Walsin Lihwa Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2017 and 2016 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Lihwa Corporation

Opinion

We have audited the accompanying consolidated financial statements of Walsin Lihwa Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2017:

Sales Revenue Recognition

The recognition of sales revenue depends on whether the risks and rewards of the ownership of goods have been transferred to customers. The point of transferring the risks and rewards of the ownership of goods to customers of the Group is based on the transaction terms of diverse sales contracts (such as the dispatch day, free on board (FOB) shipment and the day of receipt). As the transaction terms are determined by individual sales contracts, the recognition of sales revenue is regarded as a key audit matter. Refer to Notes 4 and 23 of the accompanying consolidated financial statements for disclosures related to sales of goods and revenue recognition.

Our audit procedures in response to sales revenue recognition consist of selecting samples of sales contracts from main customers and examining the transaction terms of the sales contracts selected to confirm that sales revenue had been recognized according to the point of transferring the risks and rewards of the ownership of goods.

Real Estate Sales Revenue Recognition

As of December 31, 2017, Walsin (Nanjing) Construction Limited, a subsidiary of Walsin Lihwa Corporation, entered into agreements for the sale of real estate as of December 31, 2017; the selling prices for the related residential buildings and office buildings were RMB 4,300 million (equivalent to NT$19,700 million). For the year ended December 31, 2017, the sale of certain of the residential buildings were completed during the year ended December 31, 2017, and the revenue recognized amounted to NT$5,100 million. As these real estate sales transactions and amounts were significant for the Group's consolidated financial statements for the year ended December 31, 2017, they were also a matter for concern for investors. Considering the numerous factors affected by such real estate sales revenue, the Group must inspect the conditions of sales contracts to ensure that real estate sales revenue is recognized according to the point of transferring the risks and rewards of ownership. As such, we identified the sales revenue of real estate as a key audit matter. Refer to Notes 4, 13 and 23 of the accompanying consolidated financial statements for disclosures related to real estate sales transactions and revenue recognition.

Our audit procedures in response to real estate sales revenue recognition consist of evaluating the appropriateness of revenue recognition made by management and selecting samples of sales contracts to verify building ownership certificates and receipts signed by customers for handing over property to confirm that the building sales revenue recognition was adequate.

Inventory Valuation

As of December 31, 2017, the manufacturing and trading inventory of the Group amounted to NT$21,382,611 thousand, which constituted 16% of the Group's consolidated total assets, as of December 31, 2017. Refer to Notes 4, 5 and 13 of the accompanying consolidated financial statements for disclosures related to inventory and inventory valuation.

The inventory of the Group is stated at the lower of cost or net realizable value. The valuation of the net realizable value required significant judgment and estimation. In addition, the market price of copper and nickel fluctuated frequently, which significantly affects the valuation of wire, cable and specialty steel inventory. As a result, inventory valuation is regarded as a key audit matter.

Our audit procedures in response to inventory valuation consist of obtaining inventory valuation sheets prepared by management, selecting samples of estimated selling prices and tracing them to recent sales records to assess the rationale of the net realizable value determined by management.

Moreover, by attending the year-end inventory count, we assess the condition of the inventory to verify the completeness of obsolete goods.

Other Matter

The financial statements of certain subsidiaries included in the consolidated financial statements as of and for the years ended December 31, 2017 and 2016 were audited by other auditors. Our opinion, insofar as it relates to such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT$7,677,995 thousand and NT$6,438,830 thousand, which constituted 5.89% and 5.64% of the Group's consolidated total assets, as of December 31, 2017 and 2016, respectively, and the total net operating revenue of such subsidiaries amounted to NT$9,443,554 thousand and NT$11,297,034 thousand, which constituted 5.63% and 7.88% of the Group's consolidated total net operating revenue, for the years ended December 31, 2017 and 2016, respectively.

We have also audited the parent company only financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-Yu Chiu and Hung-Bin Yu.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2018

<u>*Notice to Readers*</u>

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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 10,952,691	9	$ 7,733,584	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	129,615	-	506,651	-
Derivative financial assets for hedging - current (Notes 4 and 8)	7,430	-	-	-
Debt investments with no active market - current (Notes 4 and 10)	1,459,958	1	1,440,569	1
Notes receivable (Notes 4 and 11)	5,712,204	4	5,021,816	4
Trade receivables (Notes 4 and 11)	9,090,763	7	8,727,999	8
Finance lease receivables (Note 12)	50,758	-	49,085	-
Other receivables	488,554	-	659,673	1
Prepayments for leases (Note 19)	62,230	-	65,071	-
Inventories (Notes 4 and 13)	32,297,139	25	27,124,688	24
Non-current assets held for sale (Notes 17 and 19)	-	-	395,540	-
Other financial assets (Note 6)	1,401,866	1	2,265,139	2
Other current assets	1,999,226	2	1,366,890	1
Total current assets	63,652,434	49	55,356,705	48
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 9)	3,702,495	3	2,990,945	3
Financial assets measured at cost - non-current (Notes 4 and 14)	2,509,320	2	1,847,079	2
Investments accounted for using equity method (Notes 4 and 16)	25,210,753	19	19,200,762	17
Property, plant and equipment (Notes 4 and 17)	20,984,890	16	20,483,863	18
Investment properties (Notes 4 and 18)	10,406,246	8	10,655,622	9
Other intangible assets	169,726	-	177,029	-
Deferred tax assets - non-current (Notes 4 and 25)	1,222,430	1	1,011,129	1
Refundable deposits	186,507	-	184,148	-
Long-term finance lease receivables (Note 12)	883,480	1	934,238	1
Long-term prepayments for leases (Note 19)	1,161,364	1	1,208,657	1
Other non-current assets	161,100	-	129,037	-
Total non-current assets	66,598,311	51	58,822,509	52
TOTAL	$ 130,250,745	100	$ 114,179,214	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$ 6,815,772	5	$ 4,194,335	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	27,710	-	2,162	-
Notes payable	446,655	-	482,306	-
Trade payables	9,243,642	7	7,736,777	7
Current tax liabilities (Notes 4 and 25)	3,147,811	3	1,619,577	1
Other payables	3,635,500	3	3,249,467	3
Advance receipts on real estate (Note 13)	10,323,447	8	7,067,356	6
Current portion of long-term borrowings (Note 20)	171,438	-	7,021,864	6
Other current liabilities	806,194	1	986,940	1
Total current liabilities	34,618,169	27	32,360,784	28
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 20)	21,950,366	17	15,293,975	14
Deferred tax liabilities - non-current (Notes 4 and 25)	168,512	-	164,075	-
Net defined benefit liabilities (Notes 4 and 21)	868,311	1	817,218	1
Other non-current liabilities (Note 28)	365,131	-	261,157	-
Total non-current liabilities	23,352,320	18	16,536,425	15
Total liabilities	57,970,489	45	48,897,209	43
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 22)				
Share capital	33,660,002	26	33,960,002	30
Capital surplus	15,854,392	12	15,701,403	14
Retained earnings				
Legal reserve	3,281,556	3	2,824,743	3
Special reserve	2,712,250	2	2,712,250	2
Unappropriated earnings	13,240,574	10	9,674,226	8
Total retained earnings	19,234,380	15	15,211,219	13
Other equity				
Exchange differences on translating foreign operations	(2,944,758)	(3)	(2,110,122)	(2)
Unrealized gain on available-for-sale financial assets	5,042,894	4	1,225,921	1
Cash flow hedges	(7,529)	-	(13,671)	-
Total other equity	2,090,607	1	(897,872)	(1)
Treasury shares (Notes 4 and 22)	(315,918)	-	(608,810)	(1)
Total equity attributable to owners of WLC	70,523,463	54	63,365,942	55
NON-CONTROLLING INTERESTS	1,756,793	1	1,916,063	2
Total equity	72,280,256	55	65,282,005	57
TOTAL	$ 130,250,745	100	$ 114,179,214	100

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

(With Deloitte & Touche auditors' report dated February 23, 2018)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of U.S. Dollars)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 368,034	9	$ 259,865	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	4,355	-	17,025	-
Derivative financial assets for hedging - current (Notes 4 and 8)	250	-	-	-
Debt investments with no active market - current (Notes 4 and 10)	49,058	1	48,406	1
Notes receivable (Notes 4 and 11)	191,942	4	168,744	4
Trade receivables (Notes 4 and 11)	305,469	7	293,280	8
Finance lease receivables (Note 12)	1,706	-	1,649	-
Other receivables	16,416	-	22,166	1
Prepayments for leases (Note 19)	2,091	-	911,448	24
Inventories (Notes 4 and 13)	1,085,253	25	2,187	-
Non-current assets held for sale (Notes 17 and 19)	-	-	13,291	-
Other financial assets (Note 6)	47,106	1	76,114	2
Other current assets	67,179	2	45,929	1
Total current assets	2,138,859	49	1,860,104	48
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 9)	124,412	3	100,502	3
Financial assets measured at cost - non-current (Notes 4 and 14)	84,319	2	62,066	2
Investments accounted for using equity method (Notes 4 and 16)	847,136	19	645,187	17
Property, plant and equipment (Notes 4 and 17)	705,137	16	688,302	18
Investment properties (Notes 4 and 18)	349,672	8	358,052	9
Other intangible assets	5,703	-	5,949	-
Deferred tax assets - non-current (Notes 4 and 25)	41,076	1	33,976	1
Refundable deposits	6,267	-	6,188	-
Long-term finance lease receivables (Note 12)	29,687	1	31,392	1
Long-term prepayments for leases (Note 19)	39,024	1	40,613	1
Other non-current assets	5,413	-	4,336	-
Total non-current assets	2,237,846	51	1,976,563	52
TOTAL	$ 4,376,705	100	$ 3,836,667	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$ 229,025	5	$ 140,939	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	931	-	73	-
Notes payable	15,009	-	16,207	-
Trade payables	310,606	7	259,972	7
Current tax liabilities (Notes 4 and 25)	105,773	3	54,421	1
Other payables	122,161	3	109,189	3
Advance receipts on real estate (Note 13)	346,890	8	237,478	6
Current portion of long-term borrowings (Note 20)	5,761	-	235,950	6
Other current liabilities	27,089	1	33,163	1
Total current liabilities	1,163,245	27	1,087,392	28
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 20)	737,580	17	513,910	14
Deferred tax liabilities - non-current (Notes 4 and 25)	5,662	-	5,513	-
Net defined benefit liabilities (Notes 4 and 21)	29,177	1	27,460	1
Other non-current liabilities (Note 28)	12,269	-	8,776	-
Total non-current liabilities	784,688	18	555,659	15
Total liabilities	1,947,933	45	1,643,051	43
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 22)				
Share capital	1,131,048	26	1,141,129	30
Capital surplus	532,742	12	527,601	14
Retained earnings				
Legal reserve	110,267	3	94,917	3
Special reserve	91,138	2	91,138	2
Unappropriated earnings	444,912	10	325,075	8
Total retained earnings	646,317	15	511,130	13
Other equity				
Exchange differences on translating foreign operations	(98,950)	(3)	(70,905)	(2)
Unrealized gain on available-for-sale financial assets	169,452	4	41,194	1
Cash flow hedges	(253)	-	(459)	-
Total other equity	70,249	1	(30,170)	(1)
Treasury shares (Notes 4 and 22)	(10,616)	-	(20,458)	(1)
Total equity attributable to owners of WLC	2,369,740	54	2,129,232	55
NON-CONTROLLING INTERESTS	59,032	1	64,384	2
Total equity	2,428,772	55	2,193,616	57
TOTAL	$ 4,376,705	100	$ 3,836,667	100

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

(With Deloitte & Touche auditors' report dated February 23, 2018)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 23)	$ 167,792,585	100	$ 143,355,241	100
OPERATING COSTS (Notes 4 and 13)	(155,787,754)	(93)	(133,790,834)	(93)
GROSS PROFIT	12,004,831	7	9,564,407	7
UNREALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES	-	-	(966)	-
REALIZED GROSS PROFIT	12,004,831	7	9,563,441	7
OPERATING EXPENSES				
Selling and marketing expenses	1,722,346	1	1,949,275	1
General and administrative expenses	2,314,407	1	2,260,111	2
Research and development expenses	72,433	-	32,281	-
Total operating expenses	4,109,186	2	4,241,667	3
PROFIT FROM OPERATIONS	7,895,645	5	5,321,774	4
NON-OPERATING INCOME AND EXPENSES				
Interest income	331,982	-	312,209	-
Dividend income	167,634	-	21,585	-
Other income	63,647	-	145,048	-
Gain on disposal of property, plant and equipment	60,284	-	275,150	-
(Loss) gain on disposal of investments (Note 24)	(260,608)	-	182,212	-
Foreign exchange gain (loss), net	(17,907)	-	73,517	-
Loss on valuation of financial assets and liabilities	(23,734)	-	(91,062)	-
Impairment loss (Note 24)	(67)	-	(454,262)	(1)
Other expenses	(326,459)	-	(277,683)	-
Interest expense	(512,995)	-	(322,983)	-
Share of gain of associates under equity method	2,017,026	1	987,866	1
Total non-operating income and expenses	1,498,803	1	851,597	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	9,394,448	6	6,173,371	4
INCOME TAX EXPENSE (Notes 4 and 25)	(2,700,435)	(2)	(1,334,868)	(1)
NET INCOME FOR THE YEAR	6,694,013	4	4,838,503	3

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WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (150,736)	-	$ (3,204)	-
Items that will be reclassified subsequently to profit or loss:				
Exchange loss on translation of foreign operations	(757,920)	-	(3,167,556)	(2)
Unrealized gain on available-for-sale financial assets	724,447	-	1,349,020	1
Cash flow hedges gain	6,142	-	75,647	-
Share of other comprehensive income of associates under equity method	2,964,786	2	1,506,397	1
Other comprehensive income (loss) for the year	2,786,719	2	(239,696)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 9,480,732	6	$ 4,598,807	3
NET INCOME ATTRIBUTABLE TO:				
Owners of WLC	$ 6,559,984	4	$ 4,568,125	3
Non-controlling interests	134,029	-	270,378	-
	$ 6,694,013	4	$ 4,838,503	3
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	$ 9,362,394	6	$ 4,252,535	3
Non-controlling interests	118,338	-	346,272	-
	$ 9,480,732	6	$ 4,598,807	3
EARNINGS PER SHARE (Notes 4 and 26)				
Basic	$ 1.97		$ 1.33	
Diluted	$ 1.97		$ 1.33	

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

(With Deloitte & Touche auditors' report dated February 23, 2018) (Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of U.S. Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 23)	$ 5,638,192	100	$ 4,817,044	100
OPERATING COSTS (Notes 4 and 13)	(5,234,804)	(93)	(4,495,659)	(93)
GROSS PROFIT	403,388	7	321,385	7
UNREALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES	-	-	(33)	-
REALIZED GROSS PROFIT	403,388	7	321,352	7
OPERATING EXPENSES				
Selling and marketing expenses	57,874	1	65,500	1
General and administrative expenses	77,769	1	75,944	2
Research and development expenses	2,434	-	1,085	-
Total operating expenses	138,077	2	142,529	3
PROFIT FROM OPERATIONS	265,311	5	178,823	4
NON-OPERATING INCOME AND EXPENSES				
Interest income	11,155	-	10,491	-
Dividend income	5,633	-	725	-
Other income	2,139	-	4,874	-
Gain on disposal of property, plant and equipment	2,026	-	9,246	-
(Loss) gain on disposal of investments (Note 24)	(8,757)	-	6,123	-
Foreign exchange gain (loss), net	(602)	-	2,470	-
Loss on valuation of financial assets and liabilities	(798)	-	(3,060)	-
Impairment loss (Note 24)	(2)	-	(15,264)	(1)
Other expenses	(10,970)	-	(9,331)	-
Interest expense	(17,238)	-	(10,853)	-
Share of gain of associates under equity method	67,776	1	33,194	1
Total non-operating income and expenses	50,362	1	28,615	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	315,673	6	207,438	4
INCOME TAX EXPENSE (Notes 4 and 25)	(90,740)	(2)	(44,854)	(1)
NET INCOME FOR THE YEAR	224,933	4	162,584	3

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WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of U.S. Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (5,065)	-	$ (108)	-
Items that will be reclassified subsequently to profit or loss:				
Exchange loss on translation of foreign operations	(25,467)	-	(106,437)	(2)
Unrealized gain on available-for-sale financial assets	24,343	-	45,330	1
Cash flow hedges gain	206	-	2,542	-
Share of other comprehensive income of associates under equity method	99,623	2	50,618	1
Other comprehensive income (loss) for the year	93,640	2	(8,055)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 318,573	6	$ 154,529	3
NET INCOME ATTRIBUTABLE TO:				
Owners of WLC	$ 220,430	4	$ 153,499	3
Non-controlling interests	4,503	-	9,085	-
	$ 224,933	4	$ 162,584	3
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	$ 314,597	6	$ 142,894	3
Non-controlling interests	3,976	-	11,635	-
	$ 318,573	6	$ 154,529	3
EARNINGS PER SHARE (Notes 4 and 26)				
Basic	$ 0.07		$ 0.04	
Diluted	$ 0.07		$ 0.04	

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

(With Deloitte & Touche auditors' report dated February 23, 2018) (Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of WLC											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2016	$ 35,760,002	$ 15,766,866	$ 2,664,570	$ 2,712,250	$ 6,006,305	$ 1,428,373	$ (1,960,168)	$ (89,318)	$ (608,810)	$ 61,680,070	$ 1,888,389	$ 63,568,459
Appropriation of 2015 earnings												
Legal reserve	-	-	160,173	-	(160,173)	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(701,200)	-	-	-	-	(701,200)	-	(701,200)
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	495	-	-	-	-	-	-	-	495	-	495
Change in capital surplus from investments in associates under equity method	-	(69,209)	-	-	-	-	-	-	-	(69,209)	-	(69,209)
Net profit for the year ended December 31, 2016	-	-	-	-	4,568,125	-	-	-	-	4,568,125	270,378	4,838,503
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	(38,831)	(3,538,495)	3,186,089	75,647	-	(315,590)	75,894	(239,696)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	4,529,294	(3,538,495)	3,186,089	75,647	-	4,252,535	346,272	4,598,807
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(1,796,741)	(1,796,741)	-	(1,796,741)
Cancelation of treasury shares	(1,800,000)	3,259	-	-	-	-	-	-	1,796,741	-	-	-
Others	-	(8)	-	-	-	-	-	-	-	(8)	-	(8)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(318,598)	(318,598)
BALANCE, DECEMBER 31, 2016	33,960,002	15,701,403	2,824,743	2,712,250	9,674,226	(2,110,122)	1,225,921	(13,671)	(608,810)	63,365,942	1,916,063	65,282,005
Appropriation of 2016 earnings												
Legal reserve	-	-	456,813	-	(456,813)	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(2,328,200)	-	-	-	-	(2,328,200)	-	(2,328,200)
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	(495)	-	-	(22,554)	-	-	-	-	(23,049)	-	(23,049)
Change in capital surplus and retained earnings from investments in associates under equity method	-	146,381	-	-	-	-	-	-	-	146,381	-	146,381
Net profit for the year ended December 31, 2017	-	-	-	-	6,559,984	-	-	-	-	6,559,984	134,029	6,694,013
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	(186,069)	(834,636)	3,816,973	6,142	-	2,802,410	(15,691)	2,786,719
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	6,373,915	(834,636)	3,816,973	6,142	-	9,362,394	118,338	9,480,732
Acquisition of treasury shares	(300,000)	7,108	-	-	-	-	-	-	292,892	-	-	-
Others	-	(5)	-	-	-	-	-	-	-	(5)	-	(5)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(277,608)	(277,608)
BALANCE, DECEMBER 31, 2017	$ 33,660,002	$ 15,854,392	$ 3,281,556	$ 2,712,250	$ 13,240,574	$ (2,944,758)	$ 5,042,894	$ (7,529)	$ (315,918)	$ 70,523,463	$ 1,756,793	$ 72,280,256

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

(With Deloitte & Touche auditors’ report dated February 23, 2018)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of U.S. Dollars)

	Equity Attributable to Owners of WLC											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2016	$ 1,201,613	$ 529,801	$ 89,535	$ 91,138	$ 201,825	$ 47,996	$ (65,865)	$ (3,001)	$ (20,458)	$ 2,072,584	$ 63,454	$ 2,136,038
Appropriation of 2015 earnings												
Legal reserve	-	-	5,382	-	(5,382)	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(23,562)	-	-	-	-	(23,562)	-	(23,562)
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	17	-	-	-	-	-	-	-	17	-	17
Change in capital surplus from investments in associates under equity method	-	(2,327)	-	-	-	-	-	-	-	(2,327)	-	(2,327)
Net profit for the year ended December 31, 2016	-	-	-	-	153,499	-	-	-	-	153,499	9,085	162,584
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	(1,305)	(118,901)	107,059	2,542	-	(10,605)	2,551	(8,054)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	152,194	(118,901)	107,059	2,542	-	142,894	11,636	154,530
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(60,374)	(60,374)	-	(60,374)
Cancelation of treasury shares	(60,484)	110	-	-	-	-	-	-	60,374	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,706)	(10,706)
BALANCE, DECEMBER 31, 2016	1,141,129	527,601	94,917	91,138	325,075	(70,905)	41,194	(459)	(20,458)	2,129,232	64,384	2,193,616
Appropriation of 2016 earnings												
Legal reserve	-	-	15,350	-	(15,350)	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(78,233)	-	-	-	-	(78,233)	-	(78,233)
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	(17)	-	-	(758)	-	-	-	-	(775)	-	(775)
Change in capital surplus and retained earnings from investments in associates under equity method	-	4,919	-	-	-	-	-	-	-	4,919	-	4,919
Net profit for the year ended December 31, 2017	-	-	-	-	220,430	-	-	-	-	220,430	4,503	224,933
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	(6,252)	(28,045)	128,258	206	-	94,167	(527)	93,640
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	214,178	(28,045)	128,258	206	-	314,597	3,976	318,573
Acquisition of treasury shares	(10,081)	239	-	-	-	-	-	-	9,842	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,328)	(9,328)
BALANCE, DECEMBER 31, 2017	$ 1,131,048	$ 532,742	$ 110,267	$ 91,138	$ 444,912	$ (98,950)	$ 169,452	$ (253)	$ (10,616)	$ 2,369,740	$ 59,032	$ 2,428,772

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

(With Deloitte & Touche auditors’ report dated February 23, 2018)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 9,394,448	$ 6,173,371
Adjustments for:		
Depreciation expenses	1,762,164	1,792,356
Amortization expenses	29,784	42,874
(Reversal of) impairment loss recognized on trade receivables	(18,634)	40,594
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	23,734	91,062
Interest expense	512,995	322,983
Interest income	(331,982)	(312,209)
Dividend income	(167,634)	(21,585)
Compensation cost of employees share options	1,469	1,192
Share of gain of associates under equity method	(2,017,026)	(987,866)
Gain on disposal of property, plant and equipment	(60,283)	(275,150)
Loss (gain) on disposal of investments	260,608	(122,257)
Gain on disposal of associates under equity method	-	(59,955)
Impairment loss recognized on financial assets	-	200,000
Impairment loss recognized on property, plant and equipment	67	254,262
Unrealized gain on transactions with associates	-	966
Net (gain) loss on foreign currency exchange	(7,224)	1,600
Changes in operating assets and liabilities		
(Increase) decrease in financial assets held for trading	(379,141)	51,032
(Increase) decrease in notes receivable	(690,388)	2,778,473
Increase in trade receivables	(345,803)	(1,182,484)
Decrease in other receivables	36,028	148,061
Increase in inventories	(5,172,451)	(7,249,331)
Increase in other current assets	(565,733)	(364,261)
Decrease (increase) in other financial assets	863,273	(2,041,570)
(Increase) decrease in other operating assets	(2,322)	63,688
Decrease in notes payable	(35,651)	(1,548)
Increase in trade payables	1,506,865	1,554,625
Increase in other payables	676,359	955,959
Increase in advance real estate receipts	3,398,960	7,067,356
Increase (decrease) in net defined benefit liabilities	51,093	(608,288)
Decrease in other current liabilities	(180,750)	(106,298)
Increase (decrease) in other operating liabilities	112,235	(18,373)
Cash generated from operations	8,655,060	8,189,279
Interest paid	(520,161)	(323,461)
Interest received	223,588	259,443
Dividends received from associates	798,326	205,433
Income tax paid	(1,458,894)	(891,309)
Net cash generated from operating activities	7,697,919	7,439,385

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WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets held for trading	371,002	16,690
Proceeds from disposal of available-for-sale financial assets	48,769	273,916
Debt investments with no active market	54,228	13,115
Purchase of financial assets measured at cost	(692,576)	(233,052)
Proceeds from disposal of financial assets measured at cost	546	-
Proceeds from capital return of investments in financial assets measured at cost	15,958	5,327
Derivative instruments not held for trading	2,133	64,018
Purchase of associates under equity method	(1,595,460)	(197,145)
Proceeds from disposal of associates under equity method	-	305,501
Proceeds from capital return of investments in associates under equity method	58,927	141,754
Proceeds from disposal of non-current assets held for sale	399,812	-
Purchase of property, plant and equipment	(2,367,653)	(3,248,042)
Proceeds from disposal of property, plant and equipment	124,291	613,543
(Increase) decrease in refundable deposits	(3,461)	8,455
Decrease in prepayments for leases	-	96,975
Purchase of intangible assets	(422)	(593)
Net cash used in investing activities	(3,583,906)	(2,139,538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,668,879	1,477,726
Increase in long-term borrowings	6,500,000	-
Decrease in long-term borrowings	(6,694,035)	(2,614,196)
Dividends paid to owners of WLC	(2,328,020)	(701,200)
Cash paid for acquisition of treasury shares	-	(1,796,741)
Changes in non-controlling interests	(193,745)	(134,159)
Other financing activities	(5)	(8)
Net cash used in financing activities	(46,926)	(3,768,578)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(847,980)	(2,685,239)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,219,107	(1,153,970)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,733,584	8,887,554
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 10,952,691	$ 7,733,584

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

(With Deloitte & Touche auditors' report dated February 23, 2018) (Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of U.S. Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 315,674	$ 207,439
Adjustments for:		
Depreciation expenses	59,213	60,227
Amortization expenses	1,001	1,441
(Reversal of) impairment loss recognized on trade receivables	(626)	1,364
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	798	3,060
Interest expense	17,238	10,853
Interest income	(11,155)	(10,491)
Dividend income	(5,633)	(725)
Compensation cost of employees share options	49	40
Share of gain of associates under equity method	(67,776)	(33,194)
Gain on disposal of property, plant and equipment	(2,026)	(9,246)
Loss (gain) on disposal of investments	8,757	(4,108)
Gain on disposal of associates under equity method	-	(2,015)
Impairment loss recognized on financial assets	-	6,720
Impairment loss recognized on property, plant and equipment	2	8,544
Unrealized gain on transactions with associates	-	32
Net (gain) loss on foreign currency exchange	(243)	54
Changes in operating assets and liabilities		
(Increase) decrease in financial assets held for trading	(12,740)	1,715
(Increase) decrease in notes receivable	(23,199)	93,363
Increase in trade receivables	(11,620)	(39,734)
Decrease in other receivables	1,211	4,975
Increase in inventories	(173,805)	(243,593)
Increase in other current assets	(19,010)	(12,240)
(Increase) decrease in other financial assets	29,008	(68,601)
(Increase) decrease in other operating assets	(78)	2,140
Decrease in notes payable	(1,198)	(52)
Increase in trade payables	50,634	52,239
Increase in other payables	22,727	32,122
Increase in advance real estate receipts	114,212	237,478
(Decrease) increase in net defined benefit liabilities	1,717	(20,440)
Decrease in other current liabilities	(6,074)	(3,573)
(Decrease) increase in other operating liabilities	3,771	(617)
Cash generated from operations	290,829	275,177
Interest paid	(17,478)	(10,869)
Interest received	7,513	8,718
Dividends received from associates	26,825	6,903
Income tax paid	(49,022)	(29,950)
Net cash generated from operating activities	258,667	249,979

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of U.S. Dollars)

	2017	**2016**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets held for trading	$ 12,467	$ 561
Proceeds from disposal of available-for-sale financial assets	1,639	9,204
Debt investment with no active market	1,822	441
Purchase of financial assets measured at cost	(23,272)	(7,831)
Proceeds from disposal of financial assets measured at cost	18	-
Proceeds from capital return of investments in financial assets measured at cost	536	179
Derivative instruments not held for trading	72	2,151
Purchase of associates under equity method	(53,611)	(6,624)
Proceeds from disposal of associates under equity method	-	10,265
Proceeds from capital return of investments in associates under equity method	1,980	4,763
Proceeds from disposal of non-current assets held for sale	13,435	-
Purchase of property, plant and equipment	(79,558)	(109,141)
Proceeds from disposal of property, plant and equipment	4,177	20,617
(Increase) decrease in refundable deposits	(116)	284
Decrease in prepayments for leases	-	3,259
Purchase of intangible assets	(14)	(20)
Net cash used in from investing activities	(120,425)	(71,892)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	89,680	49,655
Increase in long-term borrowings	218,414	-
Decrease in long-term borrowings	(224,934)	(87,843)
Dividends paid to owners of WLC	(78,226)	(23,562)
Cash paid for acquisition of treasury shares	-	(60,374)
Changes in non-controlling interests	(6,511)	(4,508)
Other financing activities	-	-
Net cash used in financing activities	(1,577)	(126,632)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(28,496)	(90,231)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	108,169	(38,776)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	259,865	298,641
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 368,034	$ 259,865

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

(With Deloitte & Touche auditors' report dated February 23, 2018) (Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

Walsin Lihwa Corporation ("WLC") was incorporated in December 1966 and commenced business in December 1966. WLC made various investments in construction, electronics, material science, real estate, etc., to diversify its operations. WLC's main products are wires, cables and stainless steel.

WLC's shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1972. In October 1995 and November 2010, WLC increased its share capital and issued Global Depositary Receipts (GDR), which are listed on the Luxembourg Stock Exchange under stock number 168527.

The consolidated financial statements are presented in WLC's functional currency, New Taiwan dollars.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors of WLC on February 23, 2018.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS 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) of the Republic of China (ROC)

   Except for the following, 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 by WLC and its subsidiaries (collectively, the "Group") would not have any material impact on the Group's accounting policies:

   1) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

      The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment should be applied retrospectively from January 1, 2017. Refer to Note 17 for related disclosures.

2) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

There is no anticipated material impact of retrospective application of the above amendments to the consolidated financial statements starting from 2017.

3) Annual Improvements to IFRSs 2010-2012 Cycle

Several standards, including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments”, were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group. The share-based payment arrangements with market conditions, non-market conditions or non-vesting conditions are accounted for differently, and the aforementioned amendment will be applied prospectively to those share-based payments granted on or after January 1, 2017.

The amended IFRS 8 requires the Group to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker. The judgments made in applying aggregation criteria will be disclosed retrospectively upon initial application of the amendment in 2017.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate should be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

4) Annual Improvements to IFRSs 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32. When the Group applies the amended IFRS 13 in 2017, the amendment would not have material impact to the consolidated financial statements.

5) Annual Improvements to IFRSs 2012-2014 Cycle

Several standards including IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) “held for sale” and non-current assets “held for distribution to owners” does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for “held for distribution to owners” and do not meet the criteria for “held for sale” should be treated in the same way as assets that cease to be classified as held for sale. The amendment should be applied prospectively to transactions that occur on or after January 1, 2017.

6) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

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 an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related-party transactions and goodwill.

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 of the Group 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 relationships with whom the Group has significant transactions. If the transactions or balance with a specific related party is 10% or more of the Group’s respective total transactions or balance, such transactions 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 30 for related disclosures.

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

New, Amended or Revised Standards and Interpretations (the “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
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 the fiscal 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" and related amendment

Recognition, measurement and impairment of financial assets

With regard 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 gains or losses 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.

The Group analyzed the facts and circumstances of its financial assets that existed at December 31, 2017 and performed a preliminary assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

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 this, unlisted shares measured at cost will be measured at fair value instead;

b) Debt investments classified as debt investments with no active market and measured at amortized cost will be classified as measured at amortized cost under IFRS 9 because, on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is to collect contractual cash flows.

IFRS 9 requires impairment loss on financial assets to be recognized by using the expected credit loss model. The loss allowance is required for financial assets measured at amortized cost, investments in debt instruments 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 whereby the Group will apply the simplified approach for recognizing full-lifetime expected credit losses for trade receivables, contract assets and lease receivables. In relation to debt instruments 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 full-lifetime expected credit losses. In general, the Group anticipates that the application of the expected credit loss model of IFRS 9 will result in an 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 adjustments upon initial application of IFRS 9. Furthermore, the Group will provide disclosure of the differences in amounts if the Group continues to apply the existing accounting treatments for the year 2018.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets as of January 1, 2018 is set out below:

	Carrying Amount as of December 31, 2017	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2018**
<u>Impact on assets, liabilities and equity</u>			
Financial assets at fair value through profit or loss - current	$ 129,615	$ -	$ 129,615
Derivative financial assets for hedging - current	7,430	-	7,430
Debt investments with no active market - current	1,459,958	(1,459,958)	-
Financial assets at amortized cost	-	1,459,958	1,459,958

(Continued)

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
Financial assets at fair value through other comprehensive income - non-current	$ -	$ 7,442,072	$ 7,442,072
Financial assets measured at cost - current	2,509,320	(2,509,320)	-
Available-for-sale financial assets - non-current	3,702,495	(3,702,495)	-
Investments accounted for using equity method	25,210,753	247,965	25,458,718
Total effect on assets	$ 33,019,571	$ 1,478,222	$ 34,497,793
Financial liability at fair value through profit or loss - current	$ 27,710	$ -	$ 27,710
Total effect on liabilities	$ 27,710	$ -	$ 27,710
Retained earnings	$ 19,234,380	$ 4,645,146	$ 23,879,526
Other equity	2,090,607	(3,166,932)	(1,076,325)
Non-controlling interests	1,756,793	8	1,756,801
Total effect on equity	$ 23,081,780	$ 1,478,222	$ 24,560,002

(Concluded)

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risks eligible for hedge accounting of non-financial items; (2) changing the way the hedging cost of derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

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 from January 1, 2018.

When applying IFRS 15, an entity shall recognize 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 entity satisfies a performance obligation.

When IFRS 15 and related amendment are effective, an entity may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application.

3) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendment clarifies that the difference between the carrying amount of a debt instrument measured at fair value and its tax base gives rise to a temporary difference, regardless of any unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by selling it or by holding it to collect contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess its deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as a deduction against income of a specific type, and in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve the higher amount and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

In assessing deferred tax assets, the Group currently assumes it will recover the assets at their carrying amounts when estimating probable future taxable profit; the amendment will be applied retrospectively for the year 2018.

4) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Group should make transfers to, or from, investment property when, and only when, an item of property meets, or ceases to meet, the definition of investment property and there is evidence of a change in use. In isolation, a change in management’s intentions for the use of an item of property does not provide evidence of a change in use. The amendments also clarify that the evidence of change in use is not limited to those illustrated in IAS 40.

There is no anticipated material impact of the amendments to reflect the conditions that exist at January 1, 2018.

5) IFRIC 22“Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group will apply IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the interpretation.

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 1)
Annual improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
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 (Note 3)
IFRS 17"Insurance Contracts"	January 1, 2021
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 4)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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 FSC permits the election of early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

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

   The amendments stipulate 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 leases 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 right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the 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.

On initial application, the Group shall 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.

4) Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the Group’s net investment in an associate or joint venture.

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

5) Amendments to IFRS 9 “Prepayment Features with Negative Compensation”

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, then the contractual cash flows of the financial asset are solely payments of principal and interest on the principal amount outstanding. The amendments further explained that the reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

6) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that the Group borrows generally when calculating the capitalization rate on general borrowings. The amendment shall be applied prospectively.

7) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendment shall be applied prospectively.

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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IFRSs as endorsed and issued into effect by SEC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which 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. Classification of current and non-current assets and liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the reporting period, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the reporting period. Property, plant and equipment, intangible assets, other than assets classified as current are classified as non-current. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the reporting period. Liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

d. Basis of consolidation

- Principle of preparation consolidated financial statement

  The consolidated financial statements incorporate the financial statements of WLC and the entities controlled by WLC (the Group). Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

  Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

  When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

  All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

  Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

  Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

  When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

  Refer to Note 15 and Table 7 for the percent of ownership, main businesses and details of the subsidiaries.

e. Business combinations

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date (i.e., the day when the Group obtains control) fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

f. Foreign currencies

In preparing the financial statements of each individual company entity, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for:

1) Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

2) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

3) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries with currencies used different from the Group) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Group and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests of the subsidiary and are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Inventories include real estate and constructions-in-progress, which are stated at acquisition costs plus construction costs incurred. Interest expenses on constructions-in-progress are capitalized.

h. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss.

k. Intangible assets

Intangible assets are measured initially at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss.

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when a company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

The categories of financial assets held by the Group are financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

a) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item.

b) Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

c) Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits and placements with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situation.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

a) Significant financial difficulty of the issuer or counterparty; or
b) Breach of contract, such as a default or delinquency in interest or principal payments; or
c) It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
d) The disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Financial liabilities

1) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at fair value through profit or loss

  Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

  Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

n. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When the forecast transaction is ultimately recognized in profit or loss, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss or are included in the initial cost of the non-financial asset or non-financial liability. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

o. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

p. Revenue recognition

Revenue from sales of goods is recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable. The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller’s reliable estimate of future returns and based on past experience and other relevant factors.

1) Rendering of services

Service income is recognized when services are provided. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

2) Dividend and interest income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

q. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), are recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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

s. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all (deductible temporary differences and unused loss carry forward) to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

t. Translation into U.S. dollar

The financial statements are stated in New Taiwan dollars. The translation of the 2017 and 2016, New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of readers, using the average exchange rate of NT$29.76 to US$1.00 quoted by the Bank of Taiwan on December 31, 2017. The convenience translation should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies (Note 4), management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The accounts include allowance for doubtful trade receivable accounts, inventory valuation losses, depreciation, impairment, pension, deferred tax assets, etc. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the main assumptions and sources of estimation uncertainty at the end of financial reporting period:

<u>Inventory valuation</u>

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and the historical experience with products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	2016
Cash on hand	$ 3,254	$ 3,656
Checking accounts and cash in bank	7,280,465	5,641,939
Cash equivalent		
Time deposits	3,509,802	1,864,486
Short-term bills	159,170	223,503
	$ 10,952,691	$ 7,733,584

Cash in the bank in the total amounts of EUR2,400 thousand and EUR2,841 thousand as of December 31, 2017 and 2016, respectively, was intended for payments of equipment for use in the Group's Taichung Port. The deposits are designated as cash flow hedge to manage exposures to exchange rate fluctuations.

Certain time deposits as of December 31, 2017 and 2016 were classified and pledged as follows:

		December 31	
	Purpose	2017	2016
Other financial assets - current			
Pledged time deposits	To secure short-term borrowings and letters of credit	$ 114,329	$ 62,972
Restricted deposits	To secure short-term borrowings and letters of credit	271,806	178,852
	To meet contract requirements for completing construction	56,243	70,054
	To meet down payment of advance receipts on real estate	959,488	1,953,261
		1,401,866	2,265,139
Non-current assets			
Refundable deposits	To meet contract requirements for completing construction	32,800	83,455
	To meet required security deposit	600	4,300
		33,400	87,755
		$ 1,435,266	$ 2,352,894

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2017	2016
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts		
Forward exchange contracts	$ 37,250	$ 33,323
Non-derivative financial assets		
Beneficiary certificates	-	372,784
Government bonds	92,365	100,544
Financial assets at FVTPL	$ 129,615	$ 506,651

(Continued)

	December 31	
	2017	2016
Current	$ 129,615	$ 506,651
Non-current	-	-
	$ 129,615	$ 506,651

Financial liabilities held for trading

	December 31	
	2017	2016
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	$ 25,223	$ 1,007
Exchange rate swap contracts	2,487	1,155
Financial liabilities at FVTPL	$ 27,710	$ 2,162
Current	$ 27,710	$ 2,162
Non-current	-	-
	$ 27,710	$ 2,162

(Concluded)

As of December 31, 2017 and 2016, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Expiration Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
December 31, 2017							
Commodity futures contracts							
Cooper	Buy	1,875	2017.09.11-2017.12.27	2018.02.21-2018.11.21	US$ 12,852	US$ 13,581	US$ 729
Cooper	Sell	6,050	2017.11.14-2017.12.29	2018.01.17-2018.02.28	US$ 41,805	US$ 43,658	US$ (1,853)
Cooper	Buy	5,965	2017.10.19 2017.12.29	2018.01.31-2018.07.31	RMB 317,639	RMB 332,302	RMB 14,663
Zinc	Buy	1,595	2017.11.09-2017.12.29	2018.01.31-2018.02.28	RMB 40,051	RMB 40,916	RMB 865
December 31, 2016							
Commodity futures contracts							
Copper	Buy	600	2016.05.10-2016.12.29	2017.02.15-2017.04.19	US$ 3,203	US$ 3,299	US$ 96
Copper	Sell	10,025	2016.12.09-2016.12.30	2017.01.18-2017.03.29	US$ 55,779	US$ 55,289	US$ 490
Copper	Buy	1,730	2016.07.08-2016.12.30	2017.01.01-2017.08.01	RMB 75,953	RMB 78,551	RMB 2,598
Copper	Sell	575	2016.12.14-2016.12.21	2017.01.01-2017.02.01	RMB 26,516	RMB 26,007	RMB 509

As of December 31, 2017 and 2016, outstanding exchange rate swap contracts not under hedge accounting were as follows:

Currencies	Contract Expiration Date	Contract Amount (In Thousands)
December 31, 2017		
USD to NTD	2018.01.19	USD20,000/NTD598,800
December 31, 2016		
USD to NTD	2017.01.19	USD150,000/NTD4,833,100

As of December 31, 2017 and 2016, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currencies	Contract Expiration Date	Contract Amount (In Thousands)
December 31, 2017			
Sell forward exchange contracts	EUR to MYR	2018.01.02-2018.05.30	EUR935/MYR4,587
	USD to MYR	2018.01.30-2018.03.30	USD1,200/MYR5,085
	USD to RMB	2018.01.09	USD10,000/RMB66,480
Buy forward exchange contracts	USD to NTD	2018.01.31-2018.03.24	USD110,000/NTD3,279,950
December 31, 2016			
Sell forward exchange contracts	EUR to MYR	2017.01.03-2017.11.30	EUR2,106/MYR9,929

For the years ended December 31, 2017 and 2016, the Group's strategy for commodity futures contracts, forward exchange contracts and exchange rate swap contracts was to hedge exposures to fluctuations of essential materials' prices and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by using hedge accounting.

8. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2017	2016
Derivative financial assets for hedging - current		
Fair value hedges - exchange rate swap contracts	$ 7,430	$ -

The Group used exchange rate swap contracts to minimize its exposure to changes in the exchange rate of its foreign-currency trade receivable and trade payable. The exchange rate swaps and the corresponding financial assets have the same terms, and management believes that the exchange rate swaps are highly effective hedging instruments. The outstanding exchange rate swap contracts of the Group at the end of the reporting period were as follows:

	Currencies	Contract Expiration Date	Contract Amount (In Thousands)
December 31, 2017			
Exchange rate swap contracts	USD to RMB	2018.01.18	USD29,876/RMB197,812
	USD to RMB	2018.01.23	USD20,000/RMB132,400
	USD to NTD	2018.01.16	USD29,950/NTD897,015
Buy forward exchange contracts	USD to NTD	2018.01.08	USD10,000/NTD301,400

	For the Year Ended December 31	
	2017	2016
Gains on the hedging instruments	$ 7,430	$ -
Losses on the hedged items	$ 4,594	$ -

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2017	2016
Domestic investments		
Listed shares and emerging market stocks		
HannStar Display Corp.	$ 2,358,684	$ 1,865,116
HannStar Board Corp.	1,276,389	1,037,619
Taiwan High Speed Rail Corp.	67,422	88,210
	$ 3,702,495	$ 2,990,945
Current	$ -	$ -
Non-current	3,702,495	2,990,945
	$ 3,702,495	$ 2,990,945

For the years ended December 31, 2017 and 2016, the Group sold 1,925 thousand shares and 15,206 thousand shares of Taiwan High Speed Rail Corp. at market value on the Taiwan Stock Exchange, resulting in gains on disposal of investments amounting to NT$35,871 thousand and NT$172,036 thousand, respectively.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2017	2016
Interest rate linked structured investment deposits	$ 1,459,958	$ 1,440,569
Current	$ 1,459,958	$ 1,440,569
Non-current	-	-
	$ 1,459,958	$ 1,440,569

11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2017	2016
Notes receivable		
Notes receivable	$ 5,712,204	$ 5,021,816
Trade receivables		
Trade receivables	$ 9,213,290	$ 8,873,465
Less: Allowance for impairment loss	(122,527)	(145,466)
	$ 9,090,763	$ 8,727,999

The average credit period on sales of goods was 60 days. In determining the collectability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss is based on the estimated uncollectable amounts determined by reference to the age of receivables, past default experience of the relevant counterparties and an analysis of the relevant counterparties' current financial position.

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

The Group did not recognize impairment loss for the trade receivables balances that were past due at the end of the reporting period because there was no significant change in credit quality and the amounts were still considered collectable.

The aging of receivables was as follows:

	December 31	
	2017	2016
Not overdue	$ 7,780,810	$ 6,691,356
Up to 90 days	1,006,183	1,485,425
91-180 days	67,258	340,157
181-365 days	128,280	121,789
Overdue more than one year	230,759	234,738
	$ 9,213,290	$ 8,873,465

The above aging schedule was based on the past due date.

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

	December 31 2017	December 31 2016
Up to 90 days	$ 472,051	$ 435,970
91-180 days	5,860	7,462
181-365 days	77,536	2,313
	$ 555,447	$ 445,745

The above aging schedule was based on the past due date.

Movements in the allowance for impairment loss recognized on trade receivables were as follows:

	Individually Assessed Impairment Loss	Collectively Assessed Impairment Loss	Total
Balance at January 1, 2016	$ 41,750	$ 94,908	$ 136,658
Add: Impairment losses	4,054	36,540	40,594
Less: Amounts written off during the period as uncollectable	-	(22,910)	(22,910)
Foreign exchange translation gains and losses	(24)	(8,852)	(8,876)
Balance at December 31, 2016	$ 45,780	$ 99,686	$ 145,466
Balance at January 1, 2017	$ 45,780	$ 99,686	$ 145,466
Add (less): (Reversals of) impairment losses	20,527	(39,161)	(18,634)
Less: Amounts written off during the period as uncollectable	(5)	(1,169)	(1,174)
Foreign exchange translation gains and losses	(198)	(2,933)	(3,131)
Balance at December 31, 2017	$ 66,104	$ 56,423	$ 122,527

12. FINANCE LEASE RECEIVABLES

	December 31 2017	December 31 2016
Finance lease receivables		
Current portion	$ 50,758	$ 49,085
Long-term	883,480	934,238
	934,238	983,323
Less: Allowance for impairment loss	-	-
	$ 934,238	$ 983,323

The power supply contracts of solar power equipment are processed by using financial lease accounting policies. The average term of finance leases entered into was 20 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was approximately 3.30% per annum as of December 31, 2017 and 2016.

The finance lease receivables as of December 31, 2017 and 2016 were neither past due nor impaired.

Refer to Note 31 for the carrying amount of finance lease receivables pledged as security for bank borrowings of the Group.

13. INVENTORIES

	December 31	
	2017	2016
Manufacturing and trading industries		
Raw materials	$ 5,531,324	$ 4,438,175
Raw materials in transit	1,431,104	2,067,269
Supplies	1,422,873	1,074,756
Work-in-process	1,776,678	1,457,303
Finished goods and merchandise	8,623,945	5,963,326
Contracts in progress	2,596,687	1,990,863
	21,382,611	16,991,692
Real estate development industry		
Undeveloped land	3,434	3,434
Buildings and land held for sale	1,427,032	4,088
Contracts in progress	9,484,062	10,125,474
	10,914,528	10,132,996
	$ 32,297,139	$ 27,124,688

The cost of inventories recognized as cost of goods sold during the years ended December 31, 2017 and 2016 was NT$155,331,615 thousand and NT$133,341,990 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 included reversals of inventory write-downs of NT$349,408 thousand and NT$74,386 thousand, respectively. Previous write-downs had been reversed according to the result of the inventory close-out.

Contracts in progress for the manufacturing industry included construction costs of cable and wire installation projects not completed as of the balance sheet dates.

The inventory for the real estate development industry is primarily the land for future construction and contracts in progress of Walsin (Nanjing) Construction Limited.

Walsin (Nanjing) Construction Limited entered into an agreement with third parties for the sale of real estate as of December 31, 2017 and 2016; the selling prices for residential buildings and office buildings were RMB2,225,106 thousand and RMB2,100,000 thousand (RMB2,119,148 thousand and RMB1,889,623 thousand after value-added tax), respectively. The residential buildings were completed in September 2017, and sales of real estate in the amount of NT$5,121,782 thousand were recorded as "revenue." As of December 31, 2017 and 2016, the cash equivalents received by Walsin (Nanjing) Construction Limited recorded as "advance receipts on real estate" were as follows:

	December 31			
	2017		2016	
	RMB	NTD	RMB	NTD
Residential buildings	$ 895,041	$ 4,076,437	$ 1,141,993	$ 5,308,489
Office buildings	1,371,622	6,247,010	378,379	1,758,867
	$ 2,266,663	$ 10,323,447	$ 1,520,372	$ 7,067,356

14. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2017	2016
Domestic unlisted common shares	$ 1,812,485	$ 1,135,867
Overseas unlisted common shares	696,835	711,212
	$ 2,509,320	$ 1,847,079
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 2,509,320	$ 1,847,079

WLC participated in Powertec Energy Corp.'s capital increase by cash on September 22, 2016 and May 26, 2017. The investments amounted to NT$233,052 thousand and NT$692,576 thousand, respectively. The respective number of shares held by WLC at those dates were 380,167 thousand and 611,026 thousand shares, and the post subscription ownership percentages were 17.03% and 18.90%, respectively.

Management believed that the fair value of the aforementioned unlisted equity investments held by the Group cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore, the investments were measured at cost less impairment at the end of reporting period.

The Group recognized impairment losses on financial assets measured at cost of NT$200,000 thousand for the year ended December 31, 2016, after an appropriate evaluation.

15. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated entities as of December 31, 2017 and 2016 were as follows:

			% of Ownership December 31	
Investor	**Investee**	**Main Business**	**2017**	**2016**
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited (WLHL)	Investment holding	100.00	100.00
	Concord Industries Limited (CIL)	Investment holding	100.00	100.00
	Touch Micro-System Technology Corp. (TMTC)	OEM on MEMS foundry service	100.00 (Liquidating)	100.00 (Liquidating)
	Ace Result Global Limited	Investment holding	100.00	100.00
	Energy Pilot Limited (Energy Pilot)	Investment holding	100.00	100.00
	Market Pilot Limited (Market Pilot)	Investment holding	100.00	100.00
	Min Maw Precision Industry Corp. (Min Maw)	Solar power systems management, design, and installation	100.00	100.00
	Walsin Info-Electric Corp. (Walsin Info-Electric)	Mechanical and electrical, communications, and power systems	98.87	98.87
	Chin-Cherng Construction Co. (Chin-Cherng)	Construction business	99.22	99.22
	Joint Success Enterprises Limited	Investments	49.05	49.05
	PT. Walsin Lippo Industries (PT. Walsin)	Manufacture and sale of cables and wires	70.00	70.00
	PT. WALSIN LIPPO KABEL	Cables and wires	70.00	70.00
WLHL	Walsin (China) Investment Co., Ltd.	Investment holding	100.00	100.00
	Jiangyin Walsin Steel Cable Co., Ltd. (JHS)	Manufacture and sale of steel cables and wires	75.00	75.00
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	95.71	95.71
	Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	100.00	100.00
	Nanjing Walsin Metal Co., Ltd.	Manufacture and sale of copper alloy	79.51	78.26
	Renowned International Limited	Investments	83.97	83.97
	Walsin International Investments Limited	Investments	100.00	100.00
	Borrego Solar System, Inc.	Solar power system	76.22	78.36
	Nanjing Walsin Expo Exhibition Co., Ltd.	Exhibition service	60.00	60.00
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and assets management, consulting and advertising services	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	18.37	18.37
CIL	Walsin Specialty Steel Corp.	Sale of specialty steel products and investment	100.00	100.00
	Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes, rods and wires	100.00	100.00
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	100.00	100.00
	Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of new-type alloy materials	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	81.63	81.63
	Walsin Precision Technology Sdn. Bhd.	Manufacture and sale of stainless steel	100.00	100.00
	XiAn Walsin Metal Product Co., Ltd.	Production and sale of medium and heavy specialty steel plates	100.00	100.00
	XiAn Walsin Opto-electronic Limited	Light emitter diode and solar power assembly	100.00	100.00
	XiAn Technology Co., Ltd.	Solar module assembly	100.00	100.00
	Walsin Lihwa (Changzhou) Investment Co., Ltd.	Commerce and investments	100.00	100.00
Chin-Cherng	Joint Success Enterprises Limited	Investments	50.95	50.95
	Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	100.00	100.00
	Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	100.00	100.00
Energy Pilot Limited	Green Lake Capital, LLC.	Solar power business	100.00	100.00
	Green Lake Exchange, LLC.	Solar power business	100.00	100.00
Market Pilot Limited	XiAn Walsin United Technology Co., Ltd.	Electronic devices and module	100.00	100.00

b. The following entities were excluded from consolidation as of December 31, 2017 and 2016:

Investor	Investee	Main Business	% of Ownership December 31 2017	% of Ownership December 31 2016	Note
WLHL	Walcom Chemical Industrial Limited	Commerce	65.00	65.00	Note

Note: The investee has a capital of HK$500 thousand and total assets of HK$1 thousand. As of December 31, 2017 and 2016, the investee had no sales, and its total assets were less than 1% of the Group's consolidated assets.

The financial statements of a certain of the aforementioned subsidiaries included in the consolidated financial statements were not audited by the auditor of WLC, but were reviewed by other auditors. As of December 31, 2017 and 2016, the combined total assets were NT$7,667,995 thousand and NT$6,438,830 thousand, respectively. For the years ended December 31, 2017 and 2016, the combined total net operating revenue of such subsidiaries were NT$9,433,554 thousand and NT$11,297,034 thousand, respectively.

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

	December 31			
	2017		2016	
Name of Associate	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Material associates				
Winbond Electronics Corp.	$ 13,420,078	22.21	$ 10,023,613	22.66
Walton Advanced Engineering, Inc.	2,131,792	20.83	1,855,648	22.71
Walsin Technology Corp.	3,133,527	18.30	2,651,897	18.30
Hangzhou Walsin Power Cable & Wire Co., Ltd.	1,019,947	38.93	1,120,241	38.93
Associates that are not individually material				
Others	5,505,409		3,549,363	
	$ 25,210,753		$ 19,200,762	

Refer to Table 7 "Information on Investees" and Table 8 "Information on Investments in Mainland China" following the Notes to Consolidated Financial Statements for the nature of activities, principal places of business and countries of incorporation of the associates.

On November 2, 2017, WLC subscribed for 72,521 thousand shares of Winbond Electronics Corporation through the issuance of common shares for cash of NT$1,595,460 thousand which was approved by the board of directors; after the subscription, WLC's percentage of ownership in Winbond Electronics Corporation was 22.21%.

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

	December 31	
	2017	2016
Winbond Electronics Corp.	$ 20,726,246	$ 8,088,935
Walton Advanced Engineering, Inc.	$ 1,765,017	$ 1,282,652
Walsin Technology Corp.	$ 9,334,744	$ 3,351,002

All the associates are accounted for using the equity method.

The Group's share of profit and other comprehensive income of associates for the years ended December 31, 2017 and 2016 was based on the associates' financial statements audited by independent auditors for the same period.

a. Material associates

December 31, 2017

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.	Hangzhou Walsin Power Cable & Wire Co., Ltd.
Current assets	$ 37,240,205	$ 4,144,042	$ 19,085,362	$ 3,460,649
Non-current assets	50,875,918	12,161,716	16,073,004	1,780,356
Current liabilities	(16,240,188)	(3,061,689)	(12,327,143)	(2,634,365)
Non-current liabilities	(10,248,944)	(3,060,202)	(3,750,567)	(3,798)
Equity	61,626,991	10,183,867	19,080,656	2,602,841
Non-controlling interests	(1,414,827)	-	(2,022,605)	-
	$ 60,212,164	$ 10,183,867	$ 17,058,051	$ 2,602,841
Proportion of the Group's ownership	22.21%	20.83%	18.30%	38.93%
Equity attributable to the Group	$ 13,373,122	$ 2,121,299	$ 3,121,623	$ 1,013,286
Other adjustments	46,956	10,493	11,904	6,661
Carrying amount	$ 13,420,078	$ 2,131,792	$ 3,133,527	$ 1,019,947
Operating revenue	$ 47,591,729	$ 8,883,775	$ 21,645,463	$ 3,897,230
Net profit (loss) for the year	$ 5,822,950	$ 675,829	$ 2,611,092	$ (198,918)
Other comprehensive income (loss)	3,749,701	878,783	(962,512)	-
Total comprehensive income (loss) for the year	$ 9,572,651	$ 1,554,612	$ 3,573,604	$ (198,918)

December 31, 2016

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.	Hangzhou Walsin Power Cable & Wire Co., Ltd.
Current assets	$ 27,259,743	$ 4,970,546	$ 16,385,319	$ 2,746,998
Non-current assets	40,730,266	10,742,285	12,414,084	2,133,003
Current liabilities	(14,605,735)	(4,340,026)	(8,866,424)	(2,283,518)
Non-current liabilities	(8,163,475)	(3,294,871)	(3,706,811)	(3,231)
Equity	45,220,799	8,077,934	16,226,168	2,593,252
Non-controlling interests	(1,299,838)	-	(1,820,394)	-
	$ 43,920,961	$ 8,077,934	$ 14,405,774	$ 2,593,252
Proportion of the Group's ownership	22.66%	22.71%	18.30%	38.93%
Equity attributable to the Group	$ 9,952,490	$ 1,834,499	$ 2,636,257	$ 1,009,553
Other adjustments	71,123	21,149	15,640	110,688
Carrying amount	$ 10,023,613	$ 1,855,648	$ 2,651,897	$ 1,120,241
Operating revenue	$ 42,091,709	$ 8,748,398	$ 18,490,529	$ 3,203,890
Net profit (loss) for the year	$ 3,140,074	$ 440,354	$ 2,296,495	$ (312,251)
Other comprehensive income (loss)	(2,485,116)	117,721	(707,418)	-
Total comprehensive income (loss) for the year	$ 5,625,190	$ 558,075	$ 1,589,077	$ (312,251)

b. Associates that are not individually material

	For the Year Ended December 31	
	2017	2016
The Group's share of:		
Gain (loss) from continuing operations	$ 207,036	$ (28,968)
Other comprehensive income	1,757,439	980,947
Total comprehensive income for the year	$ 1,964,475	$ 951,979

The Group's share of profit and other comprehensive income of associates for the years ended December 31, 2017 and 2016 was based on the associates' financial statements audited by independent auditors for the same period.

17. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance at January 1, 2016	$ 2,131,242	$ 9,861,694	$ 24,733,048	$ 7,221,093	$ 1,351,911	$ 45,298,988
Additions	23,848	363,647	2,016,140	201,991	838,432	3,444,058
Disposals	(1,801)	(288,087)	(2,742,476)	(966,132)	(14,734)	(4,013,230)
Reclassified	-	151,819	830,823	297,773	(1,280,415)	-
Transferred from inventories	-	-	-	-	2,382,931	2,382,931
Transferred to non-current assets held for sale	-	(616,092)	-	-	-	(616,092)
Effect of foreign currency exchange differences	-	(306,835)	(694,486)	(264,421)	(10,988)	(1,276,730)
Balance at December 31, 2016	$ 2,153,289	$ 9,166,146	$ 24,143,049	$ 6,490,304	$ 3,267,137	$ 45,219,925
Accumulated depreciation and impairment						
Balance at January 1, 2016	$ 8,067	$ 5,492,390	$ 16,574,703	$ 5,648,173	$ -	$ 27,723,333
Disposals	-	(231,974)	(2,569,875)	(858,906)	-	(3,660,755)
Impairment losses recognized in profit or loss	-	72,776	144,826	33,512	-	251,114
Depreciation expense	-	258,815	978,069	328,542	-	1,565,426
Reclassified	-	-	(112,774)	112,774	-	-
Transferred to non-current assets held for sale	-	(273,535)	-	-	-	(273,535)
Effect of foreign currency exchange differences	-	(135,460)	(523,502)	(210,559)	-	(869,521)
Balance at December 31, 2016	$ 8,067	$ 5,183,012	$ 14,491,447	$ 5,053,536	$ -	$ 24,736,062
Carrying amounts at December 31, 2016	$ 2,145,222	$ 3,983,134	$ 9,651,602	$ 1,436,768	$ 3,267,137	$ 20,483,863
Cost						
Balance at January 1, 2017	$ 2,153,289	$ 9,166,146	$ 24,143,049	$ 6,490,304	$ 3,267,137	$ 45,219,925
Additions	87	55,407	161,697	146,984	1,917,267	2,281,442
Disposals	-	(11,358)	(353,135)	(325,110)	(287)	(689,890)
Reclassified	-	49,577	440,309	133,942	(623,828)	-
Effect of foreign currency exchange differences	-	(58,353)	(127,684)	(63,218)	(51,666)	(300,921)
Balance at December 31, 2017	$ 2,153,376	$ 9,201,419	$ 24,264,236	$ 6,382,902	$ 4,508,623	$ 46,510,556
Accumulated depreciation and impairment						
Balance at January 1, 2017	$ 8,067	$ 5,183,012	$ 14,491,447	$ 5,053,536	$ -	$ 24,736,062
Disposals	-	(7,610)	(312,314)	(285,213)	-	(605,137)
	-	-	-	163	-	163
Depreciation expense	-	246,298	1,004,640	288,869	-	1,539,807
Reclassified	-	-	(17,128)	17,128	-	-
Effect of foreign currency exchange differences	-	(25,637)	(70,453)	(49,139)	-	(142,229)
Balance at December 31, 2017	$ 8,067	$ 5,396,063	$ 15,096,192	$ 5,025,344	$ -	$ 25,525,666
Carrying amounts at December 31, 2017	$ 2,145,309	$ 3,805,356	$ 9,168,044	$ 1,357,558	$ 4,508,623	$ 20,984,890

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

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

The Group's main buildings and electrical and mechanical power equipment are depreciated over their estimated useful lives of 50 years and 20 years, respectively.

WLC owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, WLC keeps in its possession the land titles with the annotation of the land being pledged to WLC. As of December 31, 2017 and 2016, the recorded total carrying amount of such parcels of land amounted to NT$418,425 thousand and NT$418,362 thousand, respectively.

On January 29, 2016, the Group signed contracts to sell machinery and equipment, buildings and improvements located in the XiAn Hi-tech Industrial Development Zone and other related machinery and equipment to a third party. The sales transactions were completed in July 2017 and March 2016.

18. INVESTMENT PROPERTIES

	December 31	
	2017	**2016**
Completed investment properties	$ 10,406,246	$ 10,655,622

	Completed Investment Properties
Cost	
Balance at January 1, 2016	$ 12,260,622
Reclassified	(35,191)
Effect of foreign currency exchange differences	(139,688)
Balance at December 31, 2016	$ 12,085,743
Balance at January 1, 2017	$ 12,085,743
Effect of foreign currency exchange differences	(32,161)
Balance at December 31, 2017	$ 12,053,582
Accumulated depreciation and impairment	
Balance at January 1, 2016	$ 1,230,258
Depreciation expense	226,930
Effect of foreign currency exchange differences	(27,067)
Balance at December 31, 2016	$ 1,430,121
Balance at January 1, 2017	$ 1,430,121
Depreciation expense	222,357
Effect of foreign currency exchange differences	(5,140)
Balance at December 31, 2017	$ 1,647,336

The completed investment properties are depreciated under the straight-line method over 20 to 50 years.

The main investment properties of the Group are the Walsin Xin Yi Building and the completed investment properties of Walsin (Nanjing) Construction Limited. The building valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2017 and 2016, the completed investment properties' real estate values were NT$33,694,611 thousand and NT$32,796,965 thousand, respectively.

19. PREPAYMENTS FOR LEASES

	December 31	
	2017	2016
Current assets	$ 62,230	$ 65,071
Non-current assets	1,161,364	1,208,657
	$ 1,223,594	$ 1,273,728

Prepaid lease payments include land use rights for land which is located in mainland China.

The Group signed a contract to sell the land located in the XiAn Hi-tech Industrial Development Zone to a third party on January 29, 2016 and completed the transaction in July 2017.

20. BORROWINGS

	December 31	
	2017	2016
Short-term borrowings	$ 6,815,772	$ 4,194,335
Current portion of long-term borrowings	$ 171,438	$ 7,021,864
Long-term borrowings	$ 21,950,366	$ 15,293,975

a. Short-term borrowings as of December 31, 2017 and 2016 were as follows:

	December 31			
	2017		2016	
	Interest Rate %	Amount	Interest Rate %	Amount
Materials' procurement loans	1.15-2.495	$ 323,492	0.90-2.114	$ 745,701
Bank credit loans	0.80-3.933	6,492,280	0.79-3.10	3,448,634
		$ 6,815,772		$ 4,194,335

Refer to Notes 6 and 31 for collateral pledged for short-term borrowings as of December 31, 2017 and 2016.

b. Long-term borrowings as of December 31, 2017 and 2016 were as follows:

	December 31			
	2017			2016
	Significant Covenant	Rate	Amount	Amount
Taipei Fubon Bank and others	Credit loan; principal repayments every six months at 30%, 35%, 35% from the end of the fourth year from drawing date (September 2015)	1.80%	$ 15,000,000	$ 15,000,000
Bank of Taiwan and others	Credit loan; principal repayments every six months at 10%, 10%, 15%, 15%, 50% from the end of the third year from drawing date (August 2012)	1.59%	-	6,630,000
Bank of Taiwan	Credit loan; principal repayments until maturity from August 7, 2017 to May 9, 2020	1.30%	1,000,000	-
Taishin International Bank	Credit loan; principal repayments every six months at 33.33%, 33.33%, 33.34% from the end of the second year from drawing date (September 2017)	1.34%	2,000,000	-
Taipei Fubon Commercial Bank	Credit loan; principal repayments until maturity from September 22, 2017 to September 22, 2020	1.38%	1,000,000	-
Chang Hwa Commercial Bank	Credit loan; principal repayments until maturity from September 22, 2017 to September 22, 2020	1.30%	1,500,000	-
First Commercial Bank	Credit loan; principal repayments until maturity from September 22, 2017 to September 22, 2020	1.25%	1,000,000	-
Cathay United Commercial Bank	Secured loan; monthly interest and principal repayments until maturity from June 15, 2012 to December 15, 2021	1.94%	176,766	196,407
	Secured loan; monthly interest and principal repayments until maturity from March 27, 2013 to September 27, 2022	2.19%	177,369	195,383
	Secured loan; monthly interest and principal repayments until maturity from August 21, 2012 to February 21, 2022	1.94%	150,460	166,874
Taipei Fubon Commercial Bank	Secured loan; monthly interest and principal repayments until maturity from June 25, 2014 to October 11, 2018	2.81%	42,167	45,833
	Secured loan; monthly interest and principal repayments until maturity from August 14, 2014 to October 11, 2018	2.77%	37,067	40,267
	Secured loan; monthly interest and principal repayments until maturity from April 15, 2015 to October 11, 2018	2.89%	37,975	41,075
			22,121,804	22,315,839
Less current portion of long-term borrowings			(171,438)	(7,021,864)
			$ 21,950,366	$ 15,293,975

Under the loan agreements with Bank of Taiwan and Taipei Fubon Bank, WLC should maintain certain financial ratios calculated based on its annual and semi-annual consolidated financial statements, audited by independent auditors, during the loan terms. The financial ratios are as follows:

1) Ratio of current assets to current liabilities not less than 100%;

2) Ratio of total liabilities less cash and cash equivalents to tangible net worth (net worth less intangible assets) not more than 120%;

3) Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and

4) Tangible net worth (net worth less intangible assets) not less than NT$50,000,000 thousand.

As of December 31, 2017 and 2016, the Group's current portion of long-term borrowings was NT$171,438 thousand and NT$7,021,864 thousand under all of its loan agreements, respectively. The Group's consolidated financial statements for the years ended December 31, 2017 and 2016 showed that the Group was in compliance with the above listed ratio requirements.

Refer to Note 31 for collateral pledged on bank borrowings as of December 31, 2017.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

WLC and its subsidiaries in the ROC adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, WLC and its subsidiaries in the ROC make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expense recognized in profit or loss for the years ended December 31, 2017 and 2016 was NT$74,743 thousand and NT$67,991 thousand, respectively, which represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

b. Defined benefit plans

The defined benefit plans adopted by WLC and Walsin Info-Electric in accordance with the Labor Standards Law are operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. WLC and Walsin Info-Electric contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2017	**2016**
Present value of defined benefit obligation	$ 1,500,384	$ 1,385,363
Fair value of plan assets	(698,056)	(622,340)
Net defined benefit liabilities	$ 802,328	$ 763,023

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2016	$ 1,401,501	$ (17,682)	$ 1,383,819
Service cost			
Current service cost	16,956	-	16,956
Net interest expense (income)	21,960	(284)	21,676
Recognized in profit or loss	38,916	(284)	38,632
Remeasurement			
Actuarial (gain) loss - experience adjustments	6,248	(3,191)	3,057
Recognized in other comprehensive income (loss)	6,248	(3,191)	3,057
Contributions from the employer	-	(656,214)	(656,214)
Benefits paid	(55,031)	55,031	-
Account paid	(6,271)	-	(6,271)
Balance at December 31, 2016	1,385,363	(622,340)	763,023
Service cost			
Current service cost	15,517	-	15,517
Net interest expense (income)	21,676	(10,516)	11,160
Recognized in profit or loss	37,193	(10,516)	26,677
Remeasurement			
Actuarial (gain) loss - changes in financial assumption	59,985	-	59,985
Actuarial (gain) loss - experience adjustments	86,259	4,492	90,751
Recognized in other comprehensive income (loss)	146,244	4,492	150,736
Contributions from the employer	-	(138,108)	(138,108)
Benefits paid	(68,416)	68,416	-
Balance at December 31, 2017	$ 1,500,384	$ (698,056)	$ 802,328

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2017	2016
Operating costs	$ 16,704	$ 23,754
Selling and marketing expenses	2,405	3,189
General and administrative expenses	7,165	11,430
Research and development expenses	403	259
	$ 26,677	$ 38,632

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Fund or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2017	**2016**
Discount rates	1.4%	1.6%
Expected rates of salary increase	2.25%	2.0%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would decrease/increase as follows:

	December 31	
	2017	**2016**
Discount rates		
0.5% increase	$ (66,555)	$ (67,979)
0.5% decrease	$ 71,358	$ 73,238
Expected rates of salary increase		
0.5% increase	$ 70,406	$ 72,587
0.5% decrease	$ (66,348)	$ (68,055)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

22. EQUITY

	December 31	
	2017	2016
Share capital		
Common shares	$ 33,660,002	$ 33,960,002
Capital surplus	15,854,392	15,701,403
Retained earnings	19,234,380	15,211,219
Others	2,090,607	(897,872)
Treasury shares	(315,918)	(608,810)
Non-controlling interests	1,756,793	1,916,063
	$ 72,280,256	$ 65,282,005

a. Share capital

Common shares

	December 31	
	2017	2016
Number of shares authorized (in thousands)	6,500,000	6,500,000
Amount of authorized shares	$ 65,000,000	$ 65,000,000
Number of shares issued and fully paid (in thousands)	3,366,001	3,396,001
Amount of issued shares	$ 33,660,002	$ 33,960,002

As of December 31, 2016, the balance of WLC's share capital account was NT$35,760,002 thousand, divided into 3,576,001 thousand shares at a NT$10.00 par value.

WLC cancelled 30,000 thousand, 60,000 thousand and 120,000 thousand shares of treasury shares in May 2017, August 2016 and November 2016, respectively. As of December 31, 2017 and December 31, 2016, the balance of WLC's share capital account was NT$33,660,002 thousand and NT$33,960,002 thousand, divided into 3,366,001 thousand and 3,396,001 thousand shares at par values of NT$10.00, respectively.

b. Capital surplus

	December 31	
	2017	2016
Premium from issuance of common shares	$ 10,295,885	$ 10,387,648
Arising from the excess of the consideration receivable over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	495
Arising from share of changes in capital surplus from investments in associates under equity method	214,990	68,609
Arising from treasury share transactions	2,241,869	2,142,998
Arising from gain on disposal of property plant and equipment	2,074,231	2,074,231
Others	1,027,417	1,027,422
	$ 15,854,392	$ 15,701,403

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Group's capital surplus and once a year).

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

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 shareholders held their regular meeting on May 25, 2016 and in that meeting, had resolved amendments to the Group's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy of employees' compensation.

Based on WLC's amended Articles, 10% of WLC's annual earnings, net of tax and any deficit, should be appropriated as a legal reserve until this reserve equals WLC's paid-in capital. Also, WLC appropriated earnings to a special reserve based on the applicable laws and regulations. Any remaining balance of distributable earnings resolved by the shareholders will be retained partially by WLC and will be distributed to shareholders. Refer to Note 24 for WLC's amended Articles that stipulated distribution of employees' compensation and remuneration of directors and supervisors.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals WLC's paid-in capital. The legal reserve may be used to offset any deficits. If WLC has no deficit and the legal reserve has exceeded 25% of WLC's paid-in capital, the excess may be transferred to capital or distributed in cash.

WLC appropriates or reverses any special reserve in accordance with Order No. Financial-Supervisory-Securities-Corporation - 1010012865, 1010047490 and 1030006415 issued by FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs".

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 WLC.

The appropriation of earnings for 2016 and 2015 was approved in the shareholders' meeting on May 26, 2017 and May 25, 2016. The appropriation and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 456,813	$ 160,173	$ -	$ -
Cash dividends	2,328,200	701,200	0.7	0.2
	$ 2,785,013	$ 861,373		

The appropriation of earnings for 2017 had been resolved by WLC's board of directors on February 23, 2018. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 655,998	$ -
Cash dividends	3,326,000	1.00
	$ 3,981,998	

The appropriation of earnings for 2017 are subject to the resolution of the shareholders' meeting to be held on May 25, 2018.

d. Special reserves

Information regarding the aforementioned special reserve did not change for the years ended December 31, 2017 and 2016.

e. Other equity items

1) Foreign currency translation reserve

	For the Year Ended December 31	
	2017	2016
Beginning balance	$ (2,110,122)	$ 1,428,373
Share of exchange difference of associates under equity method	(834,636)	(3,538,495)
Ending balance	$ (2,944,758)	$ (2,110,122)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operations.

2) Investments revaluation reserve

	For the Year Ended December 31	
	2017	2016
Beginning balance	$ 1,225,921	$ (1,960,168)
Unrealized gain arising on revaluation of available-for-sale financial assets	760,541	1,526,373
Share of unrealized gain on revaluation of available-for-sale financial assets of associates under equity method	3,092,526	1,837,070
Disposal of available-for- sale financial assets	(36,094)	(177,354)
Ending balance	$ 5,042,894	$ 1,225,921

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of the amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

3) Cash flow hedges reserve

	For the Year Ended December 31	
	2017	2016
Beginning balance	$ (13,671)	$ (89,318)
Gain (loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges		
Foreign exchange forward contracts	-	3,683
Transferred to carrying amount of hedged items	2,133	79,268
Others	4,009	(7,304)
Ending balance	$ (7,529)	$ (13,671)

The cash flow hedges reserve represents the cumulative effective portion of the gains or losses arising from changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gains or losses arising from changes in the fair value of hedging instruments that were recognized and accumulated under the heading of the cash flow hedges reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or will be included as a basis adjustment to the non-financial hedged item.

f. Treasury shares

Treasury share transactions for the year ended December 31, 2017 were summarized as follows:

Purpose of Reacquisition of Common Shares	Number of Treasury Shares as of January 1, 2017	Treasury Share Increase During the Period	Treasury Share Decrease During the Period	Number of Treasury Shares as of December 31, 2017
Common shares held by WLC as reserve for employees' incentives	70,000,000	-	30,000,000	40,000,000

Treasury share transactions for the year ended December 31, 2016 were summarized as follows:

Purpose of Reacquisition of Common Shares	Number of Treasury Shares as of January 1, 2016	Treasury Share Increase During the Period	Treasury Share Decrease During the Period	Number of Treasury Shares as of December 31, 2016
Common shares held by WLC as reserve for employee incentives	70,000,000	-	-	70,000,000
To maintain WLC's creditability and shareholders' interest	-	180,000,000	180,000,000	-
	70,000,000	180,000,000	180,000,000	70,000,000

Article 28.2 of the Securities and Exchange Law stipulates that the number of treasury shares held by WLC should not exceed 10% of the number of shares issued and that the cost of acquisition of treasury shares should not exceed the total of retained earnings, additional-paid-in capital and other realized capital surplus. In addition, WLC shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote, or exercise other shareholder's rights on the treasury shares.

23. REVENUE

	For the Year Ended December 31	
	2017	2016
Sales revenue	$ 161,392,747	$ 142,070,622
Sales of real estate	5,121,782	34,623
Revenue from the rendering of services	283,508	244,351
Construction contract revenue	24,797	40,607
Rental income	855,908	858,318
Other revenue	113,843	106,720
	$ 167,792,585	$ 143,355,241

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Non-operating Income and Expenses - Gain (Loss) on Disposal of Investments

	For the Year Ended December 31	
	2017	2016
Gain (loss) on disposal of investments - forward exchange contracts settled	$ 39,942	$ (1,605)
Gain on disposal of investments - associates under equity method	-	59,955
(Loss) gain on disposal of investments - exchange rate swap contracts settled	(71,035)	30,037
Loss on disposal of investments - commodity futures contracts settled	(275,052)	(99,560)
Gain on disposal of financial assets measured at cost	546	-
Gain on disposal of investments - funds	9,120	21,349
Gain on disposal of investments - available-for-sale financial assets - non-current	35,871	172,036
	$ (260,608)	$ 182,212

Non-operating Income and Expenses - Impairment Loss

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	$ 163	$ 251,114
Financial assets measured at cost	-	200,000
Others	(96)	3,148
	$ 67	$ 454,262

Employee Benefits Expense, Depreciation and Amortization

	For the Year Ended December 31, 2017			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	$ 2,828,610	$ 1,518,841	$ -	$ 4,344,451
Post-employment benefits	$ 192,888	$ 91,281	$ -	$ 284,169
Other employee benefits	$ 358,289	$ 156,913	$ -	$ 515,202
Depreciation				
Property, plant and equipment	$ 1,382,089	$ 150,658	$ 7,060	$ 1,539,807
Investment properties	213,417	8,940	-	222,357
	$ 1,595,506	$ 159,598	$ 7,060	$ 1,762,164
Amortization	$ 8,560	$ 18,844	$ 2,380	$ 29,784

	For the Year Ended December 31, 2016			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	$ 2,818,099	$ 1,411,636	$ -	$ 4,229,735
Post-employment benefits	$ 193,650	$ 98,118	$ -	$ 291,768
Other employee benefits	$ 344,330	$ 171,055	$ -	$ 515,385
Depreciation				
Property, plant and equipment	$ 1,394,193	$ 162,266	$ 8,967	$ 1,565,426
Investment properties	220,776	6,154	-	226,930
	$ 1,614,969	$ 168,420	$ 8,967	$ 1,792,356
Amortization	$ 18,258	$ 16,538	$ 8,078	$ 42,874

In compliance with the Company Act as amended in May 2015, WLC's shareholders held their meeting on May 2016 and resolved amendments to WLC's Articles; the amendments stipulate the distribution of employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the years ended December 31, 2017 and 2016, the employees' compensation amounted to NT$73,000 thousand and NT$53,100 thousand, respectively, and the remuneration of directors and supervisors amounted to NT$51,000 thousand and NT$36,900 thousand, respectively, representing 1% and 0.7%, respectively, of the base net profit before income tax. The employees' compensation and remuneration to directors and supervisors in cash for the years ended December 31, 2017 and 2016 were approved by the Group's board of directors on February 23, 2018 and February 17, 2017, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the compensation and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences will be recorded as a change in the accounting estimate.

The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2016 and 2015 resolved by WLC's board of directors on February 17, 2017 and February 26, 2016, respectively, and the respective amounts recognized in the consolidated financial statements were equal.

Information on the employees' compensation and remuneration to directors and supervisors resolved by WLC's board of directors and approved by the shareholders of WLC is available on the Market Observation Post System (MOPS) on the web site of the Taiwan Stock Exchange.

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. The major components of tax expense were as follows:

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	$ 1,649,596	$ 1,126,488
Reserve for land value increment tax	1,067,575	26,877
Income tax expense of unappropriated earnings	174,552	59,210
In respect of prior periods	15,576	1,721
	2,907,299	1,214,296
Deferred tax		
In respect of the current year	(206,942)	120,543
Others	78	29
	(206,864)	120,572
Income tax expense recognized in profit or loss	$ 2,700,435	$ 1,334,868

A reconciliation of accounting profit and income tax expenses, average effective tax rate and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2017	2016
Income before tax from continuing operations	$ 9,394,448	$ 6,173,371
Income tax expense calculated at the statutory rate	$ 2,680,979	$ 1,436,478
Equity in investees' net (gain) loss	(966,360)	(296,455)
Dividend income	(26,852)	(3,662)
Net gain on disposal of investments	(6,191)	(29,246)
Realized loss on liquidation of investment	-	(25,091)
Loss on investees' capital reduction for cover accumulated deficits	(112,387)	(28,598)
Others	(314,269)	(462)
Unrecognized loss carryforwards/deductible temporary differences	187,734	194,099
Adjustments for prior years' tax	15,654	1,718
Income tax of unappropriated earnings	174,552	59,210
Reserve for land revaluation increment tax	1,067,575	26,877
Income tax expense recognized in profit or loss	$ 2,700,435	$ 1,334,868

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

In February 2018, it was announced the Income Tax Act in the ROC was amended, and starting from 2018, the corporate surtax applicable to the unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets recognized as at December 31, 2017 are expected to be adjusted and will increase by NT$58,243 thousand in 2018.

b. Current tax assets and liabilities

	December 31	
	2017	2016
Current tax assets		
Tax refund receivable (recorded under other non-current assets)	$ 61,575	$ 26,777
Current tax liabilities		
Income tax payable	$ 3,147,811	$ 1,619,577

c. Deferred tax assets and liabilities

	December 31	
	2017	2016
Deferred tax assets		
Net operating loss carryforwards	$ 36,939	$ 83,889
Pension expense not currently deductible	111,000	130,000
Provision for devaluation loss on obsolete and slow-moving inventories	24,135	58,540
Provision for impairment loss on idle assets	18,000	18,061
Deemed sales	-	186,932
Unrealized gross profit from intercompany transactions	6,510	21,656
Provision for permanent devaluation loss on long-term investments	46,460	56,460
Difference between financial and tax accounting of the depreciation of property, plant and equipment	125	943
Prepaid expense	699,507	230,677
Others	279,754	223,971
Deferred income tax liabilities		
Difference between financial and tax accounting of the depreciation of property, plant and equipment	(12,623)	(43,494)
Reserve for land revaluation increment tax	(132,005)	(131,132)
Others	(23,884)	10,551
	$ 1,053,918	$ 847,054
Deferred income tax assets - non-current	$ 1,222,430	$ 1,011,129
Deferred income tax liabilities - non-current	(168,512)	(164,075)
	$ 1,053,918	$ 847,054

d. The Group's loss carryforwards as of December 31, 2015 for income tax purposes were as follows:

Expiry Year	Net Operating Loss Tax Credit
2019	$ 29,480
2021	7,050
2025	409
	$ 36,939

e. The information on imputation credit accounts was as follows:

	December 31	
	2017	2016
Unappropriated earnings Generated on and after January 1, 1998	$ 13,240,574	$ 9,674,226
Balance of Imputation Credit Account (included current tax liabilities)	$ 1,674,192	$ 1,418,554

	For the Year Ended December 31	
	2017 (Expected)	2016 (Actual)
Creditable ratio for distribution of earnings	(Note)	14.66%

Effective from January 1, 2015, according to the revised Article 66 - 6-1 of the Income Tax Law, the creditable ratio for individual shareholders residing in the Republic of China will be half of the original creditable ratio.

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, no creditable ratio for the distribution of earnings in 2018 is expected.

f. WLC's income tax returns through 2014 had been examined and cleared by the tax authorities.

26. EARNINGS PER SHARE

	For the Year Ended December 31					
	2017			2016		
	Amounts (Numerator) After Income Tax (Attributable to WLC's Shareholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to WLC's Shareholders)	Amounts (Numerator) After Income Tax (Attributable to WLC's Shareholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to WLC's Shareholders)
Basic earnings per share Net income	$ 6,559,984	3,326,000	$ 1.97	$ 4,568,125	3,424,730	$ 1.33
Effect of dilutive potential common shares Diluted earnings per share	-	4,638		-	4,817	
Diluted earnings per share Net income plus dilutive effect	$ 6,559,984	3,330,638	$ 1.97	$ 4,568,125	3,429,547	$ 1.33

27. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

As of December 31, 2017, the Group's future minimum lease payments on non-cancelable operating lease commitments were as follows:

Year of 2018	$ 62,440
2019-2023	100,013
After 2023	146,027
	$ 308,480

b. The Group as lessor

Lease arrangements

Operating leases are related to the investment properties owned by the Group with lease terms between 5 and 10 years, each with an option of extension for an additional 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. No lessee has a bargain purchase option to acquire the property at the expiry of the respective lease period.

As of December 31, 2017 and 2016, deposits received under operating leases amounted to NT$203,216 thousand and NT$191,389 thousand, respectively (recorded under other non-current liabilities).

As of December 31, 2017, the Group's future minimum lease receivables on non-cancelable operating lease commitments were as follows:

Year of 2018	$ 843,659
2019-2023	1,548,553
	$ 2,392,212

28. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure that it has the necessary financial resources and operational plan so that it can cope with the next 12 months working capital requirements, capital expenditures, debt repayments and dividends spending.

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

Key management personnel of the Group review the capital structure on a quarterly basis. 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/or the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Except for the financial assets that are measured at cost, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximates of their respective fair values.

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

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 129,615	$ -	$ -	$ 129,615
Derivative financial assets for hedging	-	7,430	-	7,430
Available-for-sale financial assets	3,702,495	-	-	3,702,495
	$ 3,832,110	$ 7,430	$ -	$ 3,839,540
Financial liabilities at FVTPL	$ -	$ 27,710	$ -	$ 27,710

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 506,651	$ -	$ -	$ 506,651
Available-for-sale financial assets	2,990,945	-	-	2,990,945
	$ 3,497,596	$ -	$ -	$ 3,497,596
Financial liabilities at FVTPL	$ -	$ 2,162	$ -	$ 2,162

There were no transfers between Levels 1 and 2 for the years ended December 31, 2017 and 2016.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - forward exchange contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - exchange rate swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2017	**2016**
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 10,952,691	$ 7,733,584
Notes receivable and trade receivables (including related parties)	14,802,967	13,749,815
Finance lease receivables (current and non-current)	934,238	983,323
Other receivables	488,554	659,673
Other financial assets	1,401,866	2,265,139
Refundable deposits	186,507	184,148
Debt investments with no active market - current	1,459,958	1,440,569
Financial assets at FVTPL (current and non-current)	129,615	506,651
Derivative financial assets for hedging	7,430	-
Available-for-sale financial assets (current and non-current)	3,702,495	2,990,945
Financial assets measured at cost - non-current	2,509,320	1,847,079
Financial liabilities		
Financial liabilities at FVTPL (current and non-current)	27,710	2,162
Amortized cost		
Short-term borrowings	6,815,772	4,194,335
Notes payable and trade payables	9,690,297	8,219,083
Other payables	3,635,500	3,249,467
Long-term borrowings (including current portion)	22,121,804	22,315,839
Deposits received (recorded as other non-current liabilities)	352,186	247,623

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and investments, trade receivables, and trade payables. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market 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 is governed by the Group's policies approved by the board of directors, which provides written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and investments of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Group is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses forward exchange contracts and fixed and floating rate deposits and borrowings to hedge foreign currency risk and interest rate risk, respectively.

There was no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

	December 31	
	2017	**2016**
Assets		
U.S. dollars	$ 6,039,250	$ 4,943,269
Japanese yen	66,520	111,161
Euros	899,703	396,277
Singapore dollars	26,816	10,002
Hong Kong dollars	18,424	16,325
Australian dollars	-	2,987
Malaysian ringgit	334,663	178,146
Indonesian rupiah	31,739	200,059
Liabilities		
U.S. dollars	5,881,138	6,150,434
Euros	1,311	1,821
Japanese yen	31,190	790
Malaysian ringgit	52,341	33,556

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

	December 31	
	2017	**2016**
Assets		
U.S. dollars	$ 4,462,525	$ 4,837,500
Euros	-	-
Liabilities		
U.S. dollars	1,817,635	-
Euros	33,275	71,396

Sensitivity analysis

The Group was mainly exposed to U.S. dollars.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2017	**2016**
Profit or loss	$ 28,030	$ 36,303

b) Interest rate risk

The Group's interest rate risk arises primarily from fixed and floating rate deposits and borrowings.

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

	December 31	
	2017	**2016**
Cash flow interest rate risk		
Financial assets	$ 1,459,958	$ 1,440,569
Financial liabilities	28,937,576	26,510,174

Sensitivity analysis

The sensitivity analysis below shows the possible effect on profit and loss assuming a change in the interest rates at the end of the reporting period.

If interest rates at end of the reporting period were higher by 1% and all other variables were held constant, the Group's pre-tax income for the years ended December 31, 2017 and 2016 would have decreased by NT$274,776 thousand and NT$250,696 thousand, respectively.

2) Credit risk

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

a) The carrying amount of the respective recognized financial assets as stated in the condensed 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 obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst the approved counterparties. Also, credit exposure is controlled by setting credit limits that are reviewed and approved annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

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.

a) The Group's non-derivative financial liabilities with agreed upon repayment periods were as follows:

December 31, 2017

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Variable interest rate liabilities	$ 6,987,210	$ 5,220,896	$ 16,729,470	$ -	$ 28,937,576
Non-interest bearing	13,325,797	-	-	-	13,325,797
	$ 20,313,007	$ 5,220,896	$ 16,729,470	$ -	$ 42,263,373

December 31, 2016

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Variable interest rate liabilities	$ 11,216,199	$ 15,009,967	$ 284,008	$ -	$ 26,510,174
Non-interest bearing	11,468,550	-	-	-	11,468,550
	$ 22,684,749	$ 15,009,967	$ 284,008	$ -	$ 37,978,724

b) The Group's derivative financial instruments with agreed upon settlement dates were as follows:

December 31, 2017

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Net settled					
Commodity futures contracts	$ (7,661)	$ 10,156	$ 34,755	$ -	$ 37,250
Forward exchange contracts	4,943	-	-	-	4,943
Foreign exchange rate swap contracts	6,833	(31,679)	68	-	(25,223)
	$ 3,670	$(21,523)	$ 34,823	$ -	$ 16,970

December 31, 2016

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Net settled					
Commodity futures contracts	$ 5,009	$ 20,126	$ 8,188	$ -	$ 33,323
Forward exchange contracts	(172)	(282)	(553)	-	(1,007)
Exchange rate swap contracts	(1,155)	-	-	-	(1,155)
	$ 3,682	$ 19,844	$ 7,635	$ -	$ 31,161

e. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2017 and 2016 were as follows:

Counterparties	Receivables Sold	Amounts Collected	Advances Received at Period-end	Interest Rates on Advances Received (%)	Credit Line (In Thousands)
For the year ended December 31, 2017					
CTBC Bank	$ 148,157	$ 128,351	$ -	-	US$ 3,000
For the year ended December 31, 2016					
CTBC Bank	$ 91,202	$ 89,902	$ -	-	US$ 3,000

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between WLC and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as below:

a. Related parties and nature of relationships

Related Party	Nature of Relationship
Winbond Electronics Corp.	Associate
Walsin Technology Corp.	Associate
Walton Advanced Engineering, Inc.	Associate
Chin-Xin Investment Co., Ltd.	Associate
Changzhou China Steel Precision Materials Co., Ltd.	Associate
Dongguan Walsin Technology Electronics Co., Ltd.	Associate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate
Walsin Color Co., Ltd.	Associate
HannStar Display Corp.	Actual related party
Kuong Tai Metal Industrial Co., Ltd.	Actual related party
HannStar Board Corp.	Actual related party
Prosperity Dielectrics Co., Ltd.	Actual related party
Powertec Energy Corp.	Actual related party
Global Brands Manufacture Ltd.	Actual related party
Info-Tek Corp.	Actual related party
VVG Inc.	Actual related party
Nuvoton Technology Corporation	Actual related party

b. Sales

	For the Year Ended December 31	
	2017	2016
Associates	$ 8,827	$ 813,194
Other related parties	812,293	707,100
	$ 821,120	$ 1,520,294

c. Rental income

	For the Year Ended December 31	
	2017	2016
Associates	$ 27,488	$ 22,212
Other related parties	19,918	20,319
	$ 47,406	$ 42,531

d. Purchases

	For the Year Ended December 31	
	2017	2016
Associates	$ 44,884	$ 22,178
Other related parties	849	-
	$ 45,733	$ 22,178

e. Administrative expenses

	For the Year Ended December 31	
	2017	2016
Associates	$ 9,722	$ 9,762
Other related parties	11,661	14,763
	$ 21,383	$ 24,525

The share registration matters of WLC and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

f. Notes receivable

	December 31	
	2017	2016
Associates	$ 594	$ 656
Other related parties	83	99
	$ 677	$ 755

g. Dividend income

	For the Year Ended December 31	
	2017	2016
HannStar Display Corp.	$ 118,646	$ -
HannStar Board Corp.	35,373	11,791
Other related parties	9,632	-
	$ 163,651	$ 11,791

h. Trade receivables

	December 31	
	2017	2016
Associates	$ 263	$ 284
Other related parties	11,764	15,965
	$ 12,027	$ 16,249

i. Notes payable

	December 31	
	2017	2016
Associates	$ 38,339	$ 2,272

j. Trade payables

	December 31	
	2017	2016
Associates	$ 668	$ 12,631
Other related parties	-	198
	$ 668	$ 12,829

k. Other receivables

	December 31	
	2017	2016
Associates	$ 6,965	$ 1,798
Other related parties	2,470	3,370
	$ 9,435	$ 5,168

l. Other payables

	December 31	
	2017	2016
Other related parties	$ -	$ 1,788

Trading transactions with related parties do not have a significant difference from that of general customers.

m. Guarantee deposits

	December 31	
	2017	2016
Other related parties	$ 1,722	$ 1,722

n. Property, plant and equipment disposed of

	For the Year Ended December 31			
	2017		2016	
	Price	Gain on Disposals	Price	Gain on Disposals
Associates	$ -	$ -	$ 295	$ 277

o. Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	December 31	
	2017	2016
Short-term benefits	$ 193,632	$ 144,102
Post-employment benefits	2,355	2,782
	$ 195,987	$ 146,884

The remuneration of directors and key executives was determined by the remuneration committee with regard to the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and guarantees for tariffs of imported raw materials:

	December 31	
	2017	2016
Restricted deposits (recorded under other financial assets - current)	$ 328,049	$ 248,906
Time deposits (recorded under other financial assets - current)	114,329	62,972
Finance lease receivables - current	50,758	49,085
Finance lease receivables - non-current	883,480	934,238
Other non-current assets	33,400	87,755
	$ 1,410,016	$ 1,382,956

32. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2017 and 2016 were as follows:

a. Outstanding letters of credit not reflected in these consolidated financial statements as of December 31, 2017 and 2016 were as follows (in thousands):

	December 31	
	2017	2016
U.S. dollars	US$ 46,523	US$ 32,427
Japanese yen	JPY 92,480	JPY 48,421
Euros	EUR 1,206	EUR 25,484
New Taiwan dollars	NT$ 24,009	NT$ 83,663

b. As of December 31, 2017, the outstanding standby letters of credit not reflected in these consolidated financial statements amounted to approximately NT$358,899 thousand and RMB110,631 thousand. As of December 31, 2016, the outstanding standby letters of credit not reflected in these consolidated financial statements amounted to approximately NT$421,321 thousand, US$66 thousand and RMB113,881. As of December 31, 2017 and 2016, tariff letters of credit amounted to approximately NT$657,000 thousand and NT$706,500 thousand, respectively.

c. Non-cancelable copper and nickel procurement contracts with a total contract value of US$45,383 thousand and RMB72,016 thousand and US$34,210 thousand and RMB29,456 thousand were in effect as of December 31, 2017 and 2016, respectively.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is aggregated by foreign currencies other than functional currencies of the group entities, and the exchange rates between foreign currencies and the respective functional currencies are disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2017

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
U.S. dollars	$ 202,932	29.7600	$ 6,039,250
Japanese yen	251,777	0.2642	66,520
Euros	25,294	35.5700	899,703
Singapore dollars	1,205	22.2600	26,816
Hong Kong dollars	4,840	3.8070	18,424
Malaysian ringgit	47,322	7.0720	334,663
Indonesian rupiah	14,232,717	0.0022	31,739
Financial liabilities			
Monetary items			
U.S. dollars	197,619	29.7600	5,881,138
Euros	877	35.5700	31,190
Japanese yen	4,962	0.2642	1,311
Malaysian ringgit	7,401	7.0720	52,341
Swiss francs	17	31.2450	531
Non-monetary items			
U.S. dollars	2,311	29.7600	68,780
Euros	393	35.5700	13,964

December 31, 2016

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
U.S. dollars	$ 153,280	32.250	$ 4,943,269
Japanese yen	403,343	0.2756	111,161
Euros	11,690	33.900	396,277
Singapore dollars	449	22.290	10,002
Hong Kong dollars	3,926	4.158	16,325
Australian dollars	128	23.285	2,897
Malaysian ringgit	25,800	6.905	178,146
Indonesian rupiah	82,328,789	0.0024	200,059
Financial liabilities			
Monetary items			
U.S. dollars	190,711	32.250	6,150,434
Euros	23	33.900	790
Japanese yen	6,606	0.2756	1,821
Malaysian ringgit	4,860	6.905	33,556
Non-monetary items			
U.S. dollars	36	32.250	1,155
Malaysian ringgit	146	6.905	1,007

(Concluded)

For the years ended December 31, 2017 and 2016, realized and unrealized net foreign exchange gains (losses) were gains of NT$16,008 thousand and gains of NT$73,517 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.

34. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Financing provided: See Table 1 attached;

b. Endorsements/guarantees provided: See Table 2 attached;

c. Marketable securities held: See Table 3 attached;

d. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of paid-in capital: See Table 4 attached;

e. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None;

f. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

g. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 5 attached;

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 6 attached;

i. Trading in derivative instruments: See Note 7, 8 and 20;

j. Information on investees (names, locations, and related information of investees over which the Group exercises significant influence): See Table 7 attached;

k. Intercompany relationships and significant intercompany transactions: See Table 9 attached;

Information on investments in mainland China:

a. See Table 8 attached for information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area.

b. See Table 8 attached for any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

   1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period;

   2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period;

   3) The amount of property transactions and the amount of the resultant gains or losses;

   4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes;

   5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds; and

   6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

35. OPERATION SEGMENT FINANCIAL INFORMATION

a. Basic information

   1) Classification

      Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

a) Wires and cables

The segment's main products include copper rods, wires, connectors and components which are sold to industries involving cables and wires, communications cable, heavy electronics, home electrical appliances and construction.

b) Stainless steel

The segment's main products included smelting, rolled stainless steel, carbon steel and precision alloy wire which are sold to industries involving construction components, crankshafts, machine tools, plumbing, heat exchange, drainage, petrochemicals and construction.

c) Real estate

Real estate is responsible for the development of commercial and real estate complexes and real estate management. Furthermore, the modes of operation are the construction of residences, offices, markets and hotels, and the offering of rental space, operating management and after-sales services.

d) Administration and investing

The segment of administration and investing refers to other investments in mainland China.

2) Estimates of operating segment income and expenses, assets and liabilities

Accounting policies of operating segments are the same with those summarized in Note 4 to the consolidated financial statements. Operating segment income and expenses are measured based on estimated future potential profit and pre-tax operating profit adjusted by hedge accounting. Sales and transfers between segments are treated as transactions with third parties and evaluated at fair value.

The Group does not allocate income tax expense (benefit), investment income (loss) recognized under equity method, foreign exchange gain (loss), net investment income (loss), gain (loss) on disposal of investments, gain (loss) on valuation of financial assets and liabilities and extraordinary items to reportable segments. The amounts reported are consistent with the report used by operating decision-makers.

3) Identification of operating segments

The reported operating segments are classified according to the different products and services that are managed separately because they use different technology and selling strategies.

b. Financial information

1) Segment revenue and results:

(NT$ in Thousand)

	Wires and Cables	Stainless Steel	Real Estate	Administration and Investing	Total
For the year ended December 31, 2017					
External net sales and operating revenue	$ 98,643,991	$ 54,895,297	$ 6,046,560	$ 8,206,738	$ 167,792,585
Operating profit	1,424,382	2,058,128	3,523,888	431,514	7,437,911
Net non-operating income (expenses)					
Net interest income (expenses)					(181,013)
Share of profit of associates under equity method					2,017,026
Dividend income					167,634
Gain on disposal of property, plant and equipment					60,284
Gain on disposal of investments					195,227
Foreign exchange loss, net					(16,008)
Gain on financial assets and liabilities at fair value through profit or loss					(23,734)
Reversal of impairment loss					(67)
Net other income (expenses)					(262,812)
Consolidated income before income tax					$ 9,394,448
For the year ended December 31, 2016					
External net sales and operating revenues	85,826,403	47,643,754	921,920	8,963,164	$ 143,355,241
Operating profit (loss)	1,278,526	2,654,441	159,076	663,100	4,755,143
Net non-operating income (expenses)					
Net interest income (expenses)					(10,774)
Share of profit of associates under equity method					987,866
Dividend income					21,585
Gain on disposal of property, plant and equipment					275,150
Gain on disposal of investments					748,843
Foreign exchange gain, net					73,517
Loss on financial assets and liabilities at fair value through profit or loss					(91,062)
Impairment loss					(454,262)
Net other income (expenses)					(132,635)
Consolidated income before income tax					$ 6,173,371

2) Segment assets and liabilities

	Wires and Cables	Stainless Steel	Real Estate	Administration and Investing	Total
Segment assets					
December 31, 2017	$ 17,395,883	$ 31,885,133	$ 32,387,785	$ 48,581,944	$ 130,250,745
December 31, 2016	16,329,620	28,877,477	28,808,581	40,163,536	$ 114,179,214
Segment liabilities					
December 31, 2017	7,629,543	17,963,162	21,666,521	10,711,263	$ 57,970,489
December 31, 2016	6,512,611	13,785,932	19,778,832	8,819,834	$ 48,897,209

3) Geographical information

The Group's revenue from external customers and non-current assets, excluding those classified as held for sale, financial instruments, deferred tax assets, and post-employment benefit, categorized by geographical location are as follows:

	Revenue from External Customers		Non-current Assets December 31	
	2017	**2016**	**2017**	**2016**
Asia	$ 152,521,105	$ 129,606,839	$ 31,644,449	$ 31,359,080
United States of America	9,440,512	10,139,330	-	-
Europe	2,812,151	1,926,065	-	-
Others	3,018,817	1,683,007	-	-
	$ 167,792,585	$ 143,355,241	$ 31,644,449	$ 31,359,080

Note: Revenue from external customers classified by geographical location.

4) Major customer

No individual customer accounted for at least 10% of consolidated revenue in 2017 and 2016.

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, U.S. Dollars, and Renminbi)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Financing Amount Limit (Note 1)
													Item	Value		
1	Walsin Lihwa Holdings Limited	Jiangyin Walsin Steel Cable Co., Ltd.	Other receivables	Yes	$ 313,150 (US$ 10,000)	$ - (US$ -)	$ - (US$ -)	2.81%	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 653,768 (US$ 21,968)	$ 28,209,385 (US$ 947,896)
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Other receivables	Yes	281,835 (US$ 9,000)	- (US$ -)	- (US$ -)	2.81%	Operating capital	-	Operating capital	-	-	-	1,041,008 (US$ 34,980)	
		Walsin (China) Investment Co., Ltd.	Other receivables	Yes	9,896,172 (US$ 39,000) (RMB 1,900,000)	9,814,133 (US$ 39,000) (RMB 1,900,000)	7,032,787 (US$ 19,000) (RMB 1,420,000)	2.05%-3.915%	Operating capital	-	Operating capital	-	-	-	28,209,385 (US$ 947,896)	
		Walsin Lihwa Corporation	Other receivables	Yes	1,966,900 (US$ 65,000)	1,934,400 (US$ 65,000)	1,784,125 (US$ 59,950)	1.82778%-1.93389%	Operating capital	-	Operating capital	-	-	-	7,052,346 (US$ 236,974)	
2	Walsin (China) Investment Co., Ltd.	Walsin (Nanjing) Development Co., Ltd.	Other receivables	Yes	8,674,887 (RMB 1,900,000)	8,653,493 (RMB 1,900,000)	1,554 (RMB 341)	5.22%	Operating capital	-	Operating capital	-	-	-	8,653,493 (RMB 1,900,000)	28,209,385 (US$ 947,896)
		Yantai Walsin Stainless Steel Co., Ltd.	Other receivables	Yes	2,348,625 (US$ 75,000)	2,232,000 (US$ 75,000)	2,214,491 (US$ 74,412)	2.13%	Operating capital	-	Operating capital	-	-	-	7,052,346 (US$ 236,974)	
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Other receivables	Yes	1,722,325 (US$ 55,000)	1,636,800 (US$ 55,000)	1,327,193 (US$ 44,597)	2.13%	Operating capital	-	Operating capital	-	-	-	7,052,346 (US$ 236,974)	
		Changshu Walsin Specialty Steel Co., Ltd.	Other receivables	Yes	1,816,270 (US$ 58,000)	1,726,080 (US$ 58,000)	1,504,462 (US$ 50,553)	2.13%	Operating capital	-	Operating capital	-	-	-	7,052,346 (US$ 236,974)	
		Jiangyin Walsin Steel Cable Co., Ltd.	Other receivables	Yes	626,300 (US$ 20,000)	595,200 (US$ 20,000)	296,587 (US$ 9,966)	2.13%	Operating capital	-	Operating capital	-	-	-	653,768 (US$ 21,968)	
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Other receivables	Yes	594,985 (US$ 19,000)	565,440 (US$ 19,000)	266,869 (US$ 8,967)	2.13%	Operating capital	-	Operating capital	-	-	-	1,041,008 (US$ 34,980)	

Notes:

1. According to the Financing Provided of Walsin Lihwa Corporation, for Walsin Lihwa Holdings Limited and Walsin (China) Investment Co., Ltd., the total limit on the amount of the financing provided cannot exceed 40% of the equity of the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% voting rights of an overseas invested company cannot exceed 40% of the equity of the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a single enterprise that holds more than a 2/3 ratio but less than 100% of a subsidiary cannot exceed the equity multiplied by the investment ratio of the financing company. In addition, the lending that the chairman of the board of directors can make in a year to a single borrower cannot exceed 10% of the equity of the latest consolidated financial statement of Walsin Lihwa Corporation. If subsidiaries need to raise their financing limits, the individual financing limit shall be discussed and resolved by the board of directors.

   a. The limit on the amount of financing provided to a single enterprise was as follows:

      Jiangyin Walsin Steel Cable Co., Ltd. = US$29,290 × 100% × 75% = US$21,968.
      Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. = US$36,548 × 100% × 95.71% = US$34,980.
      Walsin (China) Investment Co., Ltd. = NT$70,523,462 × 40% ＝ NT$28,209,385 (US$947,896).
      Walsin Lihwa Corporation = NT$70,523,462 × 40% = NT$28,209,385 (US$947,896)
      Walsin (Nanjing) Development Co., Ltd. = RMB1,900,000 × 4.55447 = NT$8,653,493.
      Yantai Walsin Stainless Steel Co., Ltd. = NT$70,523,462 × 10% = NT$$6,894,961 (US$236,974).
      Jiangyin Walsin Specialty Alloy Materials Co., Ltd. = NT$70,523,462 × 10% = NT$6,894,961 (US$236,974).
      Changshu Walsin Specialty Steel Co., Ltd. = NT$70,523,462 × 10% = NT$7,052,346 (US$236,974).

   b. The limit on the amount of financing provided was as follows:

      The limit on the amount of financing provided = NT$70,523,462 × 40% = NT$28,209,385 (US$947,896).

(Continued)

2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.

3. The currency exchange rate as of December 31, 2017 was as follows: US$ to NT$ = 1:29.76; RMB to NT$ = 1:4.55447.

(Concluded)

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Financing Amount Limit (Note 1)
													Item	Value		
3	Concord Industries Limited	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Other receivables	Yes	$ 1,722,325 (US$ 55,000)	$ - (US$ -)	$ - (US$ -)	2.13%	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 28,209,385 (US$ 947,896)	$ 28,209,385 (US$ 947,896)
		Yantai Walsin Stainless Steel Co., Ltd.	Other receivables	Yes	2,348,625 (US$ 75,000)	- (US$ -)	- (US$ -)	2.13%	Operating capital	-	Operating capital	-	-	-	28,209,385 (US$ 947,896)	
		Walsin Lihwa Holdings Limited	Other receivables	Yes	1,456,148 (US$ 46,500)	- (US$ -)	- (US$ -)		Operating capital	-	Operating capital	-	-	-	28,209,385 (US$ 947,896)	
		Changshu Walsin Specialty Steel Co., Ltd.	Other receivables	Yes	1,503,120 (US$ 48,000)	- (US$ -)	- (US$ -)	2.13%	Operating capital	-	Operating capital	-	-	-	28,209,385 (US$ 947,896)	
		Walsin (China) Investment Co., Ltd.	Other receivables	Yes	5,887,220 (US$ 188,000)	5,594,880 (US$ 188,000)	5,297,280 (US$ 178,000)	2.05%	Operating capital	-	Operating capital	-	-	-	28,209,385 (US$ 947,896)	
4	Walsin Specialty Steel Corp.	Walsin Lihwa Holdings Limited	Other receivables	Yes	795,401 (US$ 25,400)	- (US$ -)	- (US$ -)		Operating capital	-	Operating capital	-	-	-	7,052,346 (US$ 236,974)	28,209,385 (US$ 947,896)

Notes:

1. According to the Financing Provided of Concord Industries Limited and Walsin Specialty Steel Corp., the total limit on the amount of the financing provided cannot exceed 40% of the equity of the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% voting rights of an overseas invested company cannot exceed 40% of the equity of the consolidated financial statements of Walsin Lihwa Corporation. In addition, the lending that the chairman of the board of directors can make in a year to a single borrower cannot exceed 10% of the equity of the latest consolidated financial statement of Walsin Lihwa Corporation.

   a. The limit on the amount of financing provided to a single enterprise was as follows:

      ,Jiangyin Walsin Specialty Alloy Materials Co., Ltd. = NT$70,523,462 × 40% = NT$28,209,385 (US947,896).
      Yantai Walsin Stainless Steel Co., Ltd. = NT$70,523,462 × 40% = NT$28,209,385 (US$947,896).
      Changshu Walsin Specialty Steel Co., Ltd. = NT$70,523,462 × 40% = NT$28,209,385 (US$947,896).
      Walsin (China) Investment Co., Ltd. = NT$70,523,462 × 40% = NT$28,209,385 (US$947,896).
      Walsin Lihwa Holdings Limited = NT$70,523,462 × 10% = NT$28,209,385 (US$236,947).

   b. The limit on the amount of financing provided was as follows:

      The limit on the amount of financing provided = NT$70,523,462 × 40% = NT$28,209,385 (US$947,896).

2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.

3. The currency exchange rate as of December 31, 2017 was as follows: US$ to NT$ = 1:29.76.

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Financing Amount Limit (Note 1)
													Item	Value		
5	Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	Other receivables	Yes	$ 829,221 (US$ 26,480)	$ 788,045 (US$ 26,480)	$ 788,045 (US$ 26,480)	2.13%	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 5,355,729 (US$ 179,964)	$ 28,209,385 (US$ 947,896)
		Walsin Lihwa Holdings Limited	Other receivables	Yes	93,945 (US$ 3,000)	- (US$ -)	- (US$ -)	0.35%	Operating capital	-	Operating capital	-	-	-	7,052,346 (US$ 236,974)	

Notes:

1. According to the Financing Provided of Joint Success Enterprises Limited, the total limit on the amount of financing provided cannot exceed 40% of the equity of Walsin Lihwa Corporation's consolidated financial statements. The limit on the amount of financing provided to a single enterprise that holds a more than 2/3 ratio but less than 100% of a subsidiary cannot exceed the equity multiplied by the investment ratio of Walsin Lihwa Corporation. In addition, the lending that the chairman of the board of directors can make in a year to a single borrower cannot exceed 10% of the equity of the latest consolidated financial statement of Walsin Lihwa Corporation.

   a. The limit on the amount of financing provided to the single enterprise was as follows:

      Walsin (Nanjing) Development Co., Ltd. = US$180,687 × 100% × 99.60% = US$179,964.
      Walsin Lihwa Holdings Limited = NT$70,523,462 × 10% = NT$7,052,346 (US$236,974).

   b. The limit on the amount of financing provided was as follows:

      The limit on the amount of financing provided = NT$70,523,462 × 40% = NT$28,209,385 (US$947,896).

2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.

3. The currency exchange rate as of December 31, 2017 was as follows: US$ to NT$ = 1:29.76.

TABLE 1-3

MARKET PILOT LIMITED

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Financing Amount Limit (Note 1)
													Item	Value		
6	Market Pilot Limited	Walsin Lihwa Holdings Limited	Other receivables	Yes	$ 31,315 (US$ 1,000)	$ - (US$ -)	$ - (US$ -)	-	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 7,052,346 (US$ 236,974)	$ 28,209,385 (US$ 947,896)
		XiAn Walsin United Technology Co., Ltd.	Other receivables	Yes	876,820 (US$ 28,000)	- (US$ -)	- (US$ -)	2.13%	Operating capital	-	Operating capital	-	-	-	28,209,385 (US$ 947,896)	

Notes:

1. According to the Financing Provided of Market Pilot Limited, the total limit on the amount of financing provided cannot exceed 40% of the equity of Walsin Lihwa Corporation's consolidated financial statements. The limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% voting rights of an overseas invested company cannot exceed 40% of the equity of the consolidated financial statements of Walsin Lihwa Corporation. In addition, the lending that the chairman of the board of directors can make in a year to a single borrower cannot exceed 10% of the equity of the latest consolidated financial statement of Walsin Lihwa Corporation.

    a. The limit on the amount of financing provided to a single enterprise was as follows:

    Walsin Lihwa Holdings Limited = NT\$70,523,462 × 10% = NT\$7,052,346 (US\$236,974).
    XiAn Walsin United Technology Co., Ltd. = NT\$70,523,462 × 40% = NT\$28,209,385 (US\$947,890).

    b. The limit on the amount of financing provided was as follows:

    The limit on the amount of financing provided = NT\$70,523,462 × 40% = NT\$28,209,385 (US\$947,896).

2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.

3. The currency exchange rate as of December 31, 2017 was as follows: US\$ to NT\$ = 1:29.76.

WALSIN LIHWA CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Each Guaranteed Party's Endorsement/ Guarantee Amounts (Note 3)	Highest Balance for the Period	Ending Balance (Note 4)	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statement (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 3)	Guaranteed Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	Walsin Lihwa Corporation	Borrego Solar Systems, Inc.	c	NT$ 2,322,976 (US$ 78,057)	NT$ 814,190 (US$ 26,000)	NT$ 773,760 (US$ 26,000)	NT$ 598,176 (US$ 20,100)	$ -	1	NT$ 70,523,462	Yes	No	No
		Green Lake Exchange, LLC.	c	NT$ 1,860,000 (US$ 62,500)	NT$ 328,808 (US$ 10,500)	NT$ 312,480 (US$ 10,500)	NT$ - (US$ -)	-	-		Yes	No	No
				NT$ 4,182,976	NT$ 1,142,998	NT$ 1,086,240	NT$ 598,176		1				

Notes:

1. The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled "No." column.

   a. "0" represents Walsin Lihwa Corporation.
   b. Subsidiaries are numbered consecutively starting at 1.

2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into six categories.

   a. An entity with business transactions.
   b. A subsidiary in which over 50% of the common shares are held by the parent company directly.
   c. An invested company in which over 50% of the common shares are held directly/indirectly by Walsin Lihwa Corporation and its subsidiaries.
   d. A parent company which holds, directly or indirectly through subsidiaries, over 50% of the common shares of Walsin Lihwa Corporation.
   e. A mutually endorsed company due to the requirement of project work.
   f. A company which is endorsed due to a co-investment agreement. The endorsement percentage of each investor is based on the investment percentage.

3. According to the Endorsements/Guarantees Provided and Financing Provided of Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation's current financial statement (including the consolidated financial statement). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees to an invested company in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly-owned holding companies incorporated in duty-free areas overseas.

   a. The limit on the amount of endorsements/guarantees provided was as follows:

      NT$70,523,462 × 100% = NT$70,523,462.

   b. The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

      Borrego Solar Systems, Inc.: US$40,964 × 250% × 76.22% = US$78,057.
      Green Lake Exchange, LLC.: US$25,000 × 250% × 100% = US$62,500.

4. The currency exchange rate as of December 31, 2017 was as follows: US$ to NT$ = 1:29.76.

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Lihwa Corporation	Share							
	HannStar Display Corp.	The holding company is a director of the issuer company	Available-for-sale financial assets - non-current	237,292,180	$ 2,358,684	7.34	$ 2,358,684	
	HannStar Board Corp.	The chairman of the board of directors is an immediate relative of the chairman of the board of directors of WLC	Available-for-sale financial assets - non-current	58,955,639	1,276,390	13.09	1,276,390	
	Taiwan High Speed Rail	-	Available-for-sale financial assets - non-current	2,869,000	67,421	0.05	67,422	
	Powertec Energy Corp.	The holding company is a director of the issuer company	Financial assets measured at cost - non-current	611,025,882	1,631,334	18.90	2,044,129	
	Kuong Tai Metal Industrial Co., Ltd.	The holding company is a director of the issuer company	Financial assets measured at cost - non-current	9,631,802	114,355	9.39	188,697	
	One-Seven Trading Co., Ltd.	The holding company is a director of the issuer company	Financial assets measured at cost - non-current	30,000	300	6.67	304	
	Global Investment Holdings	The holding company is a director of the issuer company	Financial assets measured at cost - non-current	5,562,000	43,680	2.93	46,069	
	WK Technology Fund	-	Financial assets measured at cost - non-current	380,477	7,238	1.91	10,930	
	Universal Venture Capital Investment	-	Financial assets measured at cost - non-current	1,400,000	13,280	1.16	13,631	
	Parawin Venture Capital Corp.	-	Financial assets measured at cost - non-current	381,076	-	0.87	1,546	

CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of Renminbi)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
XiAn Lvjing Technology Co., Ltd.	Certification of capital verification Shaanxi Tianhong Silicon Industrial Corporation	Investee accounted for by the cost method	Financial assets measured at cost - non-current	N/A	$ 134,000	19.00	$ 202,966	

TABLE 3-2

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chin-Cherng Construction Co.	Share							
	Chinshan Hotspring Development Co., Ltd.	Investee accounted for by the cost method	Financial assets measured at cost - non-current	8	$ -	8.00	$ -	
	Gsharp Corporation	Investee accounted for by the cost method	Financial assets measured at cost - non-current	270,000	-	2.73	-	
	Parawin Venture Capital Corp.	Investee accounted for by the cost method	Financial assets measured at cost - non-current	4,103	18	0.01	18	

WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Info-Electric Corp.	Share							
	W T International Inc.	Investee accounted for by the cost method	Financial assets measured at cost - non-current	228,000	$ 2,280	7.60	$ 3,055	

MARKET PILOT LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of Renminbi)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
XiAn Walsin United Technology Co., Ltd.	Certificate of capital verification Shaanxi Optoelectronics Technology Co., Ltd.	Investee accounted for by the cost method	Financial assets measured at cost - non-current	N/A	$ 19,000	19.00	$ 14,147 (Note)	

Note: The difference of fair value less carrying amount is not permanent, so no impairment is recognized.

TABLE 4

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
Walsin Lihwa Corporation	Stock Winbond Electronics Corp.	Investments accounted for using equity method	Capital investment	Related parties	811,327,531	$ 10,023,613	72,520,892	$ 3,396,465 (Note)	-	$ -	$ -	$ -	883,848,423	$ 13,420,078

Note: The amount included investment income or loss and adjustments on cumulative translation adjustments.

TABLE 4-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of Renminbi)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
Walsin (China) Investment Co., Ltd.	Certificate of capital verification													
	No. 1 Fund	Financial instruments at fair value through profit or loss	Wanjia Co-win Asset Management Co., Ltd.	-	N/A	$ 80,196	N/A	$ (196) (Note)	N/A	$ 82,039	$ 80,000	$ 2,039	N/A	$ -

Note: The amount included investment income.

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of Renminbi)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
Concord Industries Limited	Share Walsin Specialty Steel Corp.	Investments accounted for using equity method	Capital reduction	Subsidiary	125,200,000	$ 114,330	-	$ (49,702) (Note)	1,800,000	$ 11,980	$ 11,980	$ -	123,400,000	$ 52,649
Walsin Lihwa (Changzhou) Investment Co., Ltd.	Certificate of capital verification Shanghai Bank No. 2 Structured Product	Debt investments with no active market	Bank of Shanghai	-	N/A	308,000	N/A	945,000	N/A	945,000	935,000	10,756	N/A	318,000

Note: The amount included investment income.

TABLE 5

WALSIN LIHWA CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Subsidiary	Sales	$ (135,093)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	$ -	-	
	Nanjing Walsin Metal Co., Ltd.	79.51% indirectly owned subsidiary	Sales	(343,883)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	-	-	
	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	(4,159,475)	(5)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	412,653	13	
	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	(812,245)	(1)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	11,764	-	
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(166,104)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	23,547	1	
	Jianyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(115,645)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	36,102	2	

TABLE 5-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars and Renminbi)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Walsin Lihwa Holdings Limited	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	RMB (846,926)	(63)	Normal	Normal	Normal	RMB 96,061	37	
	Nanjing Walsin Metal Co., Ltd.	79.51% indirectly owned subsidiary	Sales	RMB (397,529)	(30)	Normal	Normal	Normal	RMB 81,464	31	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Sales	RMB (101,400)	(7)	Normal	Normal	Normal	RMB 83,982	32	
Nanjing Walsin Metal Co., Ltd.	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Holdings Limited	Sales	RMB (516,440)	(5)	Normal	Normal	Normal	RMB -	-	
	Dongguan Walsin Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Holdings Limited	Sales	RMB (445,886)	(4)	Normal	Normal	Normal	RMB -	-	
Walsin Lihwa Holdings Limited	Walsin Lihwa Corporation	Parent company	Purchases	135,093	2	Normal	Normal	Normal	-	-	

Note: Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of Renminbi.

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of Renminbi)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	$ (246,083)	(10)	Normal	Normal	Normal	$ 27,721	3	
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	(56,456)	(2)	Normal	Normal	Normal	22,753	3	
	Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	(43,800)	(2)	Normal	Normal	Normal	36,530	4	
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	(44,890)	(18)	Normal	Normal	Normal	-	-	
Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	(23,952)	(17)	Normal	Normal	Normal	3,419	4	

TABLE 6

WALSIN LIHWA CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Financial Statement Account and Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Trade receivables	$ 412,653	20.16	$ -	-	$ 412,653	$ -

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(In Thousands of Renminbi and U.S. Dollars)

Company Name	Related Party	Nature of Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Holdings Limited	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Trade receivables $ 96,061	1.27	$ -	-	$ 96,061	$ -
	Nanjing Walsin Metal Co., Ltd.	79.51% indirectly owned subsidiary	Trade receivables 81,464	1.22	-	-	8,443	-
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Trade receivables 83,981	1.35	-	-	-	-
	Walsin (China) Investment Co., Ltd.	100% owned subsidiary	Other receivables 1,985,518	-	-	-	-	-
	Walsin Lihwa Corporation	Parent company	Other receivables US$ 60,019	-	-	-	-	-
Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Parent company	Other receivables US$ 4,900	-	-	-	-	
	Walsin (Nanjing) Development Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables 1,008	-	-	-	-	-
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US$ 74,548	-	-	-	-	-
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US$ 50,645	-	-	-	-	-
	Jianyin Walsin Specialty Alloy Materials Co., Ltd.	18.37% owned subsidiary	Other receivables US$ 44,678	-	-	-	-	-
	Jianyin Walsin Steel Cable Co., Ltd.	75% indirectly owned subsidiary	Other receivables US$ 9,984	-	-	-	-	-
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	95.71% indirectly owned subsidiary	Other receivables US$ 8,984	-	-	-	-	-

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

TABLE 6-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(In Thousands of Renminbi and U.S. Dollars)

Company Name	Related Party	Nature of Relationship	Financial Statement Account and Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Trade receivables	$ 27,721	17.31	$ -	-	$ 17,997	$ -
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Trade receivables	22,753	1.34	-	-	-	-
	Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Trade receivables	36,530	2.40	-	-	-	-
Concord Industries Limited	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables	US$ 180,181	-	-	-	-	-

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(In Thousands of Renminbi)

Company Name	Related Party	Nature of Relationship	Financial Statement Account and Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Joint Success Enterprises	Walsin (Nanjing) Development Co., Ltd.	Subsidiary	Other receivables	$ 173,097	-	$ -	-	$ -	$ -

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2017

1. Information of investees that Walsin Lihwa Corporation has the ability to control or significant influence over was as follows (in thousands of New Taiwan dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	Investments	$ 12,062,611	$ 12,062,611	391,147,848	100.00	$ 20,208,719	$ 719,613	$ 719,068	
	Concord Industries Limited	Trident Chambers Wickhams Cay P.O. Box 146, Road Town, Tortola, British Virgin Islands	Investments	16,193,663	16,328,743	405,903,187	100.00	7,930,626	(6,502)	(6,502)	
	Touch Micro-System Technology Corp.	566 Gaoshin Road, Yangmei Township, Taoyuan 326 Taiwan, R.O.C.	OEM on MEMS foundry services	750,000	750,000	2,100,000	100.00	9,227	(131)	(131)	
	Ace Result Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	1,587,416	1,676,504	44,739,988	100.00	575,607	(53,830)	(53,830)	
	Energy Pilot Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	562,829	562,829	20,670,001	100.00	744,020	53,924	53,924	
	Market Pilot Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	3,799,884	3,799,884	127,000,000	100.00	101,931	(7,284)	(7,284)	
	Min Maw Precision Industry Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Solar power systems management, design, and installation	180,368	180,368	24,150,000	100.00	304,554	43,238	43,392	
	Chin-Cherng Construction Co.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Construction	611,687	611,687	277,257,758	99.22	4,189,651	783,956	777,841	
	Walsin Info-Electric Corp.	2nd Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Mechanical and electrical, communications, and power systems	66,406	66,406	9,491,461	98.87	140,167	8,035	7,945	
	PT. Walsin Lippo Industries	JI. MH. Thamrin Block A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	Steel wires	481,663	481,663	10,500	70.00	585,466	110,922	77,646	
	PT. Walsin Lippo Kabel	Kawasan Newton J 7-5 Rt. 001 Rw. 04, Serang, Cikarang Selatan, Bekasi	Production and sale of cables and wires	11,656	11,656	1,050,000	70.00	(2,134)	(1,693)	(1,185)	
	Joint Success Enterprises Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	1,164,273	1,224,479	36,058,184	49.05	3,077,331	1,517,646	743,112	
	Chin-Xin Investment Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Investments	2,237,969	2,237,969	179,468,270	37.00	4,254,450	522,034	193,153	
	Walsin Color Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Management of investments and conglomerates	416,849	416,849	47,114,093	33.97	588,331	(8,116)	(2,757)	
	Concord II Venture Capital Co., Ltd.	11th Floor, 132 Min-Sheng East Road Sec. 3, Taipei 104, Taiwan, R.O.C.	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	200,420	(18,755)	(5,002)	
	Winbond Electronics Corp.	No. 8, Keya 1st Rd., Daya Township, Taichung County 428, Taiwan, R.O.C.	Research, development, production and sale of semiconductors and related components	7,429,920	5,834,460	883,848,423	22.21	13,420,078	5,550,563	1,257,757	
	Walton Advanced Engineering, Inc.	No. 18, Yugang N. 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan, R.O.C.	Production, sale, and testing of semiconductors	1,185,854	1,185,854	109,628,376	20.83	2,131,792	675,829	152,672	
	Walsin Technology Corp.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Production and sale of ceramic capacitors	1,649,039	1,707,966	88,902,325	18.30	3,133,527	2,611,092	476,966	

(Continued)

2. Information of investees that Walsin Lihwa Holdings Limited and its subsidiaries have the ability to control or significant influence over was as follows (in thousands of U.S. dollars/Hong Kong dollars/Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: December 31, 2017	Original Investment Amount: December 31, 2016	Balance as of December 31, 2017: Number of Shares	Balance as of December 31, 2017: Percentage of Ownership (%)	Balance as of December 31, 2017: Carrying Amount	Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Rm. 2804, 28th Floor, Shanghai Mart Tower, No. 2299, Yanan Road (West), Shanghai, China	Investments	US$ 78,600	US$ 78,600	N/A	100.00	$ 974,054	$ 26,827	$ 26,827	
	Walsin International Investments Limited	Unit 9-15, 22/F, Millennium City, 378 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	Investments	HK$ 0.002	HK$ 0.002	2	100.00	(17,585)	1,068	1,068	
	Renowned International Limited	Akara Building, 24 De Castro Street Wickhams Cay I, Road Town, Tortola, BVI.	Investments	US$ 16,937	US$ 16,937	16,937,020	83.97	759,656	37,409	31,412	
	Walcom Chemicals Industrial Limited	Suite 1111, Tower II, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	Commerce	US$ 0.030	US$ 0.030	325,000	65.00	-	HK$ 4	-	
	Borrego Solar Systems, Inc.	6210 Lake Shore Drive, San Diego, CA92119, USA	Specializes in commercial, residential, and public sector turnkey, grid-connected solar electric systems	US$ 15,000	US$ 15,000	1,460,458	76.22	239,205	80,487	61,185	
	Nanjing Walsin Expo Exhibition Ltd.	No. 199 Yanshan Road, Nanjing	Exhibition and conference organizing services	US$ 265	US$ 265	N/A	60.00	53	(89)	(54)	
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Room 205, 2/F, No. 156, Mengdu Avenue, Jianye Zone, Nanjing	Business and asset management, consulting and advertising services	US$ 1,000	US$ 1,000	N/A	100.00	(141,256)	12,209	12,209	
	Jiangsu Taiwan Trade Mart Development Co., Ltd.	No. 901, Yingtian Avenue, Jianye Zone, Nanjing	Nanjing Taiwan Trade Mart Management Co., Ltd. development and construction, and management	2,000	2,000	N/A	20.00	2,041	69	14	
Renowned International Limited	Nanjing Walsin Metal Co., Ltd.	No. 59 HengJing Road Nanjing Economical & Technical Development Zone, Jiangsu Province, China	Copper alloy	US$ 72,001	US$ 72,001	N/A	92.29	903,792	52,122	48,103	
Walsin (China) Investment Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	No. 9, 12 Road, Xiasha Economic & Technology Development Zone, Hangzhou, Zhejiang	Production and sale of cables and wires	US$ 25,405	US$ 25,405	N/A	14.41	98,098	(44,658)	(6,435)	Carrying amount included an investment premium amounting to RMB24,143 thousand
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	No. 1128 Liuxiang Road, Nanxiang Town, Jiading, Shanghai	Production and sale of cables and wires	US$ 14,956	US$ 14,956	N/A	95.71	228,567	20,011	19,152	
	Jiangyin Walsin Steel Cable Co., Ltd.	No. 679 Binjiang Road (West), Binjiang Economic & Technology Development Zone, Jiangyin, Jiangsu	Manufacture and sale of steel cables and wires	US$ 15,000	US$ 15,000	N/A	75.00	143,539	(31,654)	(23,740)	
	Dongguan Walsin Wire & Cable Co., Ltd.	Xiniupo Industrial Zone District, Dalang Town, Dongguan, Guangdong	Production and sale of bare copper cables and wires	US$ 26,000	US$ 26,000	N/A	100.00	315,189	18,273	18,273	
	Nanjing Walsin Metal Co., Ltd.	No. 59 HengJing Road Nanjing Economical & Technical Development Zone, Jiangsu Province, China	Copper alloy	US$ 2,151	US$ 300	N/A	2.01	19,684	52,122	1,048	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	No. 677, Binjiang West Road, Jiangyin City, Jiangsu	Cold-rolled stainless steel and flat rolled products	US$ 9,000	US$ 9,000	N/A	18.37	14,759	64,969	11,935	

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars and Hong Kong dollars

(Continued)

3. Information of investees that Concord Industries Limited and its subsidiaries have the ability to control or significant influence over was as follows (in thousands of U.S. dollars/Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Concord Industries Limited	Walsin Specialty Steel Corp.	Offshore Incorporations Centre, Road Town, Tortola, BVI	Commerce and investments	US$ 101,400 (Note 2)	US$ 125,200 (Note 2)	123,400,000	100.00	$ 52,649	$ (49,702)	$ (49,702)	
	Walsin Precision Technology Sdn. Bhd.	2115-1, Kawasan Perindustrian air Keroh, Fasaiv, Air Keroh, 75450 Melaka, Malaysia	Production and sale of stainless steel plates	US$ 8,470	US$ 8,470	32,178,385	100.00	133,255	20,283	20,283	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	No. 677, Binjiang West Road, Jiangyin City, Jiangsu	Cold-rolled stainless steel and flat-rolled products	US$ 40,000	US$ 40,000	N/A	81.63	65,579	64,969	53,034	
	XiAn Walsin Metal Product Co., Ltd.	2/F, Building B, No. 15, Shanglinyuan First Road, New Industrial Park, Hi-and-New Tech Park of XiAn, Shaanxi	Production and sale of medium and heavy specialized stainless steel plates	US$ 10,000	US$ 10,000	N/A	100.00	(218,059)	2,230	2,230	
	Yantai Walsin Stainless Steel Co., Ltd.	No. 2 Wuzhishan Road, ETDZ Yantai City, Shantung Province, P.R.C.	Production and sale of electronic components and new alloy materials	US$ 32,927	US$ 32,927	N/A	25.00	(2,858)	74,394	18,598	
	Changzhou China Steel Precision Materials Co., Ltd.	No. 281, Changhong Road (West), Wujin Economic & Technology Development Zone, Changzhou City, Jiangsu Province	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	US$ 13,080	US$ 13,080	N/A	30.00	72,476	12,941	3,882	
	Walsin Lihwa (Changzhou) Investment Co., Ltd.	6/F, No. 2, Tenglong Road, Wujin Economic Development Area, Jiangsu	Commerce and investments	US$ 49,000	US$ 49,000	N/A	100.00	329,819	8,446	8,446	
	XiAn Walsin Opto-electronic Limited	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of XiAn, Shaanxi	LED, micro projector, and solar cell assembly	US$ 150	US$ 150	N/A	100.00	(29,307)	(445)	(445)	
	XiAn Lv Jing Technology Co., Ltd.	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of XiAn, Shaanxi	Solar module assembly	US$ 45,200	US$ 45,200	N/A	100.00	151,037	(852)	(852)	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	No. 2 Wuzhishan Road, ETDZ Yantai City, Shantung Province, P.R.C.	Production and sale of electronic components and new alloy materials	168,086	168,086	N/A	75.00	(8,574)	74,394	55,795	
Walsin Specialty Steel Corp.	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	No. 2402, Waiqingsong Road, Baihe Town, Qing Pu Zone, Shanghai	Manufacture and sale of stainless steel	US$ 39,000	US$ 39,000	N/A	100.00	(155,797)	(14,721)	(14,721)	
	Changshu Walsin Specialty Steel Co., Ltd.	No. 56 Renmin Road, Haiyu Town, Changshu City, Jiangsu Province	Manufacture and sale of specialized steel tubes	US$ 97,000	US$ 97,000	N/A	100.00	189,139	(35,013)	(35,013)	

Note 1: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

Note 2: The amount included capitalization of retained earnings of US$4,500 thousand.

(Continued)

4. Information of investees that Chin-Cherng Construction Co. and its subsidiaries have the ability to control or significant influence over was as follows (in thousands of New Taiwan dollars/Renminbi):

Investor Company	**Investee Company**	**Location**	**Main Businesses and Products**	**Original Investment Amount**		**Balance as of December 31, 2017**			**Net Income (Loss) of the Investee**	**Investment Gain (Loss)**	**Note**
				December 31, 2017	**December 31, 2016**	**Number of Shares**	**Percentage of Ownership (%)**	**Carrying Amount**			
Chin-Cherng Construction Co.	Joint Success Enterprises Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	$ 1,202,993	$ 1,265,603	37,461,816	50.95	$ 3,101,113	$ 1,517,646	$ 773,241	
	Dinghsin Development Co., Ltd.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Investment of real estate and related business	8,540	8,540	2,119,200	35.32	42,762	2,423	856	
	Concord II Venture Capital Co., Ltd.	11th Floor, 132 Min-Sheng East Road Sec. 3, Taipei 104, Taiwan, R.O.C.	Venture capital and consulting affairs	1,603	1,603	172,342	0.17	1,295	(18,755)	(30)	
	Chin-Xin Investment Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Investments	54,154	54,154	3,264,092	0.67	78,766	522,034	3,498	
Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	No. 236 Jiangdong Road, Jianye District, Nanjing, Jiangsu Province	Construction, rental and sale of buildings and industrial factories	RMB 375,542	RMB 375,542	N/A	100.00	RMB 1,180,650	RMB 348,659	RMB 348,659	
Walsin (Nanjing) Development Co., Ltd.	Nanjing Walsin Property Management Co., Ltd.	No. 230, Hexi Avenue, Jianye Zone, Nanjing, Jiangsu	Property management, business management and housing leasing	RMB 1,000	RMB 1,000	N/A	100.00	RMB (1,154)	RMB 1,842	RMB 1,842	

Note: Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of Renminbi.

(Continued)

5. Information of investees that Energy Pilot Limited and its subsidiaries have the ability to control or significant influence over was as follows (in thousands of U.S. dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Energy Pilot Limited	Green Lake Capital, LLC.	1209 Orange Street, Wilmington, Delaware 19801	Solar power business	$ 20,670	$ 20,670	N/A	100.00	$ 25,001	$ 1,796	$ 1,796	
Green Lake Capital, LLC.	Green Lake Exchange, LLC.	160 Greentree Drive, Suite 101, Dover, Delaware 19904, USA	Solar power related business	11,355	11,355	N/A	100.00	23,906	2,940	2,940	

(Continued)

6. Information of investees that Market Pilot Limited has the ability to control or significant influence over was as follows (in thousands of Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Market Pilot Limited	XiAn Walsin United Technology Co., Ltd.	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of XiAn, Shaanxi	Electronic devices and modules	$ 642,719	$ 642,719	N/A	100.00	$ 19,243	$ 192,005	$ 192,005	

(Continued)

7. Information of investees that Ace Result Global Limited has the ability to control or significant influence over was as follows (in thousands of Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Ace Result Global Limited	Hangzhou Walsin Power Cable & Wire Co., Ltd.	No. 9, 12 Road, Xiasha Economic & Technology Development Zone, Hangzhou, Zhejiang	Production and sale of cables and wires	$ 271,744	$ 271,744	N/A	24.52	$ 125,846	$ (44,658)	$ (10,951)	

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars/U.S. Dollars/Renminbi)

A. Walsin Lihwa Corporation

1. The names of investee companies in mainland China, main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 17)	Carrying Amount as of December 31, 2017	Accumulated Inward Remittance of Earnings as of December 31, 2017
					Outflow	Inflow						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	$ 595,200 (US$ 20,000)	b	$ 446,400 (US$ 15,000) (Note 2)	$ - -	$ - -	$ 446,400 (US$ 15,000) (Note 2)	$ (140,994)	75.00	$ (105,743)	$ 653,744	$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	465,060 (US$ 15,627)	b	445,091 (US$ 14,956) (Note 3)	- -	- -	445,091 (US$ 14,956) (Note 3)	89,133	95.71	85,307	1,041,002	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	4,823,501 (US$ 162,080)	b	2,946,538 (US$ 99,010) (Note 4)	- -	- -	2,946,538 (US$ 99,010) (Note 4)	(198,916)	38.93	(77,441)	1,019,947	-
Walsin (China) Investment Co., Ltd.	Investments	2,339,136 (US$ 78,600)	b	2,339,136 (US$ 78,600) (Note 5)	- -	- -	2,339,136 (US$ 78,600) (Note 5)	119,493	100.00	119,493	4,436,300	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,886,720 (US$ 97,000)	b	2,886,720 (US$ 97,000) (Note 6)	- -	- -	2,886,720 (US$ 97,000) (Note 6)	(155,956)	100.00	(155,956)	861,429	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	1,160,640 (US$ 39,000)	b	1,160,640 (US$ 39,000) (Note 7)	- -	- -	1,160,640 (US$ 39,000) (Note 7)	(65,517)	100.00	(65,517)	(709,575)	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	773,760 (US$ 26,000)	b	773,760 (US$ 26,000) (Note 8)	- -	- -	773,760 (US$ 26,000) (Note 8)	81,392	100.00	81,392	1,435,519	-
Nanjing Walsin Metal Co., Ltd.	New copper metal material	2,416,512 (US$ 81,200) (Note 9)	b	1,808,158 (US$ 60,758) (Note 10)	55,086 (US$ 1,851)	- -	1,863,244 (US$ 62,069) (Note 10)	232,162	79.51	184,582	3,546,101	-
Jiangyin Walsin Precision Metal Technology Co., Ltd.	Precision alloy wire	1,458,240 (US$ 49,000)	b	1,458,240 (US$ 49,000) (Note 11)	- -	- -	1,458,240 (US$ 49,000) (Note 11)	289,385	100.00	289,385	365,925	-
XiAn Walsin Metal Product Co., Ltd.	Manufacture and sale of specialized stainless steel plates	297,600 (US$ 10,000)	b	297,600 (US$ 10,000)	- -	- -	297,600 (US$ 10,000)	9,934	100.00	9,934	(993,142)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	4,614,734 (US$ 155,065) (Note 12)	b	979,897 (US$ 32,927)	- -	- -	979,897 (US$ 32,927)	331,366	100.00	331,366	(52,067)	-

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 17)	Carrying Amount as of December 31, 2017	Accumulated Inward Remittance of Earnings as of December 31, 2017
Walsin Lihwa (Changzhou) Investment Co., Ltd.	Commerce and investments	$ 1,458,240 (US$ 49,000)	b	$ 1,458,240 (US$ 49,000)	$ - -	$ - -	$ 1,458,240 (US$ 49,000)	$ 37,619	100.00	$ 37,619	$ 1,502,152	$ -
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	1,297,536 (US$ 43,600)	b	389,261 (US$ 13,080)	- -	- -	389,261 (US$ 13,080)	57,643	30.00	17,293	330,090	908,275
XiAn Walsin United Technology Co., Ltd.	Electronic devices and modules	2,973,024 (US$ 99,900)	b	2,974,750 (US$ 99,958)	- -	- -	2,974,750 (US$ 99,958)	855,231	100.00	855,231	87,642	-
Nanjing Walsin Expo Exhibition Ltd.	Exhibition and conference organizing services	13,065 (US$ 439)	b	7,886 (US$ 265)	- -	- -	7,886 (US$ 265)	(396)	60.00	(241)	241	-
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	29,760 (US$ 1,000)	b	29,760 (US$ 1,000)	- -	- -	29,760 (US$ 1,000)	54,381	100.00	54,381	(643,346)	-
XiAn Lvjing Technology Co., Ltd.	Solar module assembly	1,345,152 (US$ 45,200)	c	595,200 (US$ 20,000)	- -	- -	595,200 (US$ 20,000)	(3,796)	100.00	(3,796)	687,892	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,465,364 (RMB 1,200,000)	b	- (US$ -)	- -	- -	- (US$ -)	(4,354)	19.00	-	610,299 (Note 13)	-
XiAn Walsin Opto-electronic Limited	LED, micro projector, and solar cell assembly	4,464 (US$ 150)	b	4,464 (US$ 150)	- -	- -	4,464 (US$ 150)	(1,983)	100.00	(1,983)	(133,478)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	45,545 (RMB 10,000)	b	9,047 (US$ 304)	- -	- -	9,047 (US$ 304)	307	20.00	62	9,296	-
Shaanxi Optoelectronics Technology Co., Ltd.	Communications equipment and electronic components	455,447 (RMB 100,000)	b	- (RMB -)	- -	- -	- (RMB -)	4,539	19.00	-	86,535	-
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,710,395 (RMB 375,542)	b	1,710,395 (RMB 375,542) (Note 14)	- -	- -	1,710,395 (RMB 375,542) (Note 14)	1,553,000	99.60	1,546,827	5,355,865	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	4,554 (RMB 1,000)	b	- (RMB -)	- -	- -	- (RMB -)	8,205	99.60	8,173	(5,233)	-

(Continued)

2. The upper limit on investment of WLC in mainland China was as follows:

Accumulated Investment in Mainland China as of December 31, 2017 (NT$ and US$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (NT$ and US$ in Thousands)	Upper Limit on Investment (NT$ in Thousands)
$ 20,809,055 (US$ 699,229)	$ 21,583,886 (US$ 725,265)	N/A (Note 18)

Notes

1. Investments can be classified into three categories as follows:

   a. Direct investment in mainland China.
   b. Reinvestment in mainland China through third country companies.
   c. Others.

2. Including US$4,500 thousand investment through Walsin (China) Investment Co., Ltd.

3. Including US$7,349 thousand investment through Walsin (China) Investment Co., Ltd.

4. Including US$2,800 thousand investment through Walsin (China) Investment Co., Ltd., and US$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.

5. Capital investment of US$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.

6. Including US$8,000 thousand investment through Walsin Specialty Steel Corp. and US$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.

7. Including US$4,800 thousand investment through Walsin (China) Investment.

8. Investment through Walsin (China) Investment Co., Ltd.

9 Including US$3,500 thousand revaluation increment of assets.

10. Including dividends of US$43,521 thousand appropriated from Nanjing Walsin Photoelectric Co., Ltd. to Renowned International Limited and the dividends of US$300 thousand appropriated from Jiangyin Walsin Steel Cable Co., Ltd. to Walsin (China) Investment Co., Ltd.

11. Including investments through Walsin (China) Investment Co., Ltd. of US$4,500 thousand and US$4,500 thousand of the own capital of Walsin (China) Investment Co., Ltd.

12. Including investments of the own capital of RMB578,796 thousand of Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand made through Changzhou Wujin NSL. Co., Ltd. Including US$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. were merged.

13. The amount was adjusted by the own capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and by the fair value.

14 The amount included investment through Joint Success Enterprise Limited approved in the previous years.

15. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.

16. The currency exchange rates as of December 31, 2017 were as follows: US$ to NT$ = 1:29.76, RMB to NT$ = 1:4.55447. The average exchange rates of December 31, 2017 were as follows: US$ to NT$ = 1:30.021, RMB to NT$ = 1:4.45421.

17. Amount was recognized based on reviewed financial statements.

18. Upper limit on investment:

    WLC was approved as the operation headquarters by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China”.

(Continued)

B. Chin-Cherng Construction Co.

1. The names of investee companies in mainland China, main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

(In Thousands of Renminbi)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Inward Remittance of Earnings as of December 31, 2017
					Outflow	Inflow						
Walsin (Nanjing) Construction Limited	Construction, rental and sale of buildings and industrial factories	$ 375,542	Note 1	$ 375,542	$ -	$ -	$ 375,542	$ 348,659	50.95	$ 177,642	$ 601,541	$ -
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	1,000	Note 1	-	-	-	-	1,842	50.95	939	(588)	-

2. The upper limit on investment in mainland China

Accumulated Investment in Mainland China as of December 31, 2017 (RMB in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (RMB in Thousands)	Upper Limit on Investment (NT$ in Thousands)
RMB375,542	RMB375,542	NT$2,533,554 (Note 3)

Note 1: Investing in companies in China through the companies already established and existing in the areas other than Taiwan and China.

Note 2: Amount was recognized based on reviewed financial statements.

Note 3: The upper limit on investment in mainland China was as follows:

NT$4,222,590 thousand × 60% = NT$2,533,554 thousand.

(Concluded)

TABLE 9

WALSIN LIHWA CORPORATION AND INVESTEES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars/U.S. Dollars/Renminbi)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
	2017						
0	Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	$ 412,653	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	23,547	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	36,102	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin Lihwa Holdings Limited	Transactions between parent company and subsidiaries	Sales	135,093	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	4,159,475	The terms are set by quotations on the local market and are similar to those of general customers	2
		Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Sales	343,883	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	166,104	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	115,645	The terms are set by quotations on the local market and are similar to those of general customers	-
1	Walsin Lihwa Holdings Limited	Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 96,061	The terms are set by quotations on the local market and are similar to those of general customers	-
		Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 81,464	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 83,928	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 1,985,518	Based on capital demand	7
		Walsin Lihwa Corporation	Transactions between parent company and subsidiaries	Other receivables	US$ 60,019	Based on capital demand	1
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 846,926	The terms are set by quotations on the local market and are similar to those of general customers	2
		Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 397,529	The terms are set by quotations on the local market and are similar to those of general customers	1
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 101,408	The terms are set by quotations on the local market and are similar to those of general customers	-

(Continued)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
2	Nanjing Walsin Metal Co., Ltd.	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 516,440	The terms are set by quotations on the local market and are similar to those of general customers	1
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 455,886	The terms are set by quotations on the local market and are similar to those of general customers	1
3	Concord Industries Limited	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	US$ 180,181	Based on capital demand	4
4	Joint Success Enterprise Limited	Walsin (Nanjing) Development Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 173,105	Based on capital demand	1
5	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US$ 4,900	Based on capital demand	-
		Walsin (Nanjing) Development Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 1,008	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US$ 74,548	Based on capital demand	2
		Jiangyin Walsin Stainless Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US$ 44,678	Based on capital demand	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 9,984	Based on capital demand	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 8,984	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US$ 50,648	Based on capital demand	1
6	Yantai Walsin Stainless Steel Co., Ltd.	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 22,753	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 27,721	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 36,530	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 56,456	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 246,083	The terms are set by quotations on the local market and are similar to those of general customers	1
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 43,800	The terms are set by quotations on the local market and are similar to those of general customers	-
7	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 23,952	The terms are set by quotations on the local market and are similar to those of general customers	-

(Continued)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
	2016						
0	Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Transactions between parent company and subsidiaries	Trade receivables	$ 358,948	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	72,586	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	15,190	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin Lihwa Holdings Limited	Transactions between parent company and subsidiaries	Sales	3,876,969	The terms are set by quotations on the local market, and are similar to those of general customers.	3
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	174,211	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	104,994	The terms are set by quotations on the local market, and are similar to those of general customers.	-
1	Walsin Lihwa Holdings Limited	Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 1,238,215	The terms are set by quotations on the local market, and are similar to those of general customers.	5
		Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 570,914	The terms are set by quotations on the local market, and are similar to those of general customers.	2
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 66,510	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 639,259	Based on capital demand	3
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 10,286	Based on capital demand	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 9,250	Based on capital demand	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 2,003,165	The terms are set by quotations on the local market, and are similar to those of general customers.	7
		Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 578,523	The terms are set by quotations on the local market, and are similar to those of general customers.	2
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 69,606	The terms are set by quotations on the local market, and are similar to those of general customers.	-
2	Nanjing Walsin Metal Co., Ltd.	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 79	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 477,701	The terms are set by quotations on the local market, and are similar to those of general customers.	2
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 268,540	The terms are set by quotations on the local market, and are similar to those of general customers.	1

(Continued)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
3	Concord Industries Limited	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 55,862	Based on capital demand	2
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 76,151	Based on capital demand	2
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 48,148	Based on capital demand	1
4	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 58,640	Based on capital demand	2
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 73,657	Based on capital demand	2
5	Joint Success Enterprise Limited	Walsin (Nanjing) Development Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 183,768	Based on capital demand	1
6	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US$ 4,900	Based on capital demand	-
7	Yantai Walsin Stainless Steel Co., Ltd.	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 61,769	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 1,286,159	The terms are set by quotations on the local market, and are similar to those of general customers.	5
8	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 42,024	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 163,099	The terms are set by quotations on the local market, and are similar to those of general customers.	1

(Concluded)