Wah Lee Industrial Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2017 and 2016 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Wah Lee Industrial Corporation

We have reviewed the accompanying consolidated balance sheets of Wah Lee Industrial Corporation (the "Corporation") and its subsidiaries as of June 30, 2017 and 2016 and the related consolidated statements of comprehensive income for the three months ended June 30, 2017 and 2016, six months ended June 30, 2017 and 2016, and changes in equity and cash flows for the six months ended June 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As stated in Note 11, the accompanying consolidated financial statements included amounts based on unreviewed financial statements of subsidiaries considered as not material. The unreviewed amounts were total assets of NT$7,339,917 thousand and NT$5,802,867 thousand, which accounted for 30% and 22% of total consolidated assets; total liabilities of NT$2,163,520 thousand and NT$2,295,334 thousand, which accounted for 16% and 15% of total consolidated liabilities as of June 30, 2017 and 2016, respectively; comprehensive income of NT$74,344 thousand, NT$67,018 thousand, NT$83,543 thousand and NT$137,427 thousand, which accounted for 18%, 71%, 18% and 32% of total consolidated comprehensive income for the three months ended June 30, 2017 and 2016, and the six months ended June 30, 2017 and 2016, respectively. As stated in Notes 31 and 32, disclosures relating to the subsidiaries were based on unreviewed financial statements. The carrying values of investments in associates accounted for using equity method of NT$2,132,674 thousand and NT$2,095,114 thousand as of June 30, 2017 and 2016, and the share of profit of associates recognized under equity method of NT$47,401 thousand, NT$45,922 thousand, NT$83,978 thousand and NT$72,159 thousand for the three months ended June 30, 2017 and 2016, and the six months ended June 30, 2017 and 2016, respectively, were based on unreviewed financial statements.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had we reviewed the financial statements of certain subsidiaries and associates as discussed in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the Financial Supervisory Commission of the Republic of China, and International Accounting Standard 34 “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 9, 2017

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2017 (Reviewed)		December 31, 2016 (Audited)		June 30, 2016 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 1,976,653	8	$ 2,465,568	10	$ 2,821,897	11
Available-for-sale financial assets - current (Note 7)	324,309	1	285,731	1	338,505	1
Notes receivable (Notes 8, 27 and 28)	1,441,362	6	1,243,859	5	1,639,514	6
Trade receivable, net (Note 8)	8,875,721	36	9,558,550	38	8,861,633	34
Trade receivable - related parties (Notes 8 and 27)	95,966	1	131,701	1	114,721	-
Other receivables	57,141	-	44,578	-	51,108	-
Other receivables - related parties (Note 27)	199,697	1	21,850	-	156,094	1
Inventories (Note 9)	3,690,908	15	3,173,030	13	3,641,641	14
Prepayment and others	484,659	2	407,653	2	535,157	2
Other financial assets - current (Note 10)	24,692	-	83,154	-	178,978	1
Total current assets	17,171,108	70	17,415,674	70	18,339,248	70
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Note 7)	627,499	3	551,062	2	543,773	2
Investments accounted for using equity method (Note 12)	4,194,749	17	4,219,655	17	4,350,700	17
Property, plant and equipment (Notes 13, 28 and 29)	2,263,128	9	2,322,312	9	2,579,629	10
Goodwill	57,314	-	58,587	-	58,592	-
Computer software	5,022	-	2,762	-	5,636	-
Deferred tax assets	235,663	1	198,277	1	211,544	1
Prepayments for equipment	205	-	808	-	49,720	-
Refundable deposits (Note 24)	82,760	-	86,952	1	90,203	-
Prepayments for investments	-	-	-	-	18,629	-
Other noncurrent assets	58,375	-	62,328	-	50,748	-
Total noncurrent assets	7,524,715	30	7,502,743	30	7,959,174	30
TOTAL	$ 24,695,823	100	$ 24,918,417	100	$ 26,298,422	100

	June 30, 2017 (Reviewed)		December 31, 2016 (Audited)		June 30, 2016 (Reviewed)	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES						
Short-term loans (Notes 14 and 28)	$ 2,058,128	8	$ 2,133,852	9	$ 3,025,766	12
Notes payable (Note 15)	451,274	2	583,182	2	425,911	2
Notes payable - related parties (Notes 15 and 27)	261,916	1	276,403	1	231,057	1
Trade payable (Note 15)	4,598,026	19	5,204,673	21	4,848,556	19
Trade payable - related parties (Notes 15 and 27)	254,350	1	271,234	1	311,060	1
Dividends payable	603,263	2	-	-	626,402	2
Other payables (Notes 18 and 27)	857,468	3	887,348	4	870,759	3
Current tax liabilities	142,213	1	130,342	1	116,644	1
Provisions - current	208,323	1	166,485	1	113,230	-
Current portion of long-term debts (Notes 16, 17 and 28)	1,042,417	4	1,044,391	4	47,865	-
Other current liabilities	209,521	1	117,509	-	296,024	1
Total current liabilities	10,686,899	43	10,815,419	44	10,913,274	42
NONCURRENT LIABILITIES						
Long-term debts (Notes 16 and 28)	2,023,826	8	2,073,211	8	2,678,633	10
Bonds payable (Note 17)	-	-	-	-	999,307	4
Provision - noncurrent	14,760	-	14,760	-	14,760	-
Net defined benefit liabilities - noncurrent	342,906	1	345,804	2	345,603	1
Guarantee deposits received	425	-	425	-	424	-
Deferred tax liabilities	871,827	4	830,550	3	819,567	3
Total noncurrent liabilities	3,253,744	13	3,264,750	13	4,858,294	18
Total liabilities	13,940,643	56	14,080,169	57	15,771,568	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 20)						
Share capital						
Ordinary shares	2,313,901	9	2,313,901	9	2,313,901	9
Capital surplus	1,428,031	6	1,378,680	6	1,334,877	5
Retained earnings						
Legal reserve	1,809,112	8	1,704,573	7	1,704,573	7
Special reserve	197,138	1	72,302	-	72,302	-
Unappropriated earnings	4,273,734	17	4,541,549	18	4,039,552	15
Total retained earnings	6,279,984	26	6,318,424	25	5,816,427	22
Other equity	(247,643)	(1)	(124,837)	(1)	119,289	-
Total equity attributable to owners of the Corporation	9,774,273	40	9,886,168	39	9,584,494	36
NON-CONTROLLING INTERESTS (Note 20)	980,907	4	952,080	4	942,360	4
Total equity	10,755,180	44	10,838,248	43	10,526,854	40
TOTAL	$ 24,695,823	100	$ 24,918,417	100	$ 26,298,422	100

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

(With Deloitte & Touche review report dated August 9, 2017)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 27)								
Net sales	$ 10,017,700	99	$ 10,066,691	99	$ 19,119,940	99	$ 18,916,030	99
Commission revenue	22,047	-	19,763	-	51,724	-	48,249	-
Other operating revenue	75,361	1	49,132	1	131,914	1	74,092	1
Total operating revenues	10,115,108	100	10,135,586	100	19,303,578	100	19,038,371	100
OPERATING COSTS (Notes 9, 21 and 27)								
Cost of goods sold	9,154,577	91	9,205,234	91	17,427,426	91	17,221,342	91
Other operating costs	28,346	-	2,868	-	53,594	-	10,026	-
Total operating costs	9,182,923	91	9,208,102	91	17,481,020	91	17,231,368	91
GROSS PROFIT	932,185	9	927,484	9	1,822,558	9	1,807,003	9
OPERATING EXPENSES (Notes 19 and 21)								
Selling and marketing expenses	480,161	5	472,320	4	952,775	5	945,732	5
General and administrative expenses	107,985	1	91,465	1	199,913	1	188,465	1
Total operating expenses	588,146	6	563,785	5	1,152,688	6	1,134,197	6
OPERATING INCOME	344,039	3	363,699	4	669,870	3	672,806	3
NONOPERATING INCOME AND EXPENSES								
Other income (Notes 21 and 27)	18,262	-	26,333	-	29,267	-	58,906	-
Other gains and losses (Note 21)	11,787	-	(28,276)	-	(40,722)	-	(40,159)	-
Financial costs (Note 21)	(22,126)	-	(25,786)	-	(44,545)	-	(53,710)	-
Share of the profit or loss of associates	91,851	1	27,461	-	233,850	1	170,572	1
Total non-operating income and expenses	99,774	1	(268)	-	177,850	1	135,609	1
PROFIT BEFORE INCOME TAX	443,813	4	363,431	4	847,720	4	808,415	4
INCOME TAX EXPENSE (Notes 4 and 22)	138,375	1	143,826	2	225,806	1	230,468	1
NET PROFIT FOR THE PERIOD	305,438	3	219,605	2	621,914	3	577,947	3
OTHER COMPREHENSIVE INCOME (Notes 20 and 22)								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	92,697	1	(83,895)	(1)	(247,983)	(1)	(162,439)	(1)

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Unrealized gain (loss) on available-for-sale financial assets	$ 12,273	-	$ (27,838)	-	$ 90,266	-	$ 38,724	-
Share of the other comprehensive income of associates accounted for using the equity method	39,609	-	(27,653)	-	(30,241)	-	(48,464)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(27,494)	-	13,924	-	35,240	-	26,618	-
Other comprehensive income (loss) for the period, net of income tax	117,085	1	(125,462)	(1)	(152,718)	(1)	(145,561)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 422,523	4	$ 94,143	1	$ 469,196	2	$ 432,386	2
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	$ 270,656		$ 199,217		$ 563,175		$ 535,844	
Non-controlling interests	34,782		20,388		58,739		42,103	
	$ 305,438		$ 219,605		$ 621,914		$ 577,947	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	$ 371,181		$ 90,980		$ 440,369		$ 416,645	
Non-controlling interests	51,342		3,163		28,827		15,741	
	$ 422,523		$ 94,143		$ 469,196		$ 432,386	
EARNINGS PER SHARE (Note 23)								
From continuing operations								
Basic	$ 1.17		$ 0.86		$ 2.43		$ 2.32	
Diluted	1.10		0.82		2.27		2.17	

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

(With Deloitte & Touche review report dated August 9, 2017) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Cash Flow Hedges	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Subtotal	Non-controlling Interest	Total Equity
BALANCE AT JANUARY 1, 2017	$ 2,313,901	$ 1,378,680	$ 1,704,573	$ 72,302	$ 4,541,549	$ (146,889)	$ (213)	$ 22,265	$ 9,886,168	$ 952,080	$ 10,838,248
Appropriation of 2016 earnings (Note 20)											
Legal reserve	-	-	104,539	-	(104,539)	-	-	-	-	-	-
Special reserve	-	-	-	124,836	(124,836)	-	-	-	-	-	-
Cash dividends distributed by the Corporation-26%	-	-	-	-	(601,615)	-	-	-	(601,615)	-	(601,615)
	-	-	104,539	124,836	(830,990)	-	-	-	(601,615)	-	(601,615)
Other changes in capital surplus											
Change in capital surplus from investments in associates accounted for by using equity method	-	49,351	-	-	-	-	-	-	49,351	-	49,351
Net profit for the six months ended June 30, 2017	-	-	-	-	563,175	-	-	-	563,175	58,739	621,914
Other comprehensive loss for the six months ended June 30, 2017, net of income tax (Note 20)	-	-	-	-	-	(225,554)	213	102,535	(122,806)	(29,912)	(152,718)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	563,175	(225,554)	213	102,535	440,369	28,827	469,196
BALANCE AT JUNE 30, 2017	$ 2,313,901	$ 1,428,031	$ 1,809,112	$ 197,138	$ 4,273,734	$ (372,443)	$ -	$ 124,800	$ 9,774,273	$ 980,907	$ 10,755,180
BALANCE AT JANUARY 1, 2016	$ 2,313,901	$ 1,331,568	$ 1,591,558	$ 72,302	$ 4,241,476	$ 283,851	$ -	$ (45,363)	$ 9,789,293	$ 935,471	$ 10,724,764
Appropriation of 2015 earnings (Note 20)											
Legal reserve	-	-	113,015	-	(113,015)	-	-	-	-	-	-
Cash dividends distributed by the Corporation-27%	-	-	-	-	(624,753)	-	-	-	(624,753)	-	(624,753)
	-	-	113,015	-	(737,768)	-	-	-	(624,753)	-	(624,753)
Other changes in capital surplus											
Change in capital surplus from investments in associates accounted for by using equity method	-	3,309	-	-	-	-	-	-	3,309	-	3,309
Net profit for the six months ended June 30, 2016	-	-	-	-	535,844	-	-	-	535,844	42,103	577,947
Other comprehensive loss for the six months ended June 30, 2016, net of income tax (Note 20)	-	-	-	-	-	(155,906)	-	36,707	(119,199)	(26,362)	(145,561)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	535,844	(155,906)	-	36,707	416,645	15,741	432,386
Decrease in non-controlling interests (Note 20)	-	-	-	-	-	-	-	-	-	(8,852)	(8,852)
BALANCE AT JUNE 30, 2016	$ 2,313,901	$ 1,334,877	$ 1,704,573	$ 72,302	$ 4,039,552	$ 127,945	$ -	$ (8,656)	$ 9,584,494	$ 942,360	$ 10,526,854

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated August 9, 2017)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 847,720	$ 808,415
Adjustments for:		
Depreciation expenses	53,121	48,121
Amortization expenses	973	4,015
Provision for doubtful accounts	2,665	787
Finance costs	44,545	53,710
Interest income	(4,531)	(16,306)
Dividend income	(233)	(262)
Share of profit of associates	(233,850)	(170,572)
Gain on disposal of investments	(785)	(8,075)
Impairment loss recognized on non - financial assets	19,180	-
Reversal of impairment loss recognized on non - financial assets	-	(18,634)
Net loss (or gain) on foreign currency exchange	40,520	(4,019)
Others	6,181	15,829
Changes in operating assets and liabilities		
Notes receivable	(197,503)	122,096
Trade receivable	641,693	304,057
Trade receivable - related parties	35,735	(14,682)
Other receivables	(20,415)	(2,741)
Other receivables - related parties	19,957	3,102
Inventories	(536,104)	409,980
Prepayments and other current assets	(77,006)	(64,442)
Notes payable	(131,908)	14,037
Notes payable - related parties	(14,487)	(19,223)
Trade payable	(594,310)	(534,867)
Trade payable - related parties	(17,138)	45,767
Other payables	(31,418)	77,286
Provisions	41,838	51,282
Other current liabilities	92,012	99,023
Net defined benefit liabilities	(2,136)	(1,893)
Cash generated from (used in) operations	(15,684)	1,201,791
Interest received	4,531	16,306
Dividend received	57,683	55,962
Interest paid	(36,387)	(47,424)
Income tax paid	(175,559)	(229,528)
Net cash generated from (used in) operating activities	(165,416)	997,107
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(45,025)	(40,030)
Proceeds of sale of available-for-sale financial assets	18,792	29,458
Increase in prepayments for investment	-	(18,629)

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30 2017	For the Six Months Ended June 30 2016
Payments for property, plant and equipment	$ (19,910)	$ (114,665)
Proceeds from disposal of property, plant and equipment	240	32,682
Increase in refundable deposits	(13,207)	(13,852)
Decrease in refundable deposits	16,034	29,455
Payments for intangible assets	(3,235)	(213)
Increase in other financial assets	(25,240)	(54,903)
Decrease in other financial assets	80,521	704,974
Increase in other noncurrent assets	(1,769)	(2,496)
Net cash generated from investing activities	7,201	551,781
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	4,778,946	5,663,105
Repayments of short-term loans	(4,774,620)	(6,266,186)
Proceeds from long-term debts	2,820,000	20,964
Repayment of long-term debts	(2,871,211)	(18,185)
Increase in guarantee deposits	-	3
Net cash used in financing activities	(46,885)	(600,299)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(283,815)	(226,905)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(488,915)	721,684
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	2,465,568	2,100,213
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$ 1,976,653	$ 2,821,897

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

(With Deloitte & Touche review report dated August 9, 2017) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Wah Lee Industrial Corporation (the "Corporation") was incorporated in October 1968, and is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

The Corporation's shares have been listed and traded on the Taiwan Stock Exchange since July 22, 2002.

The consolidated financial statements are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue on August 9, 2017.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Wah Lee Industrial Corporation and subsidiaries (the "Group") accounting policies:

   <u>Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>

   The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions.

   The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions are enhanced. Refer to Note 27 for related disclosures.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by the FSC for application starting from 2018

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
Amendments to IFRS 4 “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”	January 1, 2018
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 “Financial Instruments”

Recognition, measurement and impairment of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Based on an analysis of the Group's financial assets as at June 30, 2017 on the basis of the facts and circumstances that exist at that date, the Group has performed a preliminary assessment of the impact of IFRS 9 to the classification and measurement of financial assets as follows:

a) Listed shares, emerging market shares, and unlisted shares classified as available-for-sale will be designated as at fair value through other comprehensive income and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides, unlisted shares measured at cost will be measured at fair value instead;

b) Mutual funds classified as available-for-sale will be classified as at fair value through profit or loss because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments;

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". The loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The Group has performed a preliminary assessment that the Group will apply the simplified approach to recognize lifetime expected credit losses for trade receivables, contract assets and lease receivables. In relation to the debt instrument investments and the financial guarantee contracts, the Group will assess whether there has been a significant increase in the credit risk to determine whether to recognize 12-month or lifetime expected credit losses. In general, the Group anticipates that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for financial assets.

The Group elects not to restate prior periods when applying the requirements for the recognition, measurement and impairment of financial assets under IFRS 9 and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9. Furthermore, the Group will provide disclosure of the differences in amounts if the Group continued to apply the existing accounting treatments in 2018.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, the Group recognizes revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

The Group elects to retrospectively apply IFRS 15 to contracts that are not complete on January 1, 2018 and recognize the cumulative effect of the change in the retained earnings on January 1, 2018.

In addition, the Group will disclose the difference between the amount that results from applying IFRS 15 and the amount that results from applying current standards for 2018.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	**Effective Date Announced by IASB (Note)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

2) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

3) IFRIC 23 "Uncertainty Over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

The Group may elect to apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial

Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

See Note 11 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2016.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2016.

6. CASH AND CASH EQUIVALENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand	$ 4,926	$ 96,433	$ 5,860
Demand deposits	1,770,494	2,033,959	2,625,890
Checking accounts	19,799	5,655	2,422
Cash equivalents			
Time deposits with original maturities less than three months	181,434	329,521	187,725
	$ 1,976,653	$ 2,465,568	$ 2,821,897

The ranges of market interest rates of time deposits at each balance sheet date were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Time deposits (%)	0.80-4.80	0.30-4.80	0.30-3.43

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Domestic investments			
Listed shares	$ 71,109	$ 41,405	$ 61,678
Emerging market shares	4,532	4,697	5,974
Unlisted shares	383,799	341,505	334,878
Mutual funds	305,987	266,394	294,423
	765,427	654,001	696,953
Foreign investments			
Listed shares	71,709	60,166	61,326
Unlisted shares	114,672	122,626	123,999
	186,381	182,792	185,325
	$ 951,808	$ 836,793	$ 882,278
Current	$ 324,309	$ 285,731	$ 338,505
Noncurrent	627,499	551,062	543,773
	$ 951,808	$ 836,793	$ 882,278

8. NOTES AND TRADE RECEIVABLE, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Notes receivable - operating	$ 1,441,362	$ 1,243,859	$ 1,639,514

(Continued)

	June 30, 2017	December 31, 2016	June 30, 2016
Accounts receivable - unrelated parties			
Accounts receivable	$ 8,902,707	$ 9,588,524	$ 9,034,119
Less: Allowance for doubtful accounts	26,986	29,974	172,486
	$ 8,875,721	$ 9,558,550	$ 8,861,633
Accounts receivable - related parties (Note 27)			
Accounts receivable	$ 96,217	$ 131,976	$ 114,721
Less: Allowance for doubtful accounts	251	275	-
	$ 95,966	$ 131,701	$ 114,721

(Concluded)

As of June 30, 2016, the carrying amount of notes receivable pledged as collateral for borrowings was disclosed in Note 28.

The credit period for sales of goods is 30-180 days. In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to each balance sheet date. The Group assessed the accounts receivable during the period of credit and recognized allowance for impairment loss based on estimated irrecoverable amount determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The Group periodically reviewed customers' credit limits. The notes receivable and accounts receivable that were neither past due nor impaired had good credit scores according to internal credit review system.

The concentration of credit risk was limited due to the fact that the customer base was large.

Accounts receivable balances that were past due at the end of reporting period were not provided with allowance for impairment because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances and did not have a legal right to offset against any amounts owed by the Group to the counterparty.

The aging of accounts receivable was as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Less than 90 days	$ 7,436,212	$ 7,641,213	$ 7,207,673
91-150 days	1,189,037	1,637,152	1,292,467
151-180 days	74,167	186,177	169,076
Over 181 days	299,508	255,958	479,624
	$ 8,998,924	$ 9,720,500	$ 9,148,840

The above aging schedule was based on the invoice date.

The aging of accounts receivable that were past due but not impaired were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Over 181 days	$ 3,984	$ 344	$ 14,673

The above aging schedule was based on the invoice date.

Movements of the allowance for impairment loss recognized on accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ 9,042	$ 21,207	$ 30,249
Add: Impairment losses recognized (reversed) on accounts receivables	(2,618)	5,283	2,665
Less: Amounts written off during the period as uncollectible	-	(4,708)	(4,708)
Foreign exchange translation gains and losses	(295)	(674)	(969)
Balance at June 30, 2017	$ 6,129	$ 21,108	$ 27,237
Balance at January 1, 2016	$ 152,682	$ 21,338	$ 174,020
Add: Impairment losses recognized (reversed) on accounts receivables	(4,347)	5,134	787
Less: Amounts written off during the period as uncollectible	(815)	-	(815)
Foreign exchange translation gains and losses	(734)	(772)	(1,506)
Balance at June 30, 2016	$ 146,786	$ 25,700	$ 172,486

Age of individually impaired accounts receivable was as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Less than 90 days	$ -	$ 2,319	$ 1,869
91-150 days	-	227	456
151-180 days	-	209	412
Over 181 days	8,621	13,011	152,089
	$ 8,621	$ 15,766	$ 154,826

The above aging of trade receivables before deducting the allowance for impairment loss was presented based on the invoice date.

9. INVENTORIES

The cost of inventories recognized in cost of goods sold for the three months ended June 30, 2017 and 2016 and the six months ended June 30, 2017 and 2016 was $9,154,577 thousand, $9,205,234 thousand, $17,427,426 thousand and $17,221,342 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Provision for (reversal of) loss on inventories	$ 17,824	$ (19,659)	$ 19,180	$ (18,634)
Loss (gain) on physical inventories	(10)	(2)	(5)	3
Loss on disposal of inventories	1,293	9,546	1,344	11,335
	$ 19,107	$ (10,115)	$ 20,519	$ (7,296)

10. OTHER FINANCIAL ASSETS - CURRENT

	June 30, 2017	December 31, 2016	June 30, 2016
Time deposits with original maturity more than three months	$ 24,692	$ 83,154	$ 178,978
Annual interest rate (%)	1.00	0.50-2.80	0.55-3.75

11. SUBSIDIARIES

The subsidiaries in the consolidated financial statements

The detailed information of the subsidiaries at the end of the reporting period was as follows:

			Percentage of Ownership			
Investor	Investee	Main Businesses	June 30, 2017	December 31, 2016	June 30, 2016	Remark
The Corporation	Wah Lee Holding Ltd.	International investment	100.00	100.00	100.00	Established in BVI, Note l
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	53.69	Established in Hong Kong
	Wah Lee Japan Corp. (Wah Lee Japan)	Trading business of glass fiber, electronic equipment optical machinery, etc.	83.33	83.33	83.33	Established in Japan, Note l
	Wah Lee Korea Ltd.	Trading business of glass fiber, electronic equipment optical machinery, etc.	100.00	100.00	100.00	Established in Korea, Notes l and 2
	Skypower Ltd. (Skypower)	Trading business of solar energy materials and equipment	70.00	70.00	70.00	Established in Japan, Note l
	Okayama Solar Ltd. (Okayama Solar)	Solar power generation business	99.99	99.99	99.99	Established in Japan, Note 1
	Sakuragawa Solar Ltd. (Sakuragawa Solar)	Solar power generation business	99.99	99.99	99.99	Established in Japan, Note 1
	Miyazaki Solar Ltd. (Miyazaki Solar)	Solar power generation business	99.99	99.99	99.99	Established in Japan, Note 1
	P.T. Wahlee Indonesia (Wah Lee Indonesia)	Trading business of industrial materials	60.00	60.00	60.00	Established in Indonesia, Note 1
	Hong Kong Meidi Investment (Holding) Ltd. (Meidi)	International investment	80.00	80.00	80.00	Established in Hong Kong, Note 1
	Wah Lee Vietnam Co., Ltd. (Wah Lee Vietnam)	Trading business of industrial materials	100.00	100.00	100.00	Established in Vietnam, Note 1
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	100.00	Established in Mauritius, Note 1
	Wah Lee Tech (Singapore) Pte. Ltd. (Wah Lee Tech)	Agency of semiconductor materials and equipment	100.00	100.00	100.00	Established in Singapore, Note 1
	Wah Lee Machinery Trading Limited	International trading	-	-	100.00	Established in BVI, Notes 1 and 2

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership June 30, 2017	December 31, 2016	June 30, 2016	Remark
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	46.31	Established in Hong Kong
	Regent King International Limited (Regent King)	Trading business of engineering plastic composite materials and equipment	100.00	100.00	100.00	Established in Hong Kong, Note 1
Raycong Industrial (H.K.) Ltd.	Dong Guan Hua Gang International Trading Co., Ltd. (Dong Guan Hua Gang)	Trading business of industrial materials and equipment	100.00	100.00	100.00	Established in Dong Guan, Note 1
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	International trading of industrial materials	70.00	70.00	70.00	Established in Shanghai
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Huaying)	Trading business of industrial materials	100.00	100.00	100.00	Established in Shenzhen, Note 1

(Concluded)

Note 1: This is not a material subsidiary; its financial statements were not reviewed.

Note 2: Wah Lee Machinery Trading Limited completed the liquidation procedures in August 2016.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates	June 30, 2017	December 31, 2016	June 30, 2016
Material associates			
Chang Wah Electromaterials Inc.	$ 1,709,384	$ 1,686,935	$ 1,600,479
Associates that are not individually material	2,485,365	2,532,720	2,750,221
	$ 4,194,749	$ 4,219,655	$ 4,350,700

a. Material associates

Name of Associate	June 30, 2017	December 31, 2016	June 30, 2016
Chang Wah Electromaterials Inc.	30.98%	30.98%	30.98%

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	June 30, 2017	December 31, 2016	June 30, 2016
Chang Wah Electromaterials Inc.	$ 2,592,519	$ 2,651,889	$ 2,110,956

All the associates are accounted for using the equity method.

The summarized financial information below represents amounts shown in each of associate’s financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Chang Wah Electromaterials Inc.

	June 30, 2017	December 31, 2016	June 30, 2016
Current assets	$ 8,437,043	$ 5,261,814	$ 4,420,577
Noncurrent assets	6,469,644	4,176,607	4,523,039
Current liabilities	(4,861,472)	(2,938,086)	(3,138,727)
Noncurrent liabilities	(3,341,296)	(633,531)	(424,638)
Equity	6,703,919	5,866,804	5,380,251
Non-controlling interests	(1,403,921)	(639,269)	(431,782)
	$ 5,299,998	$ 5,227,535	$ 4,948,469
Proportion of the Group's ownership (%)	30.98	30.98	30.98
Equity attributable to the Group	$ 1,641,957	$ 1,619,508	$ 1,533,052
Goodwill	67,427	67,427	67,427
Carrying amount	$ 1,709,384	$ 1,686,935	$ 1,600,479

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Operating revenue	$ 3,872,639	$ 2,673,696	$ 6,390,263	$ 5,839,386
Net profit	$ 248,003	$ 87,214	$ 585,587	$ 548,704
Other comprehensive income	56,973	(55,500)	17,890	(80,308)
Total comprehensive income	$ 304,976	$ 31,714	$ 603,477	$ 468,396

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2016	2016
The Corporation's share of Net profit from continuing operations and total comprehensive income	$ 52,648	$ (11,527)	$ 30,083	$ (18,904)

The equity-method investees' financial statements, which had been used to determine the carrying amount of the Group's investments including the share of profit and other comprehensive income of associates, had not been reviewed, except those of Chang Wah Electromaterials Inc. and Wah Hong Industrial Corp.

The carrying values of investments accounted for using equity method of $2,132,674 thousand and $2,095,114 thousand as of June 30, 2017 and 2016, and the share of profit of associates recognized under equity method of $47,401 thousand, $45,922 thousand, $83,978 thousand and $72,159 thousand for the three months ended June 30, 2017 and 2016, and the six months ended June 30, 2017 and 2016, respectively, were based on unreviewed financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2017	December 31, 2016	June 30, 2016
Freehold Land	$ 762,964	$ 764,161	$ 851,294
Buildings	682,683	716,729	614,207
Machinery and Equipment	502,021	521,353	485,159
Office and Miscellaneous Equipment	157,534	149,164	140,065
Others	9,298	10,288	9,930
Construction in progress	148,628	160,617	478,974
	$ 2,263,128	$ 2,322,312	$ 2,579,629

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of property, plant and equipment during the three months ended June 30, 2017 and 2016, and the six months ended June 30, 2017 and 2016.

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Office	20-63 years
Office interior decoration	5-11 years
Machinery and equipment	3-17 years
Office and miscellaneous equipment	
Fire extinguishing equipment and safeguard monitoring system	4-6 years
Steel cylinder	5-9 years
Hoist	11-16 years
Others	1-15 years
Others	1-11 years

Refer to Note 28 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings granted to the Group.

14. SHORT-TERM LOANS

	June 30, 2017	December 31, 2016	June 30, 2016
Secured loans (Note 28)			
Bank loans	$ -	$ -	$ 187,673
Unsecured loans			
Loans for procurement of materials	1,413,818	1,411,147	1,881,869
Lines of credit of loans	644,310	722,705	956,224
	2,058,128	2,133,852	2,838,093
	$ 2,058,128	$ 2,133,852	$ 3,025,766
Annual interest rate (%)	0.529-4.60	0.25-4.575	0.45-3.95

15. NOTES PAYABLE AND TRADE PAYABLE

	June 30, 2017	December 31, 2016	June 30, 2016
Notes payable (including related parties)			
Operating	$ 707,732	$ 844,142	$ 650,615
Non-operating	5,458	15,443	6,353
	$ 713,190	$ 859,585	$ 656,968
Notes payable			
Unrelated parties	$ 451,274	$ 583,182	$ 425,911
Related parties (Note 27)	261,916	276,403	231,057
	$ 713,190	$ 859,585	$ 656,968
Trade payable (including related parties)			
Operating	$ 4,852,376	$ 5,475,907	$ 5,159,616
Trade payable			
Unrelated parties	$ 4,598,026	$ 5,204,673	$ 4,848,556
Related parties (Note 27)	254,350	271,234	311,060
	$ 4,852,376	$ 5,475,907	$ 5,159,616

The credit period for purchases of goods is 30-120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Therefore, no interest was charged on the accounts payable.

16. LONG-TERM DEBTS

	June 30, 2017	December 31, 2016	June 30, 2016
Syndicated bank loans (led by Taiwan Cooperative Bank) (a)	$ 1,000,000	$ 1,500,000	$ 1,800,000
Less: Syndicated loan fee	3,600	4,320	5,040
	996,400	1,495,680	1,794,960
Other Loan (b)	1,055,990	615,368	931,538
	2,052,390	2,111,048	2,726,498
Less: Current portion	28,564	37,837	47,865
	$ 2,023,826	$ 2,073,211	$ 2,678,633

a. The Corporation signed a syndicated loan agreement with nine banks led by Taiwan Cooperative Bank in December 2014. The main contents of the syndicated loan agreement are as follows:

1) The loan is a 5-year medium-term revolving credit line up to $3 billion that commences from the initial drawdown date. Beginning on the third year, the maximum credit line will be reduced every

six months; for each of the first four six-month periods, credit line will be reduced by $450 million and for the fifth six-month period, credit line will be reduced by $1.2 billion. Under the borrowing limit, the Corporation could use the revolving credit facility and borrowing terms are less than 180 days. Each drawdown shall be repaid at the end of each interest period, but shall be available for redrawing on a revolving basis not less than three business days from original loan's maturity date subject to no occurrence of default. As of June 30, 2017, December 31, 2016 and June 30, 2016, the interest rate was 1.797%.

2) Pursuant to the loan agreement, the Corporation should maintain certain financial ratios as follows:

- Current ratio should not be less than 100%.
- Debt ratio should not be more than 180%.
- Interest coverage ratio should not be less than 800%.
- Tangible net worth, the balance after deducting intangible assets from stockholders' equity, should not be less than $8 billion.

Such financial ratios should be calculated based on audited annual consolidated financial statements.

The Corporation had met the conditions of the loan agreement based on the audited annual consolidated financial statements as of and for the year ended December 31, 2016 and 2015.

b. The Group's other loans as follow:

Bank	Due Dates and Significant Conditions	Interest Rate (%)	June 30, 2017	December 31, 2016	June 30, 2016
Mortgage loans					
Hua Nan Bank	Repayable in 120 equal monthly installments from July 2015 to June 2025, monthly repayment of SGD 14 thousand, and the final repayment SGD 1,656 thousand.	2.21-2.65	$ 65,288	$ 67,745	$ 70,315
China Trust Bank	Repayable in 25 equal quarterly installments from July 2014 to July 2020, quarterly repayment of JPY 10,352 thousand, and the final repayment JPY 383,024 thousand.	1.46-1.83	137,769	202,841	242,891
	Has been repaid in advance in December 2016	1.89	-	-	238,944

(Continued)

Bank	Due Dates and Significant Conditions	Interest Rate (%)	June 30, 2017	December 31, 2016	June 30, 2016
	Repayable in 22 equal quarterly installments from March 2017 to June 2022, quarterly repayment of JPY 12,601 thousand, and the final repayment JPY 365,434 thousand.	1.76-1.77	$ 164,279	$ 173,644	$ 198,027
	Repayable in 12 equal quarterly installments from September 2019 to June 2022, quarterly repayment of JPY 9,314 thousand, and the final repayment JPY 518,506 thousand.	1.76-1.77	168,654	171,138	181,361
HSBC Bank	Repayable in June 2020	1.058	200,000	-	-
LAND Bank	Repayable in 228 equal monthly installments from July 2018 to June 2037, monthly repayment and interest of 1,640 thousand.	1.68	320,000	-	-
Total			$ 1,055,990	$ 615,368	$ 931,538

(Concluded)

17. BONDS PAYABLE

	Denomination of Convertible Bonds	Payable of Interest	Discount (Included Issuance Cost of Bonds Payable $5,494 thousand)	Total
a. Liability component				
For the six months ended June 30, 2017				
Balance, beginning of period	$ 1,000,000	$ 12,092	$ (5,538)	$ 1,006,554
Amortization expenses	-	2,555	4,744	7,299
Balance, end of period	$ 1,000,000	$ 14,647	$ (794)	$ 1,013,853

(Continued)

	Denomination of Convertible Bonds	Payable of Interest	Discount (Included Issuance Cost of Bonds Payable $5,494 thousand)	Total
For the six months ended June 30, 2016				
Balance, beginning of period	$ 1,000,000	$ 7,037	$ (14,925)	$ 992,112
Amortization expenses	-	2,519	4,676	7,195
Balance, end of period	$ 1,000,000	$ 9,556	$ (10,249)	$ 999,307

(Concluded)

	June 30, 2017	December 31, 2016	June 30, 2016
b. Equity component			
Share option of common stock	$ 22,500	$ 22,500	$ 22,500
Less: Issuance cost of share option	126	126	126
Capital surplus - share option	$ 22,374	$ 22,374	$ 22,374

In August 2014, the Corporation issued $1 billion (all issued on 10 thousand notes and the denomination of each note was $100 thousand) 3-year (from August 2014 to August 2017) zero interest coupon second unsecured domestic convertible bonds.

The convertible bonds included liabilities and conversion options, recognized as liabilities and capital surplus-share option respectively. The non-derivative financial liabilities component of the convertible bonds (included issuance costs and interests payable) are measured at amortized cost using the effective interest method (the effective interest rate was 1.446%), and related amortization expenses of convertible bonds were recognized in profit or loss in the period in which they arise. The conversion methods were as follows:

a. Conversion option

From one month after the issuance date to the maturity date (except the relevant transfer period), bondholders may request to convert the bonds into the Corporation's common shares.

The conversion price was originally $69 per share. After the issue date, except the Corporation issues various securities with conversion option or share option to transfer to common shares, the conversion price will be subject to adjustments under the following conditions: (a) the ordinary shares issued increased, or (b) cash dividends distributed are up to 1.5% of the current price per share or (c) conversion price is lower than the current price per share or re-issue price (in public or private placement) of various securities with rights of conversion to ordinary shares or warrants is lower than the conversion price, or (d) ordinary shares of capital reduction were induced reduction not due to cancellation of treasury shares. The conversion price was $61, $61 and $64.7 as of June 30, 2017, December 31, 2016 and June 30, 2016, respectively.

b. Redemption option

From one month after the issuance date to 40 days before the maturity date, if the closing price in Taiwan Stock Exchange is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued convertible bonds, after 5 business days from the bonds redemption reference date, the Corporation may redeem by cash the remaining bonds at their face value.

c. Date and manner of repayment of principal

Except when the bondholders used the conversion option or the Corporation used the redemption option or purchased from market and wrote off, at the maturity date, the Corporation may redeem by cash the remaining bonds at their face value plus accrued interest (the amount of interest was 1.5075% of the bonds' face value, the effective interest rate was 0.5%).

As of June 30, 2017, the bondholders had not used the conversion option and the Corporation had not used redemption option. The unsecured bonds will be matured in August, 2017, and had been reclassified to "Current portion of long-term debts" on June 30, 2017 and December 31, 2016.

18. OTHER PAYABLES

	June 30, 2017	December 31, 2016	June 30, 2016
Salaries or bonus	$ 393,673	$ 386,602	$ 371,673
Payable for employees' compensation and remuneration to directors and supervisors	270,958	177,362	282,382
Payable for commission	50,164	59,258	37,198
Payable for freight fee	30,977	24,638	34,932
Payable for annual leave	29,945	30,058	21,547
Payable for insurance premium	15,474	19,199	15,424
Payable for business tax	6,405	55,139	28,315
Others	59,872	135,092	79,288
	$ 857,468	$ 887,348	$ 870,759

19. RETIREMENT BENEFIT PLANS

The pension expenses of defined benefit plan (estimated by actuarial pension cost rate as of December 31, 2016 and 2015, respectively) were NT$2,078 thousand, NT$2,154 thousand, NT$4,155 thousand and NT$4,308 thousand for the three months ended June 30, 2017 and 2016, and the six months ended June 30, 2017 and 2016, respectively.

20. EQUITY

a. Capital Stock

	June 30, 2017	December 31, 2016	June 30, 2016
Number of shares authorized (in thousands)	300,000	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000	$ 3,000,000

(Continued)

	June 30, 2017	December 31, 2016	June 30, 2016
Number of shares issued and fully paid (in thousands)	231,390	231,390	231,390
Shares issued	$ 2,313,901	$ 2,313,901	$ 2,313,901

(Concluded)

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital Surplus

	June 30, 2017	December 31, 2016	June 30, 2016
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Recognized from issuance of common shares	$ 1,160,519	$ 1,160,519	$ 1,160,519
Recognized from the difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	29	29	29
May be used to offset a deficit only			
Recognized from donations	11,867	11,867	11,867
May not be used for any purpose			
Recognized from share of changes in capital surplus of associates	233,242	183,891	140,088
Recognized from issuance of convertible bonds (Note 17)	22,374	22,374	22,374
	$ 1,428,031	$ 1,378,680	$ 1,334,877

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained Earnings and Dividend Policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Corporation's Articles of Incorporation had been approved in the shareholders' meeting on June 17, 2016, particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to f. Employees' compensation and Remuneration to directors and supervisors in Note 21.

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, and then for offsetting of losses of previous years, and any remaining profit will be appropriated as follows:

1) 10% as legal reserve, and when its balance equals to the Corporation's paid-in capital, the appropriation may be stopped.

2) Set aside or reverse special reserve in accordance with the laws and regulations.

3) Any remaining profit plus any unappropriated earnings will be used as basis for proposing a distribution plan by the Corporation's board of directors, which should be resolved in the shareholders' meeting for distribution of dividends to shareholders.

The dividend policy of the Corporation is based on the current and future development plans, investment environment, capital requirements and competition in the domestic and foreign markets, as well as the benefits of shareholders, etc. The dividends to shareholders shall be not less than 10% of the distributable earnings each year, but if the distributable earnings is less than 1% of the Corporation's paid-in capital, the Corporation should not make appropriation for dividend. The dividends to shareholders can be paid in cash or/and issued shares, but cash dividends shall be not less than 50% of the total dividends.

Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations of earnings for 2016 and 2015 had been approved in the shareholders' meetings on May 26, 2017 and June 17, 2016, respectively; the amounts were as follows:

	Appropriation of Earnings For Fiscal Year		**Dividends Per Share (NT$) For Fiscal Year**	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 104,539	$ 113,015		
Special reserve	124,836	-		
Cash dividends to stockholders	601,615	624,753	$ 2.6	$ 2.7
	$ 830,990	$ 737,768		

d. Special Reserves

On the first-time adoption of Taiwan-IFRSs, the Group increase in retained earnings that resulted from the unrealized revaluation increment and cumulative translation differences and appropriated to special reserve was only NT$72,302 thousand. The appropriated to special reserve NT$124,836 thousand had been approved in the shareholders' meetings on May, 2017; therefore, the amount of special reserve were NT$197,138 thousand, NT$72,302 thousand and NT$72,302 thousand at June 30, 2017, December 31, 2016 and June 30 2016, respectively.

e. Other Equity Items

1) Exchange differences on translating foreign operations

	For the Six Months Ended June 30	
	2017	2016
Balance, beginning of period	$ (146,889)	$ 283,851
Exchange differences on translation of foreign operations	(218,048)	(136,228)
Share of exchange difference of associates accounted for using the equity method	(42,746)	(46,296)
Income tax relating to gains on translation of net assets of foreign operations	35,240	26,618
Balance, end of period	$ (372,443)	$ 127,945

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Six Months Ended June 30	
	2017	2016
Balance, beginning of period	$ 22,265	$ (45,363)
Unrealized gain on revaluation of available-for-sale financial assets	91,028	46,950
Cumulative gain on available-for-sale financial assets reclassified to profit or loss	(785)	(8,075)
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of associates accounted for using the equity method	12,292	(2,168)
Balance, end of period	$ 124,800	$ (8,656)

3) Cash flow hedge

	For the Six Months Ended June 30, 2017
Balance, beginning of year	$ (213)
Share of cash flow hedging reserve of associates accounted for using the equity method	213
Balance, end of year	$ -

f. Non-Controlling Interests

	For the Six Months Ended June 30	
	2017	2016
Balance, beginning of period	$ 952,080	$ 935,471
Attributable to non-controlling interests		
Share of net profit for the period	58,739	42,103
Decrease arising from capital reduction of subsidiaries	-	(8,852)

(Continued)

	For the Six Months Ended June 30	
	2017	2016
Unrealized loss from available-for-sale financial assets	$ 23	$ (151)
Exchange difference arising on translation of foreign entities	(29,935)	(26,211)
Balance, end of period	$ 980,907	$ 942,360

(Concluded)

21. NET PROFIT BEFORE INCOME TAX

The details of net profit before income tax were as follows:

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Interest income	$ 2,371	$ 5,910	$ 4,531	$ 16,306
Rental income	1,809	1,229	3,819	2,736
Dividend income	233	262	233	262
Others	13,849	18,932	20,684	39,602
	$ 18,262	$ 26,333	$ 29,267	$ 58,906

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Gain (loss) on sale of available-for-sale financial assets	$ (409)	$ 415	$ 785	$ 8,075
Net foreign exchange gain (loss)	13,742	(20,200)	(38,832)	(39,092)
Other losses	(1,546)	(8,491)	(2,675)	(9,142)
	$ 11,787	$ (28,276)	$ (40,722)	$ (40,159)

c. Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Interest on bank loans	$ 18,110	$ 21,821	$ 36,525	$ 45,793
Syndicated loan fee amortization	360	360	720	720
Discount on bonds payable amortization	3,656	3,604	7,299	7,195
Others	-	1	1	2
	$ 22,126	$ 25,786	$ 44,545	$ 53,710

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Property, plant and equipment	$ 26,461	$ 25,814	$ 53,121	$ 48,121
Intangible assets	468	1,824	973	4,015
	$ 26,929	$ 27,638	$ 54,094	$ 52,136
An analysis of depreciation by function				
Operating costs	$ 206	$ -	$ 277	$ -
Operating expenses	26,255	25,814	52,844	48,121
	$ 26,461	$ 25,814	$ 53,121	$ 48,121
An analysis of amortization by function				
Operating expenses	$ 468	$ 1,824	$ 973	$ 4,015

e. Employee benefits expense (recognized in operating expenses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Short-term employee benefits	$ 287,971	$ 285,039	$ 573,945	$ 583,198
Post-employment benefits				
Defined contribution plans	11,061	11,512	22,084	22,880
Defined benefit plans (Note 19)	2,078	2,154	4,155	4,308
	13,139	13,666	26,239	27,188
	$ 301,110	$ 298,705	$ 600,184	$ 610,386

f. Employees' compensation and Remuneration to directors and supervisors

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Corporation approved by the shareholders in their meeting on June, 2016, the Corporation accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 9%-13% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the three months ended June 30, 2017 and 2016 and the six months ended June 30, 2017 and 2016, the employees' compensation and the remuneration to directors and supervisors were as follows.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Estimated rate				
Employees' compensation (%)	11	11	11	11
Remuneration to directors and supervisors (%)	1.18	1.15	1.15	1.15
Amounts				
Employees' compensation	$ 45,940	$ 39,298	$ 85,387	$ 86,478
Remuneration to directors and supervisors	4,803	4,109	8,927	9,041

If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of employees' compensation/bonus and remuneration to directors and supervisors for 2016 and 2015 have been approved by the board of directors on March 22, 2017 and March 23, 2016, respectively; the amounts are disclosed on the table below.

	For the Year Ended December 31	
	2016	2015
Employees' compensation	$ 160,575	$ 168,963
Remuneration to directors and supervisors	16,787	17,664

The approved amounts of the employees' compensation and the remuneration to directors and supervisors resolved by the board of directors were the same as the accrual amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration to directors and supervisors resolved by the board of directors in 2017 and 2016 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain and loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Foreign currency exchange gains	$ 142,372	$ 161,829	$ 297,333	$ 488,680
Foreign currency exchange losses	(128,630)	(182,029)	(336,165)	(527,772)
Net losses	$ 13,742	$ (20,200)	$ (38,832)	$ (39,092)

22. INCOME TAX

a. The major components of income tax expense recognized in profit or loss

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Current tax				
In respect of the current period	$ 81,304	$ 67,829	$ 151,369	$ 128,174
Additional 10% income tax on unappropriated earnings	27,915	37,169	27,915	37,169
In respect of prior periods	8,146	17,791	8,146	17,791
	117,365	122,789	187,430	183,314
Deferred tax				
In respect of the current period	21,010	21,037	38,376	47,334
Income tax expense recognized in profit or loss	$ 138,375	$ 143,826	$ 225,806	$ 230,468

b. Income tax expense recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Deferred tax				
Translation of foreign operations	$ (27,494)	$ 13,924	$ 35,240	$ 26,618

c. Integrated income tax

As of June 30, 2017, December 31, 2016 and June 30, 2016, all of the unappropriated earnings were generated after January 1, 1998.

	June 30, 2017	December 31, 2016	June 30, 2016
Imputation credit account	$ 789,110	$ 697,546	$ 762,238

	For the Year Ended December 31	
	2016 (Expected)	2015 (Actual)
The creditable ratio for distribution of earnings (%)	17.38	18.03

d. Income tax assessments

The Corporation’s tax returns through 2014 have been assessed by the tax authorities.

23. EARNINGS PER SHARE (EPS)

Earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

a. Net profit for the period attributable to the Corporation's shareholders

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Basic EPS				
Net profit for the period attributable to common shareholders	$ 270,656	$ 199,217	$ 563,175	$ 535,844
Effect of dilutive potential ordinary shares				
Convertible bonds	3,656	3,604	7,299	7,195
Earnings used in the computation of diluted earnings per share	$ 274,312	$ 202,821	$ 570,474	$ 543,039

b. Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Weighted average number of ordinary shares outstanding used in computation of basic earnings per share	231,390	231,390	231,390	231,390
Effect of dilutive potential ordinary shares				
Convertible bonds	16,393	15,456	16,393	15,456
Employees' compensation	1,681	1,842	3,095	3,521
Weighted average number of ordinary shares outstanding used in computation of diluted earnings per share	249,464	248,688	250,878	250,367

The Group is allowed to settle employees' compensation paid to employees in cash or shares; therefore, in the computation of diluted earnings per share (except the effect of dilutive convertible bonds), the Group assumes the entire amount of the employees' compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of warehouses with lease terms up to November 30, 2018. The Corporation does not have a bargain purchase option to acquire the leased warehouses at the expiry of the lease periods.

As of June 30, 2017, December 31, 2016 and June 30, 2016, refundable deposits paid under operating leases was $2,000 thousand, $5,500 thousand and $5,500 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Not later than 1 year	$ 9,000	$ 12,776	$ 20,328
Later than 1 year and not later than 5 years	3,750	8,250	12,750
	$ 12,750	$ 21,026	$ 33,078

The lease payments recognized as expenses were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Minimum lease payment	$ 2,250	$ 6,026	$ 8,276	$ 12,052

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings minus cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity).

The key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are not measured at fair value

1) Carrying amounts and fair value of financial liabilities that have significant difference

	Book value	Fair value
June 30, 2017		
Financial liabilities measured at amortized cost		
Convertible bonds	$ 1,013,853	$ 1,014,700
December 31, 2016		
Financial liabilities measured at amortized cost		
Convertible bonds	$ 1,006,554	$ 1,011,300
June 30, 2016		
Financial liabilities measured at amortized cost		
Convertible bonds	$ 999,307	$ 1,007,700

2) Fair value hierarchy

The fair value hierarchy of convertible bond is Level 3.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
June 30, 2017				
Available-for-sale financial assets				
Securities listed in the ROC	$ 71,109	$ -	$ -	$ 71,109
Unlisted securities	-	4,532	498,471	503,003
Mutual funds	305,987	-	-	305,987
Securities listed in other countries	71,709	-	-	71,709
	$ 448,805	$ 4,532	$ 498,471	$ 951,808
December 31, 2016				
Available-for-sale financial assets				
Securities listed in the ROC	$ 41,405	$ -	$ -	$ 41,405
Unlisted securities	-	4,697	464,131	468,828
Mutual funds	266,394	-	-	266,394
Securities listed in other countries	60,166	-	-	60,166
	$ 367,965	$ 4,697	$ 464,131	$ 836,793

(Continued)

June 30, 2016	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in the ROC	$ 61,678	$ -	$ -	$ 61,678
Unlisted securities	-	5,974	458,877	464,851
Mutual funds	294,423	-	-	294,423
Securities listed in other countries	61,326	-	-	61,326
	$ 417,427	$ 5,974	$ 458,877	$ 882,278

(Concluded)

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2017 and 2016.

2) Reconciliation of Level 3 fair value measurements of financial assets

Available-for-sale financial assets	For the Six Months Ended June 30 2017	2016
Unlisted securities		
Balance, beginning of period	$ 464,131	$ 419,479
Recognized in other comprehensive income	34,340	83,657
Disposals	-	(44,259)
Balance, end of period	$ 498,471	$ 458,877

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Emerging market shares	Reference tradable market observed evidence of price assessment.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) Unlisted shares

The Group held unlisted shares which were measured at fair value. Fair value was estimated base on the investee’s latest book value.

b) Convertible bonds

The fair value of the liability component of convertible bonds was estimated using binary tree convertible bonds evaluation model of stock price volatility, risk-free interest rate, the discount rate risk and liquidity risk, etc.

c. Categories of financial instruments

	June 30, 2017	December 31, 2016	June 30, 2016
Financial assets			
Loans and receivables (Note 1)	$ 12,753,992	$ 13,636,212	$ 13,914,148
Available-for-sale financial assets	951,808	836,793	882,278
Financial liabilities			
At amortized cost (Note 2)	12,151,093	12,474,719	14,065,740

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and trade receivable (including related parties), other receivables (including related parties), other financial assets and refundable deposits .

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes and trade payable (including related parties), dividends payable, other payables (including related parties), long-term loans (including current portion), bonds payable and deposits received .

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investment, notes and accounts receivable, other financial assets, notes and accounts payable, bonds payable, bank loans etc. The Group's Corporate Treasury function provides services to the business units and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities expose it primarily to the financial risks as follows:

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. A change of 1% is the sensitivity range used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included external deposits and loans, receivables and payables. A positive (negative) number below indicates an increase (decrease) in pre-tax profit assuming the functional currency strengthened by 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative (positive).

	Foreign Currency Impact	
	For the Six Months Ended June 30	
	2017	**2016**
USD	$ 12,327	$ 5,746

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Fair value interest rate risk			
Financial liabilities	$ 1,533,853	$ 1,006,554	$ 2,737,307
Cash flow interest rate risk			
Financial assets	1,887,613	2,091,008	2,822,505
Financial liabilities	2,556,253	2,852,825	4,014,069

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the six months ended June 30, 2017 and 2016. A change of 1% increase or decrease was used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2017 and 2016 would have been lower/higher by $3,343 thousand and $5,958 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits and loans.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on technology-related listed stocks in Taiwan.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the other comprehensive income for the six months ended June 30, 2017 and 2016 would have been higher/lower by $9,518 thousand and $8,823 thousand as a result of changes in fair value of available-for-sale investments.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and due to enforcement of financial guarantees provided by the Group could comprise the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	Less than 3 Months	3-12 Months	1-3 Years	3+ Years	Total
June 30, 2017					
Non-derivative financial liabilities					
Non-interest bearing	$ 6,335,072	$ 691,225	$ -	$ -	$ 7,026,297
Variable interest rate liabilities	855,715	222,006	1,094,587	452,895	2,625,203
Fixed interest rate liabilities	1,916,846	144,128	243,769	334,637	2,639,380
Financial guarantee contracts	-	468,966	-	-	468,966
	$ 9,107,633	$ 1,526,325	$ 1,338,356	$ 787,532	$ 12,759,846
December 31, 2016					
Non-derivative financial liabilities					
Non-interest bearing	$ 6,548,003	$ 674,837	$ -	$ -	$ 7,222,840
Variable interest rate liabilities	596,672	222,407	1,634,575	517,115	2,970,769
Fixed interest rate liabilities	1,306,710	1,102,661	-	-	2,409,371
Financial guarantee contracts	768,261	-	-	-	768,261
	$ 9,219,646	$ 1,999,905	$ 1,634,575	$ 517,115	$ 13,371,241
June 30, 2016					
Non-derivative financial liabilities					
Non-interest bearing	$ 6,575,897	$ 731,344	$ 6,024	$ 480	$ 7,313,745
Variable interest rate liabilities	843,980	651,553	2,041,590	672,816	4,209,939
Fixed interest rate liabilities	1,557,132	184,044	1,015,075	-	2,756,251
Financial guarantee contracts	-	660,507	-	-	660,507
	$ 8,977,009	$ 2,227,448	$ 3,062,689	$ 673,296	$ 14,940,442

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers it is more likely than not that no amount will be payable under the arrangement.

The amounts included above for variable interest rate non-derivative financial liabilities are subject to change if variable interest rates differ from those estimates of interest rates at the end of the reporting period.

27. RELATED PARTY TRANSACTIONS

Balances and transactions within the Group had been eliminated upon consolidation. Details of transactions between the Group and other related parties were disclosed as follows:

a. Related parties

Related Parties	**Relationship with the Corporation**
Chang Wah Electromaterials Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Industrial Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co., Ltd.	Associate
Shanghai Chang Wah Electronmaterials Inc.	Associate
Chang Wah Technology co., Ltd.	Subsidiary of associate
SIP Chang Hong Optoelectronics Ltd.	Subsidiary of associate
Sun Hong Optronics Co., Ltd.	Subsidiary of associate
Xiamen Guang Hong Optronics Co., Ltd.	Subsidiary of associate
Ningbo Chang Hong Optoelectronics Ltd.	Subsidiary of associate
Qingdao Changhong Optoelectronics Ltd.	Subsidiary of associate
Wah Ma Chemical Sdn. Bhd.	Subsidiary of associate
Jun Hong Optronics Corporation	Substantial related party
Daily Polymer CORP.	Substantial related party
Raycon Industries Inc.	Substantial related party
Asahi Kasei Wah Lee Hi-Tech Corporation	Substantial related party
Tetrahedron technology Corporation	Substantial related party
Shihlien Fine Chemicals Co., Ltd.	Substantial related party
Forcera Materials Co., Ltd.	Substantial related party
Bau Guang Investment Limited	Substantial related party
Taigene Biotechnology Co., Ltd.	Substantial related party

b. Operating revenues

	For the Three Months Ended June 30		**For the Six Months Ended June 30**	
	2017	**2016**	**2017**	**2016**
Related parties types				
Associates and their subsidiaries	$ 94,487	$ 105,584	$ 223,833	$ 184,002
Substantial related parties	3,824	6,759	6,897	13,646
	$ 98,311	$ 112,343	$ 230,730	$ 197,648

The selling prices and collection terms of sales to related parties were similar to third parties.

c. Purchase of goods

	For the Three Months Ended June 30		**For the Six Months Ended June 30**	
	2017	**2016**	**2017**	**2016**
Related parties types				
Associates and their subsidiaries	$ 103,167	$ 166,266	$ 254,079	$ 288,011
Substantial related parties	345,480	294,856	670,019	566,541
	$ 448,647	$ 461,122	$ 924,098	$ 854,552

The prices of purchases from related parties were made under arm's length terms and did not have similar transactions in the market for comparison; payment terms were similar to third parties.

d. Commission expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Commission expense				
Substantial related parties	$ 71	$ 442	$ 173	$ 759

e. Receivables from related parties

	June 30, 2017	December 31, 2016	June 30, 2016
Accounts receivable - related parties			
Associates and their subsidiaries	$ 92,353	$ 126,813	$ 108,695
Substantial related parties	3,864	5,163	6,026
	96,217	131,976	114,721
Less: Allowance for doubtful accounts	251	275	-
	$ 95,966	$ 131,701	$ 114,721
Other receivables - related parties			
Associates and their subsidiaries	$ 199,624	$ 2,981	$ 156,022
Substantial related parties	73	18,869	72
	$ 199,697	$ 21,850	$ 156,094

As of June 30, 2017 and 2016, other receivables - related parties included dividends receivable $197,902 thousand and $153,924 thousand, respectively.

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties

	June 30, 2017	December 31, 2016	June 30, 2016
Notes payable - related parties			
Associates and their subsidiaries	$ 546	$ 1,760	$ 1,842
Substantial related parties	261,370	274,643	229,215
	$ 261,916	$ 276,403	$ 231,057

(Continued)

	June 30, 2017	December 31, 2016	June 30, 2016
Accounts payable - related parties			
Associates and their subsidiaries	$ 101,171	$ 107,584	$ 130,636
Substantial related parties	153,179	163,650	180,424
	$ 254,350	$ 271,234	$ 311,060
Other payables			
Associates and their subsidiaries	$ 53	$ 52	$ 39
Substantial related parties	907	565	1,666
	$ 960	$ 617	$ 1,705

(Concluded)

The outstanding payables to related parties are unsecured and will be settled in cash.

g. Management consulting service incomes

The management services agreements, industry consulting and SAP-use contracts were signed by the Corporation and related parties, and the contracts expired on various dates with December 31, 2017 as the latest. According to the agreements and contracts, the Corporation provided certain management services to related parties. Consulting and service fee recognized as other operating income was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Associates and their subsidiaries	$ 1,918	$ 722	$ 2,491	$ 3,413

h. Rental Income

The Corporation rented parts of buildings and computer software to related parties. The leases on the buildings will expire on various dates with June 2018 as the latest, and the lease on computer software will expire in December 2017. The rental income was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Parties Types	2017	2016	2017	2016
Associates and their subsidiaries	$ 551	$ 1,121	$ 1,701	$ 2,241
Substantial related parties	6	6	36	36
	$ 557	$ 1,127	$ 1,737	$ 2,277

i. Endorsements and guarantees and related fee income

1) Endorsements and guarantees

Related Parties Types	June 30, 2017	December 31, 2016	June 30, 2016
Associates and their subsidiaries			
Amount endorsed	$ 1,073,780	$ 1,089,775	$ 1,145,625
Amount utilized	$ 468,966	$ 754,695	$ 646,553
Substantial related parties			
Amount endorsed	$ 25,194	25,194	$ 25,194
Amount utilized	$ -	$ 13,566	$ 13,954

2) Fee income from endorsements and guarantees

Related Parties Types	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Associates and their subsidiaries	$ 32	$ 192	$ 266	$ 261
Substantial related parties	-	13	5	32
	$ 32	$ 205	$ 271	$ 293

j. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Short-term employee benefits	$ 21,741	$ 19,585	$ 47,027	$ 45,185
Post-employment benefits	515	491	983	983
Other long-term employee benefits	-	-	-	296
	$ 22,256	$ 20,076	$ 48,010	$ 46,464

The remuneration of directors, supervisors and other key management was determined by the remuneration committee having regard to the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets at carrying amounts as collaterals for part of short-term loans and long-term loans, commitments to vendors, and guarantee for payment of tariffs on imported merchandise.

	June 30, 2017	December 31, 2016	June 30, 2016
Notes receivable	$ -	$ -	$ 26,298
Property, plant and equipment			
Freehold land	380,338	128,310	131,831
Buildings	273,495	290,225	305,621
Machinery and equipment	255,270	268,750	351,393
Miscellaneous equipment	-	1,807	2,267
Construction in progress	143,741	-	-
	$1,052,844	$ 689,092	$ 817,410

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in note 24, significant commitments and contingencies of the Group at each balance sheet date were as follows:

a. The Group had unused letters of credit for purchase of merchandise as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
USD	$ 6,481	$ 45,342	$ 5,920
JPY	26,108	100,585	166,637
RMB	750	769	3,569
EUR	-	1,108	-

b. Unrecognized commitments were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Acquisition of property, plant and equipment	$ 33,139	$ 43,066	$ 228,313

In 2015, the Corporation entered into contracts with third parties for building warehouse in Hsinchu. The total amount of the contracts is $199,427 thousand. As of June 30, 2017, the amount paid to the third parties was $166,288 thousand, included $22,547 thousand was finished and was recognized as Office and Miscellaneous equipment, the others recognized as construction in progress. The construction was completed and inspected in July 2017.

c. As of June 30, 2017, the guarantee notes for purchases of goods was NT$269,073 thousand (RMB60,000 thousand).

d. The Corporation offered financial guarantees for related parties as stated in Note 27.

30. EXCHANGE RATE INFORMATION OF FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

The significant financial assets and financial liabilities denominated in foreign currencies were as follows:

	Foreign Currency Amount	Exchange Rate		Carrying Amount
June 30, 2017				
Monetary financial assets				
USD	$ 130,738	30.42	(USD:NTD)	$ 3,977,038
USD	31,687	7.8060	(USD:HKD)	963,915
USD	26,714	6.7833	(USD:RMB)	812,654
Nonmonetary financial assets				
Investment accounted for using equity method				
USD	8,730	30.42	(USD:NTD)	265,560
RMB	144,637	4.4845	(RMB:NTD)	648,631
RMB	793,355	1.1508	(RMB:HKD)	3,557,835
JPY	1,188,199	0.2716	(JPY:NTD)	322,715
HKD	1,164,488	3.897	(HKD:NTD)	4,538,010
Monetary financial liabilities				
USD	105,146	30.42	(USD:NTD)	3,198,554
USD	29,547	6.7833	(USD: RMB)	898,823
USD	13,923	7.8060	(USD: HKD)	423,523
December 31, 2016				
Monetary financial assets				
USD	137,038	32.25	(USD:NTD)	4,419,464
USD	42,656	7.76	(USD:HKD)	1,375,653
USD	21,870	6.953	(USD:RMB)	705,304
Nonmonetary financial assets				
Investments accounted for using equity method				
USD	8,316	32.25	(USD:NTD)	268,191
RMB	138,102	4.6381	(RMB:NTD)	640,528
RMB	747,635	1.1155	(RMB:HKD)	3,467,719
JPY	1,156,270	0.2756	(JPY:NTD)	318,668
HKD	1,076,968	4.158	(HKD:NTD)	4,478,032
Monetary financial liabilities				
USD	105,731	32.25	(USD:NTD)	3,409,822
USD	21,954	7.76	(USD:HKD)	708,018
USD	50,708	6.953	(USD:RMB)	1,635,326
USD	1,595	25,000	(USD:VND)	51,451
June 30, 2016				
Monetary financial assets				
USD	145,059	32.275	(USD:NTD)	4,681,767
USD	37,633	7.76	(USD:HKD)	1,214,624
USD	28,280	6.6482	(USD:RMB)	912,739

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
Nonmonetary financial assets				
Investment accounted for using equity method				
USD	$ 8,008	32.275	(USD:NTD)	$ 258,466
RMB	130,310	4.8547	(RMB:NTD)	632,616
RMB	707,602	1.1672	(RMB:HKD)	3,435,191
JPY	1,213,725	0.3143	(JPY:NTD)	381,474
HKD	1,046,058	4.159	(HKD:NTD)	4,350,554
Monetary financial liabilities				
USD	116,274	32.275	(USD:NTD)	3,752,754
USD	26,232	7.76	(USD:HKD)	846,665
USD	49,260	6.6482	(USD:RMB)	1,589,872
USD	1,403	24,266.92	(USD:VND)	45,272

(Concluded)

For the three months ended June 30, 2017 and 2016, and the six months ended June 30, 2017 and 2016, realized and unrealized net foreign exchange gains (losses) were $13,742 thousand, ($20,200) thousand, ($38,832) thousand and ($39,092) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities.

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is distinguished by operating area and categories of merchandise and service. The Group's reportable segments were as follows:

a. Wah Lee Industrial Corporation ("Wah Lee") is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

b. Raycong Industrial (H.K.) Ltd. and its subsidiary Dong Guan Hua Gang International Trading Co., Ltd. and Huarying Supply China Management (Shenzhen) Co., Ltd. ("Raycong") are mainly engaged in the trade of engineering plastic, composite materials and equipment.

c. Shanghai Yikang Chemicals and Industrials Co., Ltd. ("Shanghai Yikang") is mainly engaged in trade of manufacturing materials and import/export business.

d. Others - Other subsidiaries which were below the quantitative threshold were not listed as reportable segments. Please refer to Note 11 for details.

Segment revenues and results

The following was an analysis of the Group's revenue and results from operations by reportable segment:

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Eliminated	Total
For the six months ended June 30, 2017						
Revenues from external customers	$ 10,189,161	$ 3,455,682	$ 4,409,158	$ 1,249,577	$ -	$ 19,303,578
Inter-segment revenues	1,894,345	444,142	100,887	230,326	(2,669,700)	-
Segment revenues	$ 12,083,506	$ 3,899,824	$ 4,510,045	$ 1,479,903	$ (2,669,700)	$ 19,303,578
Segment operating income	$ 192,256	$ 156,458	$ 243,421	$ 77,735	$ -	$ 669,870
Other income	15,179	3,903	6,014	4,171	-	29,267
Other gains and losses	(41,944)	7,900	1,175	(7,853)	-	(40,722)
Financial costs	(32,034)	(5,301)	(13)	(7,197)	-	(44,545)
Profit before income tax	133,457	162,960	250,597	66,856	-	613,870
Income tax expense	(118,448)	(33,856)	(65,149)	(8,353)	-	(225,806)
Net profit (loss) after tax	$ 15,009	$ 129,104	$ 185,448	$ 58,503	$ -	388,064
Share of profit or loss of associates						233,850
Consolidated net profit						$ 621,914
Identifiable assets	$ 10,823,549	$ 4,484,268	$ 4,569,033	$ 2,059,856	$ (1,492,946)	$ 20,443,760
Goodwill						57,314
Investment accounted for using equity method						4,194,749
Total assets						$ 24,695,823
For the six months ended June 30, 2016						
Revenues from external customers	$ 9,817,401	$ 4,167,639	$ 4,322,957	$ 730,374	$ -	$ 19,038,371
Inter-segment revenues	2,211,336	114,201	93,906	230,447	(2,649,890)	-
Segment revenues	$ 12,028,737	$ 4,281,840	$ 4,416,863	$ 960,821	$ (2,649,890)	$ 19,038,371
Segment operating income	$ 207,990	$ 224,393	$ 202,441	$ 37,982	$ -	$ 672,806
Other income	33,447	4,606	16,026	4,827	-	58,906
Other gains and losses	(8,842)	(19,600)	(23,041)	11,324	-	(40,159)
Financial costs	(35,163)	(7,836)	(1,625)	(9,086)	-	(53,710)
Profit before income tax	197,432	201,563	193,801	45,047	-	637,843
Income tax expense	(144,938)	(35,879)	(44,598)	(5,053)	-	(230,468)
Net profit after tax	$ 52,494	$ 165,684	$ 149,203	$ 39,994	$ -	407,375
Share of profit or loss of associates						170,572
Consolidated net profit						$ 577,947

(Continued)

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Eliminated	Total
Identifiable assets	$ 11,444,193	$ 4,928,538	$ 4,690,956	$ 2,373,661	$ (1,548,218)	$ 21,889,130
Goodwill						58,592
Investment accounted for using equity method						4,350,700
Total assets						$ 26,298,422

(Concluded)

Segment profit represented the profit earned by each segment. This was the measurement reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.