160,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 104,000 $3,302	$ -	$ -	USD 104,000 $3,302	$ -	-	$ -	$ -	$ -
Dong Guan CMK	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 1,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 645,000 $20,768	$ -	$ -	USD 645,000 $20,768	$ -	-	$ -	$ -	$ -
T-CONN Zhongshan	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 7,100,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 3,086,000 $99,007	$ -	$ -	USD 3,086,000 $99,007	USD413,000 $13,350	64.48%	USD266,000 $8,599 (Note 3)	USD(453,000) $(14,622)	$ -
BJSB Tongan	Manufacturing and selling a wide variety of connectors, wires and	USD 3,000,000	Indirectly investment in Mainland China through remittance from a third region.	USD 3,000,000 $89,134	$ -	$ -	USD 3,000,000 $89,134	$355,322	100.00%	$355,322 (Note 1)	$859,618	$ -

Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD42,856,000	USD 53,420,000	N/A (Note 4)

Note 1: The financial statements certificated by the public accountant of the parent company in Taiwan.

Note 2: Investee measured at cost.

Note 3: The financial statements certificated by other public accountant.

Note 4: According to No. Shen-Zi-09704604680 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment commission.

6.5. The company or affiliates has/have experienced financial difficulty in the last year and by the report publishing date, and its impact on the corporate financial status: N/A

7. Review and Analysis of Financial Situation and Financial Performance and Risk Items

7.1. Financial situation: Major causes and impact of material changes of assets, liabilities, and shareholder equity in last two years and future responsive plans:

Unit: NT$10,000

Year / Item	2015	2016	Difference	
			Amount	Percentage
Current assets	8,530,755	8,807,101	276,346	3.24
Fixed assets	1,507,537	1,339,108	(168,429)	(11.17)
Other assets	135,100	160,654	25,554	18.91
Total assets	11,113,671	11,082,844	(30,827)	(0.28)
Current liabilities	5,115,795	5,045,793	(70,002)	(1.37)
Long-term liabilities	4,504	17,286	12,782	283.79
Total liabilities	5,475,615	5,303,413	(172,202)	(3.14)
Capital stock	2,176,454	2,254,162	77,708	3.57
Capital surplus	890,644	858,462	(32,182)	(3.61)
Retained earnings	2,325,815	2,801,132	475,317	20.44
Total equities	5,638,056	5,779,431	141,375	2.51

Note:
(1) Long-term liabilities increase was caused by increasing bank loans.
(2) Retained earnings increased as revenue and net profit of the current period increased.

7.2. Financial performance: Major causes of material changes in revenue, net profit margin, and net profit before tax and estimated sales quantity in last two years and their references, and future responsive plans:

Unit: NT$10,000

	2015		2016		Increased) (reduced) amount	Variable proportion %
	Subtotal	Total	Subtotal	Total		
Total operating revenue		12,168,027		12,971,190	803,163	6.60
Minus: Sales return + Sales discount	$(56,769)	(56,769)	$(45,347)	(45,347)	11,422	(20.12)
Sales income		12,111,258		12,925,843	814,585	6.73
Other operating revenues		-		-		
Net operating revenue amount		12,111,258		12,925,843	814,585	6.73
Operating cost		(9,389,101)		(9,716,741)	(327,640)	3.49
Operating gross profit		2,722,157		3,209,102	486,945	17.89
Minus: End unrealized gross profit						
Plus: Beginning realized gross profit						
Net operating gross profit		2,722,157		3,209,102	486,945	17.89
Operating expense		(1,655,368)		(1,790,898)	(135,530)	8.19

	2015		2016		Increased) (reduced) amount	Variable proportion %
	Subtotal	Total	Subtotal	Total		
Net operating margin		1,066,789		1,418,204	351,415	32.94
Non-operating income and expense		303,220		178,840	(124,380)	(41.02)
Continuing operating income before tax		1,370,009		1,597,044	227,035	16.57
Income tax expense		(415,906)		(435,309)	(19,403)	4.67
Continuing operating income after ax		954,103		1,161,735	207,632	21.76
Addition/reduction variable analysis: (1) Long-term liabilities increase was caused by increasing bank loans. (2) Non-operating income increased as exchange gain increased.						

7.3. Cash flows

7.3.1. Analysis of cash flows in last two years

Item \ Year	2015	2016	Increase (reduction) proportion
Cash flow ratio	28.40%	24.12%	-4.28%
Cash flow adequacy ratio	118.46%	148.43%	29.97%
Cash reinvestment ratio	12.12%	7.49%	-4.63%
Note: Cash flow adequacy ratio rose as cash inflow increased from increasing operating revenue in recent years.			

7.3.2. Analysis of cash flows in the coming year

(Unit: NT$1,000)

Beginning cash balances (1)	Estimated net cash flows from annual business activities (2)	Estimated annual cash outflows (3)	Estimated cash balances (shortages) (1)+(2)-(3)	Remedies for Estimated Cash Shortages	
				Investment plans	Financial management plans
1,250,252	1,280,503	1,125,970	1,404,785	-	-

7.4. Impact of major capital expenses on finance in recent years.

7.4.1. Utilization and sources of major capital expenses: None.

7.4.2. Estimated benefits: None.

7.5. Re-investment policies and major causes of profits or losses in recent years, improvement plans, and investment plans in the coming year:

(Unit: NT$1,000)

Item \ Description	Amount by 31 Dec 2016	Policy	Major causes of P/L	Improvement plans	Other future investment plans
SINBON Electronics Hong Kong	401,262	Center for Mainland product and capital and international trade	Operations of that company brought profits.	—	—

Description / Item	Amount by 31 Dec 2016	Policy	Major causes of P/L	Improvement plans	Other future investment plans
SINBON International Enterprise Co., Ltd.	1,309,185	Reinvestment framework consideration and international trade.	Operations of the subsidiaries of that company brought profits.	—	—
Guanze Co, Ltd.	235,600	Professional domestic investor.	Operations of the subsidiaries of that company brought profits.	—	—
SINBON Electronics Japan	5,008	Cultivation of and service for Japanese customers.	Operations of that company brought losses.	Continuous cultivation of local customers.	—
SINBON Electronics Beijing	30,719	Cultivation of and service for customers in northern China.	Operations of that company brought profits.	—	—
Worldwide Wire Harnesses Co., Ltd.	2,451	Indirect holdings, overseas procurement, and international trade.	Operations of the subsidiaries of that company brought profits.	—	—
Super Elite Ltd.	192,742	Indirect control of the electronics part/ component business in Mainland.	Operations of the subsidiaries of that company cause losses.	Continuous cultivation of new Mainland customers.	—
SINBON Tongan Electronics (Beijing)	89,134	Cultivation of and service for customers in northern China.	Operations of that company brought profits.	—	—
SINBON USA LLC.	62,471	Cultivation of customers in USA.	Operation losses.	Continuous cultivation of local customers.	
Ray Service AVA Co., Ltd.	27,000	Development products in aviation industry.	Operation losses and in beginning stage.	Continuous cultivation of local customers.	
SINBON Europe GmbH	61,743	Cultivation of customers in EU.	Operation losses and in beginning stage.	Continuous cultivation of local customers.	

7.6. Risk items

7.6.1. Impact on profits and losses of interest rate and exchange rate volatility and inflation and future countermeasures:

(1) Impact on profits and losses of interest rate volatility and future countermeasures in recent years

By the end of 2016, the amount of long-term debts from banks was NT$17,286,000, with interest rate at 0.7%. We will continuously observe future market changes and take action to prevent risk at appropriate times to reduce potential risk from interest rate volatility.

(2) Impact on profits and losses of exchange rate volatility and future countermeasures in recent years

In 2016 the recognized losses from exchange were NT$41,390,000. We have implemented currency hedging to prevent the impact of exchange rate volatility on profits and losses.

(3) Impact on profits and losses of inflation and future countermeasures in recent

years
No unfavorable impact was reported in 2016.

7.6.2. Policies for high-risk, high-leverage investments, capital lending to others, endorsement and guarantee for others, and derivatives transaction; major causes for losses and profits; and future countermeasures
(1) In 2016, we did not engage in high-risk, high-leverage investments.
(2) In 2016, we provided endorsements and guarantees mainly for the bank loans of subsidiaries. These endorsements and guarantees were provided with reference to the “Endorsements and Guarantees Regulations” and the maximum amount of endorsement and guarantee is NT$5,732,732,000. By the end of 2016, the balance of endorsements and guarantees was NT$1,660,398,000.

7.6.3. Future R&D plans and estimated R&D investments
In 2016 we invested a total of NT$429,818 thousand for R&D, with 12% higher than previous year. In the future, SINBON actively develop electronic parts and components for the Internet of Thing (IoT), robots, and smart home applications. At the 4th board meeting of 2015, we even passed a joint venture in Ray Service AVA Co., Ltd with Czech Ray Service a. s. company for creating aerospace component products. It is estimated that we will invest at least NT$300 million each year or over 3% of revenue on research and development in the future.

7.6.4. Impact of major policy or legal changes at home and abroad on organizational finance and countermeasures: None.

7.6.5. Impact of technology and industry changes on organizational finance and countermeasures
In response to the rapid change of the high-tech industry, we have a professional R&D team to develop products meeting customer demand to enhance competitiveness.

7.6.6. Impact of corporate image on organizational crisis management and countermeasures
We officially listed on the Taiwan Stock Exchange on 26 August 2002. This will improve our corporate. In the future, we will uphold the corporate spirit and fulfill CSR as a listed company and will seek the greatest benefits for shareholders and employees.

7.6.7. Estimated benefits and potential risks of acquisition and countermeasures: N/A

7.6.8. Estimated benefits and potential risks of factory expansion and countermeasures: N/A

7.6.9. Risk from centralization of material input and sales and countermeasures: N/A

7.6.10. Impact and risk of mass share transfer or conversion of directors, supervisors, or

major shareholders holding over 10% of shares and countermeasures: None.

7.6.11. Impact and risk of right of management change and countermeasures: None.

7.6.12. For convicted or in-progress major litigation, non-litigation, or administrative litigation incidents involving the company, directors, supervisors, executives, mortgage responsible persons, major shareholders holding over 10% of shares, and subsidiaries whose outcomes may bring material impact to shareholder equities or stock prices, disclose the fact in dispute, amount, litigation start date, major parties involved, and the status by the report publishing date: None.

7.6.13. Other major risks and countermeasures: None.

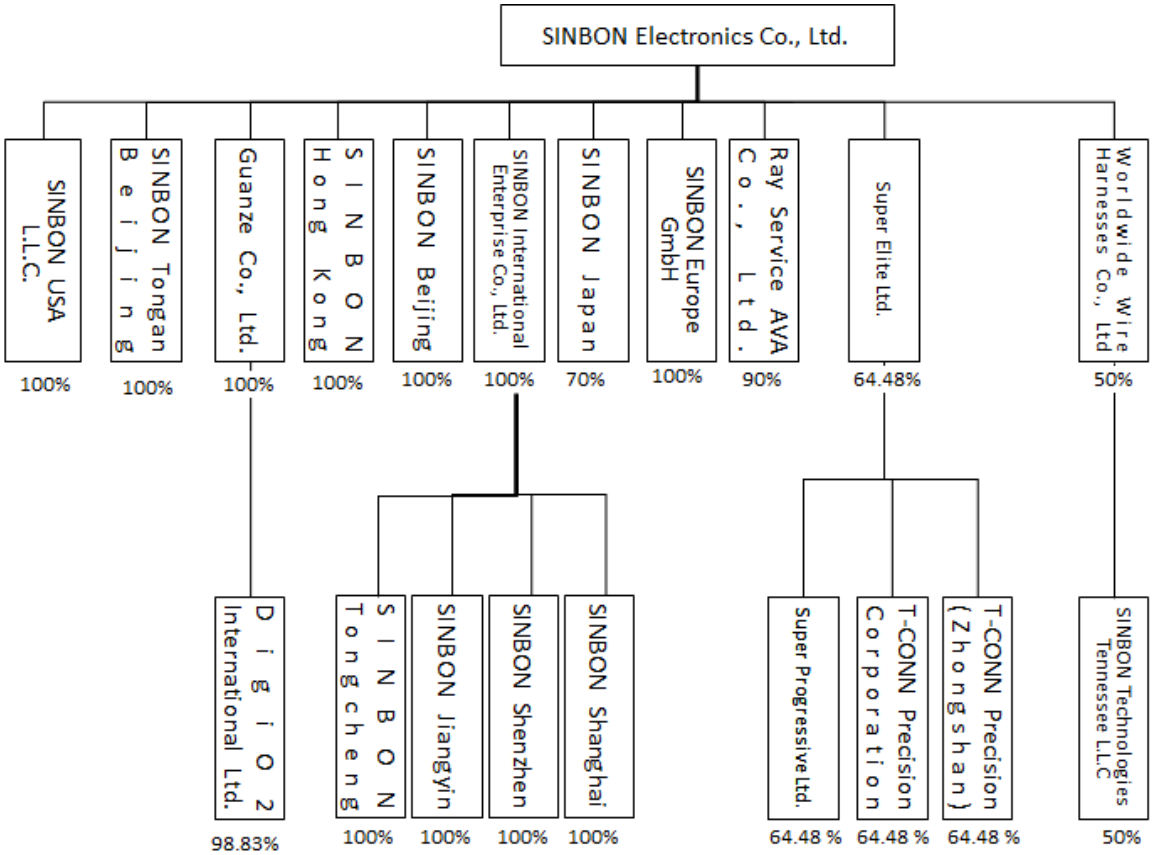
7.7. Other major items: None.

8. Special Notes

8.1. Information of affiliates

8.1.1. Consolidated business reports of affiliates

(1) Affiliates organization chart



(2) Basic information of affiliates

Name	Establishment Date	Paid-in Capital	Address	Major scope of business or products
SINBON Beijing (Factory)	1993.12.20	US$4.45 million	Building No. 26, Liando U Valley, No. 15, Jingsheng South 4th Street, Majuqiao, Tongzhou, District, Beijing, 101102, China	Production and sales of comprehensive connectors.
SINBON Hong Kong (Contact Office)	1995.6.20	HK$95.61 million	Unit 05, 18/F, Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Sales of comprehensive cables, connectors, and other electronic parts and components.
SINBON Shanghai (Sales Office)	1996.3.15	US$3.28 million	3F, Building 60, No. 461, Hong-Cao Rd., Shanghai 200233, China	Sales of comprehensive Cables, connectors, and other electronic parts and components.
Sinbon International Enterprise	2000.10.24	US$47.78 million	P.O. Box 3340, ROAD TOWN, TORTOLA, BRITISH VIRGIN	General investment

Name	Establishment Date	Paid-in Capital	Address	Major scope of business or products
Company Limited			ISLAND	
SINBON Jiangyin (Factory)	2000.12.15	US$31.78 million	No.288, Middle Cheng Jiang Rd., Jiangyin, Jiangsu Province 214434, China	Production and sales of cables, electronic components, power electronic components, and computer peripherals; R&D, production and sales of GPS modules.
SINBON Shenzhen (Sales Office)	2001.4.20	US$2.81 million	Rm.802, Bld.212, Tairan Industrial Zone, Chegongmiao, Futian District, Shenzhen City, Guangdong Province 518040, China	Sales of comprehensive cables, connectors, and other electronic parts and components.
SINBON Japan (Sales Office)	2004.09.09	JPN25 million	Chiyoda 4-1-7, Naka-Ku Nagoya City, 460-0012, Japan	Sales of comprehensive cables, connectors, and other electronic parts and components.
Guanze Co., Ltd.	2003.01.22	NT$ 235.60 million	4-1F, No. 79, Xintai 5th Road, Xiji District, New Taipei City, Taiwan	General investment
SINBON Tongcheng (Factory)	2007.07.13	US$6 million	No.168, Xing Long Rd.,Economic Development Zone, Tongcheng City, Anhui Province, China	Production and sales of comprehensive electronic connectors and cables.
SINBON Tongan Electronics Beijing	2012.02.16	US$3 million	6F, No. 15, Jingshengnansi Street, Jinqiao Science and Technolgy Industry Basement, Zhongguancun Science and Technology Park, Tongzhou District, Beijing	Production and sales of comprehensive electronic connectors and cables.
DigiO2 International Ltd.	2005.04.28	NT$105 million	3F, No. 582 Kuohwa Road, Miaoli 360, Taiwan	Production and sales of comprehensive electronic connectors and cables.
Worldwide Wire Harnesses Co., Ltd.	2007.04.24	US$0.15 million	Samoan Islands	Overseas sales center
SINBON Technologies Tennessee Co., LLC.	2007.08.16	US$0.15 million	211 Industrial Park Drive Cumberland City, TN 37050	Overseas sales center
SINBON USA LLC.	2014.05.29	US$3 million	4265 Gibson Dr., Tipp City , Ohio 45371	Overseas sales center
Ray Service AVA Co., Ltd.	2015.12.28	NT$30 million	No. 582 Kuohwa Road, Miaoli 360, Taiwan	Production and sales of comprehensive electronic connectors and cables.
T-CONN Precision Corporation	2002.02.20	NT$10 million	4-3F, No. 79, Xintai 5th Road, Xiji District,	Sales of connectors and other electronic parts and

Name	Establishment Date	Paid-in Capital	Address	Major scope of business or products
			New Taipei City, Taiwan	components.
Super Elite Limited	2001.10.01	US$10.13 million	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Republic of Mauritius	General investments
T-CONN Precision (Zhongshan) Corporation	2001.12.21	US$7.10 million	Torch Hi-tech Industrial Development Zone Sub-district, Zhongshan City, Guangdong Province, China	Production and sales of connectors and other electronic parts and components.
Super Progressive Limited	2003.01.30	UD$0.1 million	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Republic of Mauritius	Offshore trading center
SINBON Europe GmbH	2015.9	EUR 1.68 million	Passauer Str. 99 84347 Pfarrkirchen	General investment

(3) Information of the same shareholders in re-invested enterprises with controlling power and a subsidiary relationship: None

(4) Directors, supervisors, and presidents of subsidiaries

Name	Title	Name or Representative	Shares Held	
			Shares	Percentage
SINBON Beijing (Factory)	Chairman Director Director President (concurrent)	Joseph Wang Xiao-jing Chi Wei-ming Liang Chi-chou Chang (All are representatives of SINBON Electronics)	US$4.45 million	100.00%
SINBON Hong Kong (Contact Office)	Director	Joseph Wang, Wei-ming Liang,Huang-ji Lin, Chi-chou Chang (All are representatives of SINBON Electronics)	HK$95.61 million	100.00%
SINBON Shanghai (Sales Office)	Chairman Director Supervisor	Joseph Wang Wei-ming Liang, Xiu-sui Lin Chi-chou Chang (All are representatives of Sinbon International Enterprise Company Limited)	US$3.28 million	100.00%
Sinbon International Enterprise Company Limited	Chairman	Joseph Wang (Representative of SINBON Electronics)	US$47.78 million	100.00%
SINBON Jiangyin (Factory)	Chairman Director Supervisor	Joseph Wang Wei-ming Liang, Chi-chou Chang, Yan-hua Wang, Xin-chun Wu Wen-sen Huang (All are representatives of Sinbon	US$31.78 million	100.00%

Name	Title	Name or Representative	Shares Held	
			Shares	Percentage
		International Enterprise Company Limited)		
SINBON Shenzhen (Sales Office)	Chairman Director Supervisor	Joseph Wang Wei-ming Liang, Xiu-sui Lin Chi-chou Chang (All are representatives of Sinbon International Enterprise Company Limited)	US$2.81 million	100.00%
SINBON Japan (Sales Office)	Chairman Director Supervisor	Cun-miao Li Joseph Wang, Sho-xing Huang(Representative of SINBON Electronics) Ashihara Kingo(Representative of Orient Computer Ltd.)	350 shares	70.00%
Guanze Co., Ltd.	Chairman Director Supervisor	Joseph Wang Xin-chi Yeh, Chi-chou Chang Jun-qiang Wang (All are representatives of Sinbon International Enterprise Company Limited)	23,560,000 shares	100.00%
SINBON Tongcheng (Factory)	Chairman Director Supervisor	Wei-ming Liang Chi-chou Chang, Guo-cai Song Wen-sen Huang (All are representatives of Sinbon International Enterprise Company Limited)	US$6 million	100.00%
SINBON Tongan Electronics Beijing	Chairman Director Director Supervisor (concurrent)	Joseph Wang Xiao-jing Chi Wei-ming Liang, Qi-zhong Cheng Chi-chou Chang (All are representatives of SINBON International Enterprise Company Limited)	US$3 million	100.00%
DigiO2 International Ltd.	Chairman Director Supervisor	Wei-ming Liang Huang-ji Lin, Jun-xing Liang Chi-chou Chang (these four people are all representatives of Guanze Co., Ltd.)	10,407,000 shares	98.83%
Worldwide Wire Harnesses Co., Ltd.	Director Director Director	Wei-ming Liang(Representative of SINBON Electronics) Zi-wei Lin LESLIE ROY WELCH (representative of Tennessee Wire Technologies LLC)	US$0.75 million	50.00%
SINBON Technologies Tennessee Co., LLC.	Director Director Director	Wei-ming Liang(Representative of SINBON Electronics) Zi-wei Lin LESLIE ROY WELCH (representative of Tennessee Wire Technologies LLC)	US$0.75 million	50.00%
Sinbon USA LLC.	Chairman	Wei-ming Liang(Representative of SINBON Electronics)	US$1.4 million	100.00%
Ray Service AVA Co., Ltd.	Chairman Director	Wei-ming Liang(Representative of SINBON Electronics) Wen-sen Huang (Representative of SINBON Electronics)	NT$30 million	90.00%

Name	Title	Name or Representative	Shares Held	
			Shares	Percentage
	Director Supervisor	Petr Gabriel (Representative of Ray Service a. s.) Chi-chou Chang		
T-CONN Precision Corporation	Chairman Director Director Supervisor	Xin-chi Yeh Joseph Wang Jun-qiang Wang Chi-chou Chang (these four people are all representatives of Super Elite Ltd)	NT$6.45 million	64.48%
Super Elite Limited	Chairman Director Director Director Director	Xin-chi Yeh Joseph Wang Chi-chou Chang (these four people are all representatives of SINBON Electronics) Jun-qiang Wang (representative of Wistron Corporation) Fu-qian Lin (representative of Wistron Corporation)	US$6.53 million	64.48%
T-CONN Precision (Zhongshan) Corporation	Chairman Director Director	Xin-chi Yeh Joseph Wang Jun-qiang Wang (these three people are all representatives of Super Elite Ltd)	US$4.58 million	64.48%
Super Progressive Limited	Chairman	Xin-chi Yeh (representative of Super Elite Ltd)	US$64,480	64.48%
SINBON Europe GmbH	Chairman	Wen-sang Huang(representatives of SINBON Electronics)	EUR1.68 million	100%

(5) Operational performance of affiliates (2015)

Name	Authorized Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Current P/L (after tax)	EPS (after tax)
SINBON Beijing (Factory) (RMB/CNY)	32,828,852	68,144,417	1,309,263	66,835,154	0	(6,034,923)	1,099,674	-
SINBON Hong Kong (Contact Office) (HKD))	95,606,400	281,166,514	176,128,444	105,038,070	479,891,208	30,678,798	7,793,761	-
SINBON Shanghai (Sales Office) (RMB/CNY)	25,401,762	57,591,726	10,923,601	46,668,125	69,034,768	314,059	264,884	-
Sinbon International Enterprise Company Limited (USD)	47,781,715	100,472,547	1,200,000	99,272,547	0	(550,000)	14,252,294	-
SINBON Jiangyin (Factory) (RMB/CNY)	241,032,010	743,497,128	229,729,565	513,767,563	898,575,193	95,842,822	79,588,697	-

Name	Authorized Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Current P/L (after tax)	EPS (after tax)
SINBON Shenzhen (Sales Office) (RMB/CNY)	17,924,155	85,992,867	17,354,683	68,638,184	82,788,457	6,649,299	4,415,397	-
SINBON Japan (Sales Office) (JPY)	25,000,000	198,509,292	162,750,749	35,758,543	443,849,432	3,297,602	(5,601,317)	-
Guanze Co., Ltd. (TWD)	235,600,000	279,330,335	748,168	278,582,167	0	(95,342)	19,733,031	-
SINBON Tongcheng (Factory) (RMB/CNY)	42,826,700	93,056,367	27,484,057	65,572,310	84,000,142	9,151,451	8,173,945	-
SINBON Tongan Electronics Beijing (RMB/CNY)	18,513,390	262,105,872	77,036,531	185,069,341	471,649,148	95,857,256	73,101,849	-
Sinbon USA LLC. (USD)	2,000,000	1,685,875	29,571	1,656,304	831,956	(344,312)	(277,753)	-
Ray Service AVA Co., Ltd. (TWD)	30,000,000	22,942,048	4,771,875	18,170,173	792,950	(14,355,662)	(11,832,779)	-
T-CONN Precision Corporation (TWD)	10,000,000	246,831,449	236,528,815	10,302,634	506,308,244	2,953,610	3,927,982	-
Super Elite Limited (USD)	10,127,247	2,948,655	740	2,947,915	0	(4,449)	443,159	-
T-CONN Precision (Zhongshan) Corporation (RMB/CNY)	54,268,753	41,288,355	45,748,472	(4,460,117)	75,664,398	3,301,476	2,745,717	-
Super Progressive Limited (USD)	100,000	4,638,436	2,638,101	2,000,335	8,763,274	(50,063)	(50,098)	-
DigiO2 International Ltd. (TWD)	105,000,000	6,437,725	6,480,328	(42,603)	2,369,588	(12,016,841)	(16,170,544)	-
Worldwide Wire Harnesses Co., Ltd. (USD)	150,000	434,281	65	434,216	0	0	1,550	-
SINBON Technologies Tennessee Co.,	139,980	1,320,638	1,137,605	183,033	1,836,070	40,626	1,511	-

Name	Authorized Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Current P/L (after tax)	EPS (after tax)
LLC. (USD)								
SINBON Europe GmbH (EUR)	1,683,773	1,683,361	0	1,683,361	0	(413)	(412)	-

8.1.2. Consolidated financial statement of subsidiaries

Statement of Compliance

Our consolidated financial statement for 2016 (period:January 1, 2016 to December 31, 2016), contains the companies that should be included in the consolidated financial statement and accounting for investments in subsidies as required in the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the companies that should be included in the consolidated financial statement of the parent company and subsidies as required in the IAS 27–Consolidated Financial Statements and Accounting for Investments in Subsidiaries are the same. In addition, as the information that should be disclosed in the consolidated financial statement of subsidiaries has been disclosed in the said consolidated financial statement for the company and subsidiaries, no separate consolidate financial statements for subsidiaries will be published.

SINBON Electronics Co., Ltd.

Joseph Wang
Chairman

Date: March 9, 2017

8.2. Private placement of securities in last year and by the report publishing date: None.

8.3. Holding or settling corporate stocks in last year and by the report publishing date: None.

8.4. Other supplementations: None.

9. Incidents with significant impact on shareholder equities or market prices as specified in item 2 of paragraph 2 of Article 36 of the Securities and Exchange Act in last year and by the report publishing date

None.