Stock Code
2317

HON HAI PRECISION INDUSTRY CO., LTD.

Annual Report
2016

Annual Report Website
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Company Website: http://www.foxconn.com
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THIS IS A TRANSLATION OF THE 2016 ANNUAL REPORT (THE “ANNUAL REPORT”) OF HON HAI PRECISION INDUSTRY CO., LTD. (THE “COMPANY”). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE ANNUAL REPORT SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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Title: Spokesperson

Tel: (02)2268-3466#3629

Deputy Spokesperson:

Name: Wenmin Chu

Title: Director of Public Relations Office

Tel: (02)2268-3466#3869

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II. Contact Information of the Head Office, Branch Offices and Factories

Head office
Add: No. 66, Zhongshan Road, Tucheng Industrial Zone, Tucheng District, New Taipei City
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Hsinchu Science Park Branch Office
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California (US) Branch Office
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Huyue Factory
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Minsheng Factory
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III. Share Transfer Agency

Name:	Grand Fortune Securities Co., Ltd.
Address:	6F, No. 6, Section 1, Chung Hsiao West Road, Taipei City
Tel:	(02)2371-1658
Website:	http://www.gfortune.com.tw

IV. Contact Information of the Certified Public Accountants for the Latest Financial Report

Name:	Accountant Yong-jian Hsu and Ming-Hui Chang
CPA Firm:	Pricewaterhouse Coopers (PwC) Taiwan
Address:	27F, No. 333, Section 1, Keelung Road, Taipei City
Tel:	(02)2729-6666
Website:	http://www.pwc.tw

V. Overseas Trade Places for Listed Negotiable Securities

London Stock Exchange: http://www.londonstockexchange.com

VI. Company Website: http://www.foxconn.com

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I. Letter to Shareholders

As the overall growth of the global technology industry has decelerated in 2016, management of enterprises faced even greater challenges under the circumstance. However, Hon Hai / Foxconn Technology Group continued to obtain great achievements with the efforts contributed by its employees around the world. The Group was ranked 25th in the Global 500 by Fortune Magazine in 2016, up from 31st in previous year. In the mean time, as part of our efforts to build a strong technological foundation and to sustain the Group’s future development, the Group continues its R&D initiatives in a wide range of science and technology areas, complemented by a comprehensive patent strategy. According to IFI CLAIMS Patent Services, the Group was granted 803 US patents in 2016, ranking the Group 44th in the world. In Taiwan, based on the 2016 Patent Application and Grant List published by the Intellectual Property Office of the Ministry of Economic Affairs, the Group was granted 982 patents in 2016, confirming the Group’s leading position in Taiwan for the fourteenth consecutive year. The Group invested in Sharp Corporation officially in August 2016, and both parties launched close cooperation in the areas of marketing, R&D and manufacturing immediately. Sharp has successfully turned profitable in just a few months after the strategic partnership was formed, and will become an important strategic partner for the Group in the future. However, the Group’s revenue declined in 2016. We hold the entire responsibility, and will make every effort to resume the Group’s growth. We would also like to thank all of our shareholders, customers, and suppliers for the full and seamless support to the Group.

The global political and economic outlook remains volatile into 2017. Although the quantitative easing policies adopted by central banks globally did not make significant impacts, there does not appear to be more efficient policies in the near term. Of the largest economies in the globe, United States has more solid economic foundation and has started to raise interest rates last year. China has turned to adopt strategies to ensure stable growth after years of rapid economic growth. European banking system is still fragile and is facing new uncertainties arising from the Brexit. Japan’s quantitative easing policy did not help rid the country of persistent deflation as it was expected to. The country’s economic recovery remains slow, and the conglomerates confront business bottlenecks. While developed economies focus more on domestic development, they are rarely able to care other regions. Hence, the pace of globalization slows down, and trade barriers seem to have come back.

Taking into account the above macro trends, we must further strengthen the Group’s global strategic footprint. In the future technology industry, we need to move closer to our customers and help them achieve faster time to market to create a win-win scenario. We have never slowed our pace in globalization. We have gradually built a global supply chain through cross-border strategic investments in the past years. In respect of product development, we focus our strategic directions on “Cloud, Mobile, Internet of Thing, Big Data, Artificial Intelligence, Internet + Robot”. We are currently building a supply chain for 8K image industry together with our strategic partners. By leveraging the massive data of image, the Group will facilitate to expedite the development of the artificial intelligence and intelligent learning. We will cultivate employees’ view of height, breadth and depth and reach a speed to win under the principle of “looking far and broad, thinking deep and acting promptly”.

“Borderless ambition achieved by absorbing of millions of talents worldwide”. We will strive to maintain our consistent corporate culture and value system in order to continuously attract global talents and pursue excellence on the global platform, so as to become an internationally respected company. With a vision of sustainable developement, we will fulfill our corporate social responsibilities by creating a friendly working environment for employees’ long-term career, by providing customers with competitive services and value, and by maxmizing return on investment for our shareholders.

Chairman Terry Gou

II. Company Introduction

A. Founding Date: February 20, 1974

Listing date: June 18, 1991

B. Formation History

In 1994

1. Increased capital to NT$1,303,000,000.
2. Reinvested Vate Technology Co., Ltd.
3. Reinvested LUNG HWA Electronics.
4. Many new products like AN and AT were developed.

In 1995

1. Increased capital to NT$2,279,000,000.
2. Reinvested Unimicron Technology Corporation.
3. Reinvested United Microelectronics Corporation.
4. Many new products like L/P MCA, SGC and RF were developed.
5. Huyue Factory carried out its third phase for expansion.

In 1996

1. Increased capital to NT$3,580,000,000.
2. Reinvested Hongyang Venture Capital Investment Co., Ltd.
3. Reinvested Guifeng Co., Ltd.

In 1997

1. Increased capital to NT$5,118,000,000.
2. Set up the heat transfer product business office and environmental-friendly electro-plating technique development department.
3. Established the Material Testing Center.

In 1998

1. Increased capital to NT$7,346,000,000.

2. Established the High-Speed Electrical Test Lab, the EMI/RFI Lab and Heat Transfer Lab.

3. Listed into The Information Technology 100 (IT 100) by the Business Week of America for the first time.

In 1999

1. Increased capital to NT$11,000,000,000.

2. Capital was first raised from the international finance market via GDR issuance with 10% premium for issuing, creating a new high in overseas capital raising by domestic enterprises.

3. Selected as the Best Management Company in Taiwan by Asian Money.

In 2000

1. Increased capital to NT$14,529,000,000.

2. Issued US$345 million of overseas unsecured and transferable corporate bonds.

3. Invested Foxconn Optical Technology Inc. through its subsidiary – FOTI Holdings Corporation.

In 2001

1. Increased capital to NT$17,687,800,000.

2. Evaluation of Taiwan Ratings as long-term issuer: grade AA- and its prospect: stability.

3. Evaluation of Standard & Poor's (S & P): grade BBB and its prospect: stability.

4. Became the first largest private manufacturing enterprise in Taiwan.

5. It is the earliest manufacturer of quantity production around the world for Intel Pentium 4 CPU Stocket478.

6. Issued NT$5 billion of domestic unsecured ordinary corporate bonds.

In 2002

1. Increased capital to NT$20,648,970,000.

2. According to survey of Taiwan Ratings, it was the first largest manufacturing enterprise in Taiwan.

3. Won the first prize of the Best Corporate Strategy by Asiamoney.com.

4. Became the first largest exporter in Greater China.

In 2003

1. Increased capital to NT$25,109,744,000.
2. Issued US$450 million of overseas unsecured and transferable corporate bonds.
3. According to evaluation of IR Magazine, it was awarded the Best Investor Relation in Taiwan.
4. Acquired Motorola Chihuahua Factory in Mexico.

In 2004

1. Increased capital to NT$32,310,231,030.
2. Acquired Eimo Oyji of Finland.
3. Merged Taiwan Ambit Microsystems (Stock) Company.
4. Became the first largest 3C OEM globally.

In 2005

1. Increased capital to NT$40,383,230,780.
2. Invested Antai Power (Stock) Company through its subsidiary – Hongyang Venture Capital Investment (Stock) Company.
3. Invested Chi Mei Communication Systems Inc. through its subsidiary – Transworld Holdings Limited.
4. Issued NT$11,500,000,000 of domestic unsecured ordinary corporate bonds.
5. Its overseas subsidiary – Foxconn International Holdings Ltd. was listed in Hong Kong.
6. Selected as the first largest enterprise in Taiwan firstly by Common Wealth.
7. Ranked among the Top 15 of the World's Most Admired Companies in Electronics by *Fortune*.
8. Became a member of Electronic Industry Code of Conduct (EICC), dedicated to promoting corporate social and environmental responsibilities (hereinafter referred to as SER).

In 2006

1. Increased capital to NT$51,681,387,530.
2. Merged Taiwan Premier Image Technology Corp.
3. Issued NT$18,000,000,000 of domestic unsecured and transferable corporate bonds.

4. Selected as the Happiest Taiwan Enterprise according to the questionnaire survey of 104 Job Bank.

5. Selected as the Most Desirable Company of office staff of Taiwan according to the survey of Cheers.

6. Nominated as the Best Investor Relation Company in Taiwan by IR Magazine.

7. Nominated as the Best Corporate Governance of the Year in Taiwan by IR Magazine.

In 2007

1. Increased capital to NT$62,907,665,030.

2. Awarded as the Most Admired Enterprise in Taiwan by Common Wealth.

3. Nominated as the Best Investor Relation Company in Taiwan by IR Magazine.

4. Awarded the Progress Prize for the best investor relation company in Taiwan by IR Magazine.

5. Awarded the title of the World's Top 10 Chinese Enterprises of the Year by Asiaweek.

6. Ranked 154th among Fortune Global 500 Enterprises.

In 2008

1. Increased capital to NT$74,146,234,780.

2. Issued NT$5,180,000,000 of domestic unsecured ordinary corporate bonds.

3. Awarded as the Most Admired Enterprise in Taiwan by Common Wealth.

4. Ranked 132nd among Fortune Global 500 Enterprises.

In 2009

1. Increased capital to NT$85,789,318,550.

2. Issued NT$6,820,000,000 of domestic unsecured ordinary corporate bonds.

3. Ranked 109th among Fortune Global 500 Enterprises.

4. Ranked first among Taiwan enterprises for four consecutive years by Taiwan Ratings.

5. Awarded as the Best Management Enterprise in Taiwan by Finance Asia.

6. Recognized as one of Asia's Fabulous 50 of Asia by *Forbes*.

In 2010

1. Increased capital to NT$96,612,482,030.
2. Issued US$1,000,000,000 of overseas transferable corporate bonds.
3. Issued NT$6,000,000,000 of domestic unsecured ordinary corporate bonds.
4. Ranked 176th among the Forbes Global 2000.
5. Ranked first among Taiwan Top 1000 Enterprises for five consecutive years according to the evaluation of Common Wealth.
6. Ranked first among Taiwan enterprises for five consecutive years by Taiwan Ratings.
7. Ranked 194th among the Global 500 Enterprises by (Britain) Financial Times.
8. Ranked 112th among Fortune Global 500.
9. Awarded as the Most Admired Companies in Taiwan by Common Wealth.

In 2011

1. Increased capital to NT$106,890,066,630.
2. Issued NT$18,000,000,000 of domestic unsecured ordinary corporate bonds.
3. Ranked 189th among Forbes Global 2000.
4. Ranked first among Top 1000 Taiwan Enterprises for six consecutive years by Common Wealth.
5. Ranked first among Taiwan enterprises for six consecutive years according to the evaluation of Taiwan Ratings.
6. Ranked 60th among Fortune Global 500 by Fortune.
7. Awarded the Most Admired Enterprise in Taiwan by Common Wealth.

In 2012

1. Increased capital to NT$118,358,665,270.
2. Issued NT$26,300,000,000 of domestic unsecured ordinary corporate bonds.
3. Ranked first among the Top 1000 Taiwan Enterprises for seven consecutive years according to the evaluation of Common Wealth Magazine.
4. Ranked first among Taiwan enterprises according to the evaluation of Taiwan Ratings for seven consecutive years.
5. Ranked 43rd among Fortune Global 500.

6. Ranked 156th among Forbes Global 2000.

In 2013

1. Increased capital to NT$131,287,068,400.
2. Issued NT$24,000,000,000 of domestic unsecured ordinary corporate bonds.
3. Ranked first among the Top 1000 Taiwan Enterprises for eight consecutive years according to the evaluation of Common Wealth Magazine.
4. Ranked first among Taiwan enterprises according to the evaluation of Taiwan Ratings for eight consecutive years.
5. Ranked 30th among Fortune Global 500.
6. Ranked 113th among Forbes Global 2000.

In 2014

1. Increased capital to NT$147,934,068,630.
2. Issued NT$39,200,000,000 of domestic unsecured ordinary corporate bonds.
3. Ranked first among the Top 1000 Taiwan Enterprises for nine consecutive years according to the evaluation of Common Wealth Magazine.
4. Ranked first among Taiwan enterprises according to the evaluation of Taiwan Ratings for nine consecutive years.
5. Ranked 32nd among Fortune Global 500.
6. Ranked 139th among Forbes Global 2000.

In 2015

1. Increased capital to NT$156,382,882,280.
2. Issued NT$34,650,000,000 of domestic unsecured ordinary corporate bonds.
3. Ranked first among the Top 1000 Taiwan Enterprises for ten consecutive years according to the evaluation of Common Wealth Magazine.
4. Ranked first among Taiwan enterprises according to the evaluation of Taiwan Ratings for ten consecutive years.
5. Ranked 31st among Fortune Global 500.
6. Ranked 122nd among Forbes Global 2000.

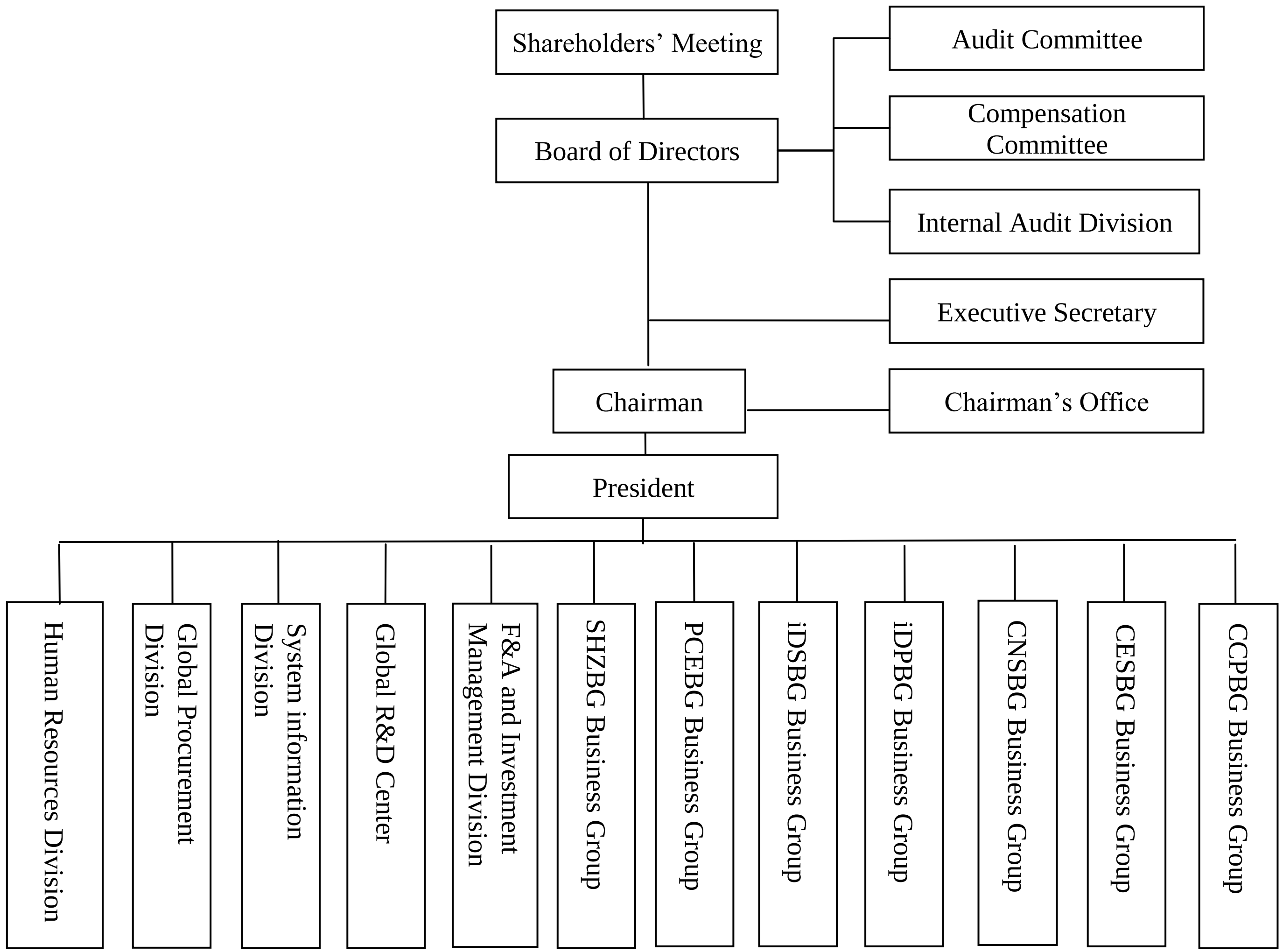
In 2016

1. Increased capital to NT$173,287,382,620.
2. Invested in Sharp Corporation.
3. Issued NT$21 billion of domestic unsecured ordinary corporate bonds.
4. Ranked 1st among Top 2000 Taiwan Enterprises by CommonWealth Magazine for eleven consecutive years.
5. Ranked 1st among Taiwan enterprises by Taiwan Ratings for eleven consecutive years.
6. Ranked 25th among Fortune Global 500.
7. Ranked 117th among Forbes Global 2000.

III. Corporate Governance Report

A. Organization

(1) Organization Chart



(2) Department functions

Internal Audit Division

Audit internal regulations and rules and put forward proposals for improvement.

President

President is responsible for working out business objectives, taking charge of the implementation of overall businesses, guiding and supervising the departments to deal with their respective businesses.

Business Group

Provide customers with such services as the best design development, trial production, small scale production, mass production, global logistics and after-sale services, etc.

F&A and Investment Management Division

Responsible for financial and accounting matters, budget preparation and control, capital planning and scheduling, operations concerning stock.

Global R&D Center

Mainly to make overall planning for R&D resources, work out R&D direction and integrate R&D with production and manufacturing.

System Information Division

Responsible for establishing, maintaining, managing, controlling and auditing the global information system of the Company and setting up safe management and control and firewall and other relevant mechanisms. Also in charge of connecting global network communication systems of the Company, ERP, KM, virtual office and other platforms.

Global Procurement Division

Responsible for purchasing raw materials needed by the Company for production and manufacturing and adjusting the procurement strategies according to industrial prospects.

Human Resources Division

Responsible for comprehensive management of such businesses of the Company as personnel, checking attendance and recruitment etc.

(3) Directors

Date: 04/24/2017

Title	Nationality or Place of Registration	Name	First Elected Date	Shares held when elected		Current shareholding		Shares currently held by their spouses and minor children		Shares held in the name of others		Main working (education) experience	Concurrent positions in the Company and other companies
				Number	%	Number	%	Number	%	Number	%		
Chairman	Republic of China	Gou, Tai-ming (Terry Gou)	Feb. 20, 1974	1,973,952,862	12.62	1,621,848,148	9.36	0	0.00	0	0.00	Graduated from China Marine Technical College Director of Taiwan Electrical Equipment Association Chairman of Mold Industry Association	None
Director	Republic of China	Hon Jin International Investment Co., Ltd.	June 8, 2007	1,685,317	0.01	1,853,848	0.01	0	0.00	0	0.00	None	None
	Republic of China	Representative: Lu, Fang-ming	June 8, 2010	7,390,888	0.05	8,148,976	0.05	1,748,765	0.01	0	0.00	Master degree from Dept. of Applied Physics, Chung Yuan Christian University General Manager of Asia-Pacific Region, Lingyun Science and Technology Co., Ltd. General Manager of Computer System Products of HP Taiwan	President of Asia Pacific Telecom
Director	Republic of China	Hon Chiao International Investment Co., Ltd	June 10, 1995	24,135,854	0.15	26,549,439	0.15	0	0.00	0	0.00	None	Director of Pan-International Electronics
	Republic of China	Representative: Mao, Robert	April 21, 2017	0	0.00	0	0.00	0	0.00	0	0.00	Master of Business Administration, Massachusetts Institute of Technology Master in Engineering, Cornell University	Chairman of Hewlett-Packard China Independent Director of Yulon Nissan Motor Co., Ltd.

	Republic of China	Representative: Chen, Jen-gwo	June 22, 2016	1,007,285	0.01	1,396,013	0.01	0	0.00	0	0.00	Ph. D. in Industrial Engineering, University of Oklahoma Professor and Chairman of Dept. of Industrial Engineering, University of Houston Dean of College of Science & Engineering, University of Texas-Pan American	Principal of Foxconn University (IE Institute) Chairman of FLNet International e-Commerce Co., Ltd.
Director	Republic of China	Huang, Qing-yuan	June 8, 2007	0	0.00	0	0.00	0	0.00	0	0.00	Master degree from Graduate School of Business, Nihon University Ph. D. Program, Graduate School of Business, Nihon University	Independent Director of Cathay Life Insurance, Cathay Securities Corp. and Cathay Financial Holdings Managing (Independent) Director of Cathay United Bank Independent Director of Taiwan Glass Ind. Corp.
Director	Republic of China	Sung, Hsueh-jen	June 22, 2016	0	0.00	0	0.00	0	0.00	0	0.00	Master degree from Dept. of Business Administration, National Chengchi University Master degree from Harvard Business School, Harvard University Vice Chairman of Goldman Sachs Asia Pacific General Manager of Dahwa Securities Director of Capital Markets, Westpac Bank of Australia Tokyo Branch	Independent Director of Taiwan Mobile Co., Ltd. Chairman of Sonquan Co., Ltd. Chairman of New Total Asset Management Co., Ltd.

Independent Director	Republic of China	Chan, Chi-shean	June 22, 2016	0	0.00	0	0.00	0	0.00	0	0.00	M.D., School of Medicine, Chung Shan Medical University Honorary Doctorate degree from National Defense Medical Center Director of Dept. of Surgery of Pomona Valley Hospital Medical Center Director of Pomona Health Insurance Company Dean of Chi Mei Hospital Chairman of Nongovernmental Hospitals & Clinics Association Director of Dept. of Health, Executive Yuan Chairman of National Health Research Institutes	Chairman of Adimmune Corp. Chairman of Enimmune Corp.
Independent Director	Republic of China	Lee, Kai-fu	June 22, 2016	0	0.00	0	0.00	0	0.00	0	0.00	Ph. D. in Computer Science, Carnegie Mellon University Honorary Doctorate degree from City University of Hong Kong Vice President of Interactive Media Dept. of Apple, Inc. Vice President and General Manager of Internet Dept. of Silicon Graphics Inc. (SGI) President of Cosmo Software Vice President of Natural Interactive Software and Services Dept. of Microsoft Corporate Vice President of Microsoft Corp. Global Vice President and President of Greater China, Google Inc.	Chairman and CEO of Innovation Works Non-Executive Director of Meitu Inc.

Independent Director	Republic of China	Fu, Li-chen	June 22, 2016	0	0.00	0	0.00	0	0.00	0	0.00	B.S. in Electrical Engineering, National Taiwan University M.S. and Ph. D. in EECS, University of California, Berkeley Associate Professor of Dept. of Electrical Engineering and Dept. of Computer Science & Information Engineering, National Taiwan University Professor of Dept. of Electrical Engineering and Dept. of Computer Science & Information Engineering, National Taiwan University Deputy Director of Yen Tjing Ling Industrial Research Institute at National Taiwan University Chairman of Automatic Control Society Chief Secretary of Secretariat of National Taiwan University Vice President of Asian Control Association Deputy Dean of College of Electrical Engineering & Computer Science, National Taiwan Univeristy Convener of Control Engineering Research Area of Department of Engineering & Technologies, Taiwan President of Asian Control Association	Board of Governor, IEEE Control Systems Society Chief Editor of Asian Journal of Control (SCI Journal) Editor of Advanced Robotics (SCI Journal)

Notes:
1. Directors (including Independent Directors) were elected and appointed on June 22, 2016, and took office on July 1, 2016 for a term of 3 years.
2. Jeng-wu Tai, representative of Hon Chiao International Investment Co., Ltd., resigned on April 21, 2017. Robert Mao was appointed new representative by Hon Chiao International Investment Co., Ltd.

(4) Major shareholders of institutional shareholders

Date: 4/24/2017

Name of Institutional Shareholder	Name of Major Shareholders	Percentage
Hon Chiao International Investment Co., Ltd.	Outstanding Growth Ltd., British Virgin Islands	90.99%
	Shijun International Investment Co., Ltd.	9.01%
Hon Jin International Investment Co., Ltd.	Hongyuan International Investment Co., Ltd.	50%
	Hongqi International Investment Co., Ltd.	50%

(5) Principal shareholder of corporate shareholders with a juridical person as its major shareholder

Date: 4/24/2017

Name	Major shareholders	Percentage
Outstanding Growth Ltd., British Virgin Islands	Jumboelite Holdings Limited	100%
Shijun International Investment Co., Ltd.	Great Century International Ltd.	100%
Hongyuan International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%
Hongqi International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100%

(6) Professional knowledge and independence check matrix of directors

Qualification / Name	Has over five years work experience and following professional qualifications			Independence Attribute (See Notes Below)										Concurrent independent director position in other publicly traded companies
	Business, Legal Affairs, Finance, Accounting, Lecturer or above in Colleges in Related departments	Judge, Prosecutor, Attorney, CPA or National Certified Professionals	Business, Legal Affairs, Finance, Accounting or Related Work Experience	1	2	3	4	5	6	7	8	9	10	
Gou, Tai-ming			✓					✓	✓	✓	✓	✓	✓	0
Lu, Fang-ming			✓			✓	✓	✓	✓	✓	✓	✓		0
Chen, Jen-gwo			✓			✓	✓	✓	✓	✓	✓	✓		0
Mao, Robert			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Huang, Qing-yuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Sung, Hsueh-jen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chan, Chi-shean			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Lee, Kai-fu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Fu, Li-chen	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Notes: The Directors comply with the following conditions from two years before being elected and appointed, and during his tenure in office:

(1) Not an employee of this Company or its affiliates

(2) Not a Director or Supervisor of the Company or its affiliates. (However, this does not apply, in cases where the person is an Independent Director of the company, its parent company, or any subsidiary in which the company directly or indirectly holds more than 50% of the voting shares.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings.

(4) Not a spouse, second-degree relative or third-degree relative of those listed in the above three items.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.

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

(7) Not a professional individual who provides services or consultation in business, legal, finance, or accounting to the Company or its any related companies, nor an owner, partner, director, supervisor, officer or spouse of a sole proprietorship, partnership, company, or institution. However, this does not apply to the members of the Compensation Committee who perform their duties based on article 7 of the "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

(8) Not a spouse or a second-degree relative of any other Director of the Company.

(9) No violations of Article 30 of the Company Act.

(10) Not a governmental, judicial person or its representative as defined by Article 27 of the Company Act.

(7) Management Team Information

4/24/2017

Title	Nationality	Name	Inauguration date	Shareholding		Currently holding shares of spouses and minor children		Holding shares in the name of others		Main experience (education background)	Concurrent positions at other companies	Spouse or second-degree relative holding a position as manager		
				Number	%	Number	%	Number	%			Title	Name	Relation
Chairman and President	Republic of China	Terry Gou	Feb. 20, 1974	1,621,848,148	9.36	0	0.00	0	0.00	Graduated from China Marine Technical College Director of Taiwan Electrical Equipment Association Chairman of Mold Industry Association	None	None	None	None
Department General Manager	Republic of China	Tai, Jeng-wu	Aug. 1, 1992	10,632,014	0.06	3,875,173	0.02	0	0.00	Tatung Institute of Technology, Taiwan	President and CEO of Sharp Corp.	None	None	None
Department General Manager	Republic of China	You, Xiang-fu	May 27, 1992	52,141,926	0.30	33,616,330	0.19	0	0.00	Graduated from Tamsui Institute of Business Administration, Taiwan	Chairman of Foxconn Advanced Manufacturing Productivity Institute (Shenzhen) Chairman of FuSheng New Energy Teconology (Danjiangkou) Chairman of FuYu Energy Technology (Kunshan) Chairman of FuYang New Energy Technology (Nanyang) Chairman of FuYuSheng Energy Technology (Zhengzhou) Chairman of FuYucheng Agricultural Biotechnology (Zhengzhou) Director of FuHonJin Precision Industry (Shenzhen)	None	None	None

Title	Nationality	Name	Inauguration date	Shareholding		Currently holding shares of spouses and minor children		Holding shares in the name of others		Main experience (education background)	Concurrent positions at other companies	Spouse or second-degree relative holding a position as manager		
				Number	%	Number	%	Number	%			Title	Name	Relation
Department General Manager	Republic of China	Lu, Fang-ming	Apr. 1, 2003	8,148,976	0.05	1,748,765	0.01	0	0.00	Master degree from Dept. of Applied Physics, Chung Yuan Christian University General Manager of Asia-Pacific Region, Lingyun Science and Technology Co., Ltd. General Manager of Computer System Products of HP Taiwan	Chairman of Asia Pacific Telecom	None	None	None
Department General Manager	Republic of China	Chien, Yi-bin	Jun. 1, 2005	1,320,124	0.01	0	0.00	0	0.00	International Trade Department of Tamkang University, Taiwan	Chairman of FLNet Trading Company (Wuhan) Ltd. Direcotr of Expressive Profits Inc.	None	None	None
Department General Manager	Republic of China	Xu, Mu-ji	Jun. 1, 2005	7,248,486	0.04	0	0.00	0	0.00	Graduated from National Chin-Yi University of Technology, Taiwan	Chairman of Hongzhun Precision Tooling (Shenzhen) Co., Ltd.	None	None	None
Department General Manager	Republic of China	Ling, Zhi-ping	Jan. 21, 2009	2,654,651	0.02	0	0.00	0	0.00	Enterprise Research Institute of University of Washington, U.S.A. School of Business, Taiwan University	Director of CyberTAN Technology Director of Guozhou Electronic (Shanghai) Co., Ltd. Director of Ambit Electronics (Shanghai) Co., Ltd.	None	None	None
Head Office General Manager	Republic of China	Li, Jin-ming	Oct. 27, 1997	500,461	0.00	0	0.00	0	0.00	Graduated from National Chengchi University, Taiwan Deputy general manager of Huafei Color Display System Co., Ltd. Manager of Taiwan Philip Co., Ltd.	Director of Foxconn (Far East) Limited (Cayman)	None	None	None

Title	Nationality	Name	Inauguration date	Shareholding		Currently holding shares of spouses and minor children		Holding shares in the name of others		Main experience (education background)	Concurrent positions at other companies	Spouse or second-degree relative holding a position as manager		
				Number	%	Number	%	Number	%			Title	Name	Relation
Financial Director	Republic of China	Huang, De-cai	Apr. 15, 1998	1,349,408	0.01	0	0.00	0	0.00	Graduated from National Chiao Tung University, Taiwan Chief Financial Officer of Vanguard International Semiconductor Corp. Manager of Philips Taiwan Limited	Chairman of Hongyang Venture Capital Investment Co., Ltd., FuZhiFu Information Technology (Shenzhen) Co., Ltd. Director of Fu Rui International Investment Co., Ltd., Innolux Corp., Hon Chiao International Investment Co., Ltd., Hon Chi International Investment Co., Ltd., Bao Xin International Investment Co., Ltd., efeihu.com eCommerce (Beijing) Co., Ltd., Jusda Supply Chain Management (Chengdu) Co., Ltd., efeihu.com eCommerce (Chengdu) Co., Ltd., efeihu.com eCommerce (Wuhan) Co., Ltd., Zhong Yuan Rong Chuang Foundation Management (Henan) Co., Ltd., Fu Xun Tong Trading (Shenzhen) Co., Ltd., Jia Ming Financing & Leasing (Shanghai) Co., Ltd., Zhengzhou Airport Economic Comprehensive Experimental Zone Zhongyuan Microfinance Co., Ltd. Foxconn (Far East) Limited (HK), Foxtek Holdings Inc., Foxteq Integration, Inc., HCM International Company Supervisor of Pan-International Industrial Corp., Liyi International Investment Co., Ltd., Hon Yuan International Investment Co., Ltd., Hon Jin Investment Co., Ltd.	None	None	None

Title	Nationality	Name	Inauguration date	Shareholding		Currently holding shares of spouses and minor children		Holding shares in the name of others		Main experience (education background)	Concurrent positions at other companies	Spouse or second-degree relative holding a position as manager		
				Number	%	Number	%	Number	%			Title	Name	Relation
Accounting Director	Republic of China	Chou, Zong-kai	Jul. 20, 2010	400	0.00	0	0.00	0	0.00	Master in Accounting, Long Island University Manager of Deloitte & Touche, Taiwan Lecturer of Hsing Wu University, Taiwan	Director of Apex Gold Limited, China Galaxy Enterprises Limited, FAS International Holdings Pte. Ltd., Fast Victor Limited, Full Bonus International Limited, Fuyong Co., Ltd., Glory Star Investments Limited, Great Name Investments Limited, High Precision Holdings Limited, Mega Star Investments Limited, Operate Technology Limited, Precision Technology Investments Pte. Ltd., Tongrand Limited	None	None	None

(8) Remuneration paid to Directors, Supervisors and management team in the most recent fiscal year

(a) Remunerations of Directors

Unit: NT$000

<table>
<tr><td colspan="3">Director</td><td>Director</td><td>Director</td><td>Director</td><td>Director</td><td>Director</td><td>Director</td><td>Independent Director</td><td>Independent Director</td><td>Independent Director</td><td>Independent Director</td><td>Independent Director</td></tr>
<tr><td colspan="3">Name
(Note 2 & 3)</td><td>Gou, Tai-ming (Terry Gou)</td><td>Hon Jin International Investment Co., Ltd. Representative: Lu, Fang-ming</td><td>Hon Chiao International Investment Co., Ltd. Representative: Tai, Jeng-wu (resigned) Representative: Mao, Robert Chen, Jen-gwo</td><td>Chien, Yi-bin (resigned)</td><td>Huang, Qing-yuan</td><td>Sung, Hsueh-jen</td><td>Chan, Chi-shean</td><td>Lee, Kai-fu</td><td>Fu, Li-chen</td><td>Wu, Yu-Chi (resigned)</td><td>Liu, Cheng-Yu (resigned)</td></tr>
<tr><td rowspan="8">Compensation of Directors</td><td rowspan="2">Remunerations (A)</td><td>The Company</td><td colspan="11">2,700</td></tr>
<tr><td>All companies within the consolidated financial statement</td><td colspan="11">2,700</td></tr>
<tr><td rowspan="2">Retirement allowance (B)</td><td>The Company</td><td colspan="11">0</td></tr>
<tr><td>All companies within the consolidated financial statement</td><td colspan="11">0</td></tr>
<tr><td rowspan="2">Remuneration from distribution of earnings (C)</td><td>The Company</td><td colspan="11">0</td></tr>
<tr><td>All companies within the consolidated financial statement</td><td colspan="11">0</td></tr>
<tr><td rowspan="2">Business execution expenses (D)</td><td>The Company</td><td colspan="11">360</td></tr>
<tr><td>All companies within the consolidated financial statement</td><td colspan="11">360</td></tr>
<tr><td colspan="2" rowspan="2">Percent of A, B, C and D to net profit after tax</td><td>The Company</td><td colspan="11">0.0021</td></tr>
<tr><td>All companies within the consolidated financial statement</td><td colspan="11">0.0021</td></tr>
<tr><td rowspan="2">Relevant remuneration of part-time personnel</td><td rowspan="2">Remuneration, money award and special expenses etc.</td><td>The Company</td><td colspan="11">102,295</td></tr>
<tr><td>All companies within the consolidated financial</td><td colspan="11">104,785</td></tr>
</table>

	(E)	statement		
	Retirement allowance (F)	The Company		0
		All companies within the consolidated financial statement		0
	Employee profit sharing from earnings distribution (G) (Note 1)	The Company	Cash dividends	159,579
			Stock dividends	0
		All companies within the consolidated financial statements	Cash dividends	159,579
			Stock dividends	0
Percent of A, B, C, D, E, F and G to net profit after tax		The Company		0.1782
		All companies within the consolidated financial statement		0.1799
Is there any remuneration from other invested businesses apart from subsidiaries				None
Compensation to Directors of the most recent year for services provided for the companies in the financial statements (e.g. non-employee consultant position) except listed above: None.				

Notes:

1. NT$10,497,750,000 is set aside for employee remuneration for 2016 according to the resolution of the Board of Directors. It was calculated used last year's actual allocation ratio.
2. Election of Board of Directors at 2016 AGM: Yi-bin Chien (Director), Yu-Chi Wu (Independent Director) and Cheng-yu Liu (Independent Director) resigned on June 30, 2016; Jen-gwo Chen (Director), Hsueh-jen Sung (Director), Chi-shean Chan (Independent Director), Kai-fu Lee (Independent Director), Li-chen Fu (Independent Director) assumed the positions on July 1, 2016.
3. Jeng-wu Tai, representative of Hon Chiao International Investment Co., Ltd., resigned on April 21, 2017. Robert Tai was appointed new representative by Hon Chiao International Investment Co., Ltd.

Range of Remunerations

Range of remunerations paid to directors	Names of Directors			
	Summation of the first 4 items (A+B+C+D)		Summation of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies involved in financial statement (H)	The Company	All companies in the financial statement (I)
Under NT$2,000,000	Terry Gou Hon Chiao International Investment Co., Ltd., Tai, Jeng-wu (resigned), Chen, Jen-gwo, Mao, Robert Hon Jin International Investment Co., Ltd., Lu, Fang-ming, Chien, Yi-bin (resigned) Huang, Qing-yuan Sung , Hsueh-jen Chan, Chi-shean Lee, Kai-fu Fu, Li-chen Wu, Yu-chi (resigned) Liu, Cheng-Yu (resigned)	Terry Gou Hon Chiao International Investment Co., Ltd., Tai, Jeng-wu (resigned), Chen, Jen-gwo, Mao, Robert Hon Jin International Investment Co., Ltd., Lu, Fang-ming, Chien, Yi-bin (resigned) Huang, Qing-yuan Sung , Hsueh-jen Chan, Chi-shean Lee, Kai-fu Fu, Li-chen Wu, Yu-chi (resigned) Liu, Cheng-Yu (resigned)	Terry Gou Hon Chiao International Investment Co., Ltd., Mao, Robert Hon Jin International Investment Co., Ltd. Huang, Qing-yuan Sung , Hsueh-jen Chan, Chi-shean Lee, Kai-fu Fu, Li-chen Wu, Yu-Chi (resigned) Liu, Cheng-Yu (resigned)	Terry Gou Hon Chiao International Investment Co., Ltd., Mao, Robert Hon Jin International Investment Co., Ltd. Huang, Qing-yuan Sung , Hsueh-jen Chan, Chi-shean Lee, Kai-fu Fu, Li-chen Wu, Yu-Chi (resigned) Liu, Cheng-Yu (resigned)
NT$2,000,000 (included) ~ NT$5,000,000 (excluded)	-	-	-	-
NT$5,000,000 (included) ~ NT$10,000,000 (excluded)	-	-	-	-
NT$10,000,000 (included) ~ NT$15,000,000 (excluded)	-	-	Tai, Jeng-wu (resigned) Chien, Yi-bin (resigned)	Tai, Jeng-wu (resigned) Chien, Yi-bin (resigned)
NT$15,000,000 (included) ~ NT$30,000,000 (excluded)	-	-	Chen, Jen-gwo	-
NT$30,000,000 (included) ~ NT$50,000,000 (excluded)	-	-	-	Chen, Jen-gwo
NT$50,000,000 (included) ~ NT$100,000,000 (excluded)	-	-	-	-
Over NT$100,000,000	-	-	Lu, Fang-ming	Lu, Fang-ming
Total	15	15	15	15

Notes:

1. Election of Board of Directors at 2016 AGM: Yi-bin Chien (Director), Yu-Chi Wu (Independent Director) and Cheng-yu Liu (Independent Director) resigned on June 30, 2016; Jen-gwo Chen (Director), Hsueh-jen Sung (Director), Chi-shean Chan (Independent Director), Kai-fu Lee (Independent Director), Li-chen Fu (Independent Director) assumed the positions on July 1, 2016.
2. Jeng-wu Tai, representative of Hon Chiao International Investment Co., Ltd., resigned on April 21, 2017. Robert Mao was appointed new representative by Hon Chiao International Investment Co., Ltd.

(b) Remunerations of Supervisors

Unit: NT$000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="6">Remuneration of supervisors</th><th colspan="2" rowspan="2">Proportion of A, B and C to net profit after tax %</th><th rowspan="3">Is there any remuneration from other invested businesses apart from subsidiaries</th></tr>
<tr><th colspan="2">Compensation (A)</th><th colspan="2">Remuneration from earnings distribution (B)</th><th colspan="2">Business execution expenses (C)</th></tr>
<tr><th>The Company</th><th>All companies in the financial statement</th><th>The Company</th><th>All companies in the financial statements</th><th>The Company</th><th>All companies in the financial statements</th><th>The Company</th><th>All companies in the financial statements</th></tr>
<tr><td>Supervisor (Note)</td><td>Wan, Jui-hsia</td><td rowspan="3">1,800</td><td rowspan="3">1,800</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">240</td><td rowspan="3">240</td><td rowspan="3">0.001</td><td rowspan="3">0.001</td><td rowspan="3">None</td></tr>
<tr><td rowspan="2">Supervisor (Note)</td><td>Fu-Rui International Investment Co., Ltd.</td></tr>
<tr><td>Representative: Cho, Min-chi</td></tr>
</table>

Notes: The Company established Audit Committee in lieu of Supervisors in 2016. Supervisors resigned on June 30, 2016.

Range of Remunerations

<table>
<tr><th rowspan="3">Range of Remuneration Paid to Supervisors</th><th colspan="2">Name of Supervisor</th></tr>
<tr><th colspan="2">Summation of the first three items (A+B+C)</th></tr>
<tr><th>The Company</th><th>All companies in the financial statement (D)</th></tr>
<tr><td>Under NT$2,000,000</td><td>Fu-Rui International Investment Co., Ltd., Cho, Min-chi, Wan, Jui-hsia</td><td>Fu-Rui International Investment Co., Ltd., Cho, Min-chi, Wan, Jui-hsia</td></tr>
<tr><td>NT$2,000,000 (included) ~ NT$ 5,000,000 (excluded)</td><td>-</td><td>-</td></tr>
<tr><td>NT$5,000,000 (included) ~ NT$10,000,000 (excluded)</td><td>-</td><td>-</td></tr>
<tr><td>NT$10,000,000 (included) ~ NT$15,000,000 (excluded)</td><td>-</td><td>-</td></tr>
<tr><td>NT$15,000,000 (included) ~ NT$30,000,000 (excluded)</td><td>-</td><td>-</td></tr>
<tr><td>NT$30,000,000 (included) ~ NT$50,000,000 (excluded)</td><td>-</td><td>-</td></tr>
<tr><td>NT$50,000,000 (included) ~ NT$100,000,000 (excluded)</td><td>-</td><td>-</td></tr>
<tr><td>Over NT$100,000,000</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>3</td><td>3</td></tr>
</table>

(c) Remunerations paid to the management team

Unit: NT$000

Title	Name (Note 2)	Remunerations (A)		Retirement allowance (B)		Money award and special payment etc. (C)		Earning distribution as dividends for personnel (D) (Note 1)				Rate of total amount of A, B, C and D to pure profits after tax (%)		Number of stock certificates of employee		Number of shares of Employees Restricted Stock		Remuneration from other invested businesses apart from subsidiaries.
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company		All companies involved in financial statement		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	
								Cash Dividends	Stock Dividends	Cash Dividends	Stock Dividends							
General Manager	Terry Gou																	
Department General Manager	You, Xiang-fu																	
Department General Manager	Tai, Jeng-wu																	
Department General Manager	Lu, Fang-ming																	
Department General Manager	Jiang, Hao-liang																	
Department General Manager	Chien, Yi-bin																	
Department General Manager	Xu, Mu-ji	14,898	14,898	510	510	198,690	199,694	456,143	0	456,143	0	0.4508	0.4515	-	-	-	-	-
Department General Manager	Zhong, Yi-wen																	
Department General Manager	Ling, Zhi-ping																	
Deputy Department General Manager	Xiong, Bing-zheng																	
Head Office General Manager	Li, Jin-ming																	
Financial Director	Huang, De-cai																	
Accounting Director	Chou, Zong-kai																	

Notes:

1. NT$10,497,750,000 is set aside for employee remuneration for 2016 according to the resolution of the Board of Directors. It was calculated used last year’s actual allocation ratio.
2. Hao-liang Jiang, Yi-wen Zhong and Bing-zheng Xiong resigned on 2/1/2016, 10/14/2016 and 4/19/2017, respectively. Their remunerations are thus not included in the calculation.

Range of Remunerations

Range of remuneration paid to general managers and deputy general managers	Names of General Managers and Deputy General Managers	
	The Company	All companies in the financial statement
Under NT$2,000,000	Terry Gou, Xiang-fu You, Hao-liang Jiang, Yi-wen Zhong	Terry Gou, Xiang-fu You, Hao-liang Jiang
NT$2,000,000 (included) ~ NT$5,000,000 (excluded)	Bing-zheng Xiong, Jin-ming Li	Yi-wen Zhong, Bing-zheng Xiong, Jin-ming Li
NT$5,000,000 (included) ~ NT$10,000,000 (excluded)	-	-
NT$10,000,000 (included) ~ NT$15,000,000 (excluded)	-	-
NT$15,000,000 (included) ~ NT$30,000,000 (excluded)	Yi-bin Chien, Zong-kai Chou	Yi-bin Chien, Zong-kai Chou
NT$30,000,000 (included) ~ NT$50,000,000 (excluded)	Jeng-wu Tai	Jeng-wu Tai
NT$50,000,000 (included) ~ NT$100,000,000 (excluded)	Zhi-ping Ling, De-cai Huang	Zhi-ping Ling, De-cai Huang
Over NT$100,000,000	Fang-ming Lu, Mu-ji Xu	Fang-ming Lu, Mu-ji Xu
Total	13	13

(d) Employee profit sharing granted to the management team

Unit: NT$000

	Title	Name	Stock Dividends (Note)	Cash Dividends (Note)	Total	Proportion of total amount to net profits after tax (%)
Management team	General manager	Terry Gou	0	456,143	456,143	0.3068
	Department General Manager	You, Xiang-fu				
	Department General Manager	Tai, Jeng-wu				
	Department General Manager	Lu, Fang-ming				
	Department General Manager	Chien, Yi-bin				
	Department General Manager	Xu, Mu-ji				
	Department General Manager	Ling, Zhi-ping				
	Head Office General Manager	Li, Jin-ming				
	Financial Director	Huang, De-cai				
	Accounting Director	Chou, Zong-kai				

Note: As of the printing date of this Annual Report, the distribution list of employee profit sharing has not been fixed, and shall be proposed as stipulated according to the actual distribution of last year.

(e) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the recent two years

Item / Title	Proportion of the total compensation to net profit after tax %			
	2016 (Note)		2015	
	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement
Directors	0.071	0.073	0.167	0.167
Supervisors	0.001	0.001	0.003	0.003
General Managers and Deputy General Managers	0.451	0.452	0.398	0.399

Note: The amount of employee profit sharing in 2016 shall be proposed as stipulated according to the actual distribution of 2015.

(f) Procedures for payment and relevance with operation performance and future risks

(i) According to the distribution of earnings as stipulated by Articles of Incorporation of the Company, there is no compensation distributed to Directors or Supervisors except employee compensation.

(ii) In the past two years, the remunerations paid to general managers and deputy general managers are salaries, bonuses, and staff compensation. The salaries and bonuses are paid according to the relevant personnel-related provisions of the Company. The staff compensation is provided by the Company's Articles of Incorporation. In case of the Company has made a profit, 5% to 7% of the profit shall be set aside for staff compensation. The Board of Directors shall pass a resolution based on the annual profit distribution conditions and provisions provide by the Articles of Incorporation, and submit a report to the shareholders' meeting.

(iii) According to the Company’s policy for compensation, reasonable compensation shall be paid based on job evaluation of the personnel in the Company.

B. Implementation of corporate governance

(1) Information on implementation of Board of Directors

Five meetings were held by the Board of Directors in the most recent year (2016) with their attendance shown as follows:

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks (Note 1)
Chairman	Terry Gou	4	1	80%	Re-appointed
Director	Representative of Hon Chiao International Investment Co., Ltd.: Tai, Jeng-wu	3	1	60%	Re-appointed (Note 2)
Director	Representative of Hon Chiao International Investment Co., Ltd.: Chen, Jen-gwo	2	0	66.67%	New appointed
Director	Representative of Hon Jin International Investment Co., Ltd.: Lu, Fang-ming	5	0	100%	Re-appointed
Director	Huang, Qing-yuan	3	1	60%	Re-appointed
Director	Sung, Hsueh-jen	3	0	100%	New appointed
Independent Director	Chan, Chi-shean	3	0	100%	New appointed
Independent Director	Lee, Kai-fu	2	0	66.67%	New appointed
Independent Director	Fu, Li-chen	2	1	66.67%	New appointed
Director	Chien, Yi-bin	0	1	0%	Resigned
Independent Director	Wu, Yu-Chi	2	0	100%	Resigned
Independent Director	Liu, Cheng-Yu	2	0	100%	Resigned

Other noteworthy matters:

1. State the Board Meeting's date, session, proposal contents, all Independent Directors' opinions and the Company's actions in response to the opinions if any of the following occured:

1.1. Matters specified in Article 14.3 of Taiwan's Securities and Exchange Act: The Company established Audit Committee on July 1, 2016. The items relating to Article 14.3 are listed as following:

1.1.1. On March 30, 2016, the 16th meeting of the 15th Board of Directors approved the following items:

1.1.1.1. Transaction agreement signed between the Company together with its subsidiary, Foxconn (Far East) Limited, and Japanese Sharp Corporation to purchase Sharp's newly issued common and special stocks;

1.1.1.2. Withdrawal of 2015's first tranche of unsecured overseas convertible corporate bonds;

1.1.1.3. Endorsement for overseas subsidiary's (Falcon Precision Trading Limited) application for short-term debt of RMB400mn (or equivalent amount in US dollar) from Mega International Commercial Bank;

1.1.1.4. Endorsement for overseas subsidiaries' (Competition Team Technologies Limited, Falcon Precision Trading Limited, and Best Leap Enterprises Limited) application for short-term shared debt;

1.1.1.5. Increase in investment in subsidiary Foxconn (Far East) Limited (Cayman);

1.1.1.6. Increase in investment in subsidiary Foxconn Holdings Limited (British Virgin Islands);

1.1.1.7. Increase in investment in subsidiary HonFuJin Precision Electronics (Zhengzhou);

1.1.1.8. Investment and establishment of Lankao YuZhan Precision Technology;

1.1.1.9. Investment and establishment of Lankao YuDe Packaging Technology;

1.1.1.10. Increase in investment in subsidiary HonFuZhun Precision Industry (Shenzhen);

1.1.1.11. Increase in investment in subsidiary Anhui HonQing Precision Machinery;

1.1.1.12. Increase in investment in subsidiary FuShiRui Precision Industry (Jincheng);

1.1.1.13. Increase in investment in subsidiary Henan YuZhan Precision Technology;

1.1.1.14. Increase in investment in subsidiary Yantai FuHuaDa Precision Electronics;

1.1.1.15. Increase in investment in subsidiary HonFuTai Precision Electronics (Yangai);

1.1.1.16. Increase in investment in subsidiary Shenzhen FuJun Material Technology;

1.1.1.17. Acquisition of shares of Yantai eFeihu eCommerce Information Technology;

1.1.1.18. Increase in investment in subsidiary Shenzhen Nano Optoelectronics;

1.1.1.19. Acquisition of and increase in investment in YuZhouShiDai Information Technology (Shenzhen);

1.1.1.20. Acquisition of equipment.

1.1.2. On May 12, 2016, the 17^{th} meeting of the 15^{th} Board of Directors approved the following items:

1.1.2.1. Submission of proposal to the Shareholders' Meeting of surplus to capital increase;

1.1.2.2. Amendment to the "Procedures for Acquisition or Disposal of Assets";

1.1.2.3. Amendment to the "Procedures for Loaning of Funds";

1.1.2.4. Amendment to the "Procedures for Making of Endorsements/Guarantees";

1.1.2.5. Amendment to the "Procedures for Derivatives Trading";

1.1.2.6. Issuance of domestic unsecured ordinary corporate bonds for mid- to long-term capital;

1.1.2.7. Endorsement for overseas subsidiary's (Fusing International Inc.) application for short-term credit line;

1.1.2.8. Investment in and establishment of JinJiHu Precision Machinery (Huaian);

1.1.2.9. Increase in investment in Kunshan Nano New Material Technology;

1.1.2.10. Regular evaluation of the CPA's independence;

1.1.2.11. Acquisition of equipment.

1.2. Other proposals beside the abovementioned on which Independent Directors have expressed opposition or qualified opinions that have been noted in the record or declared in writing: None.

2. Avoidance of conflict of interest by Directors: Directors:

2.1. Ratification of 2015 yearend bonus and performance bonus for manages on March 30, 2016: Tai-ming Gou, Fang-ming Lu, Jeng-wu Tai and Yi-bin Chien avoided the discussion.

2.2. Ratification of 2015 employee compensation on November 11, 2016: Tai-ming Gou, Jeng-wu Tai and Fang-ming Lu avoided the discussion.

3. Assessment of objectives and implementation status in the area of strengthening the powers of the board of directors (such as setting of an audit committee and improvement of information transparency etc.) for current and immediately past years: Audit Committee was established on July 1, 2016.

Note:

1. The Company re-elected its Directors on June 22, 2016, and the term began on July 1, 2016. The Board of Directors meetings were held twice before the re-election and three times after the re-election.

2. Jeng-wu Tai, representative of Hon Chiao International Investment Co., Ltd., resigned on April 21,2017.

(2) Information on operation of Audit Committee:

Two meetings were held by the Audit Committee in the recent year (2016) with Independent Directors' attendance shown as follows:

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks (Note 1)
Independent Director	Lee, Kai-fu	1	0	50%	-
Independent Director	Chan, Chi-shean	2	0	100%	-
Independent Director	Fu, Li-chen	2	0	100%	-

Other noteworthy matters:

1. When one of the following situations occurred to the operations of the Audit Committee, state the date, period, proposal contents and resolutions of the Audit Committee, and the Company's actions in response to the opinions of the Audit Committee:

1.1. Matters specified in Article 14-5 of Securities and Exchange Act: Approved by Audit Committee and proposed to the Board Meeting:

1.1.1. On August 11, 2016, the 2nd meeting of the 16th Board of Directors approved:
1.1.1.1. 2016 Q2 consolidated financial statements;
1.1.1.2. Endorsement for overseas subsidiary's (Foxconn (Far East) Limited) application for 3-year term, JPY10 billion credit line.
1.1.1.3. Evaluation of CPA's independence and audit service fee;
1.1.1.4. Acquisition of equipment.
1.1.2. On November 11, 2016, the 3rd meeting of the 16th Board of Directors approved:
1.1.2.1. Increase in investment in BVI subsidiary, Foxconn Holding Limited;
1.1.2.2. Increase in indirect investment in Lankao YuZhan Precision Technology;
1.1.2.3. Increase in indirect investment in FuJinJi Networking Technology (Henan);
1.1.2.4. Amendment to the Company's internal audit system;
1.1.2.5. Acquisition of equipment.
1.2. Resolutions passed by two-thirds of all Directors but without approval of the Audit Committee except for the preceding item: None.

2. Ways in which Independent Directors have recused themselves from motions that pose a conflict of interest, the Independent Director's name, the content of the motion, cause of the conflict of interest, and the circumstances of the vote that shall be elaborated: None.

3. Communication between Indenpent Directors, head of internal audit, and CPA (including communication methods and results for material issues and the Company's finances and businesses):

3.1. Communication policy for Independent Directors and head of internal audit:

The head of the internal audit and Independent Directors shall hold at least one regular audit committee meeting per quarter, and submit the audit report and inadequacy tracking report for the previous month by the end of the current month. The reports shall be proposed based on the Company's annual audit plan execution status and the internal control inadequacy tracking status. Meetings shall be hold at any time if a major and unusual event occurs.

3.2. Summary of previous communications between Independent Directors and the head of internal audit:

3.2.1. Q2 2016 audit report.

3.2.2. Report and subsequent responses issued by the head of internal audit based on the questions raised by the participating Directors.

3.2.3. The audit report and follow-up report are submitted to the Independent Directors for review in July 2016.

3.2.4. The audit report and inadequacy tracking report are submitted to the independent directors for review in August 2016.

3.2.5. The audit report and inadequacy tracking report are submitted to the independent directors for review in September 2016.

3.2.6. Q3 2016 audit report.

3.2.7.	The head of internal audit reported and provided subsequent responses based on the questions raised by the participating Directors.
3.2.8.	The audit report and inadequacy tracking report are submitted to the Independent Directors for review in October 2016.
3.2.9.	The audit report and inadequacy tracking report are submitted to the independent directors for review in November 2016.
3.3.	Communication policy for Independent Directors and the head of internal audit:
3.3.1.	In addition to holding at least two regular meetings each year, the Independent Directors of the Audit Committee and the CPA must also conduct communications and discussions in writing, and the scope of which shall include the independence and relevant liability, review of the planning related matters, checks for major discoveries (including the adjusted entries, clear internal control deficiencies, etc.), and review of the inspection report contents as well as the interim financial statements of the consolidated financial statements issued by the CPA audit team.
3.3.2.	The Audit Committee shall complete a review report based on the consolidated financial statements examined by the CPA and the audit opinion report.
3.4.	Summary of previous communications between Independent Directors, auditors, and CPA:
3.4.1.	The CPA described the audited contents of the 2015 consolidated financial statements, major auditing discoveries (including the adjusted entries, clear internal control deficiencies, etc.), and audit report in the meeting.
3.4.2.	The CPA explained, discussed, and communicated with the meeting attendees based on the questions raised by them.
3.4.3.	The CPA explained its responsibilities, independency, and audit plan for the 2016 consolidated financial statements.
3.4.4.	The CPA explained its initial views on the key audit matters of the 2016 consolidated financial statements.
3.4.5.	The CPA explained the contents of the audit report of the audited Q2 2016 consolidated financial statements during a corporate governance meeting.
3.4.6.	The CPA explained, discussed, and communicated with the meeting attendees based on the questions raised by participants.
3.4.7.	The CPA explained and discussed the contents of the audit report of the audited Q3 2016 consolidated financial statements in writing.

(3) Participation of supervisors in the operation of the Board of Directors:

Five meetings were held by the Board of Directors in the recent year (2016) with the attendance of supervisors shown as follows:

Title	Name	Attendance in person	Attendance rate in person (%)	Remarks
Supervisor (Note)	Wan, Jui-hsia	2	100%	(Note)
Supervisor (Note)	Fu-Rui International Investment Co., Ltd. Representative: Cho, Min-chi	2	100%	(Note)

Other noteworthy matters:

1. Organization and responsibilities of Supervisors:

   (1) Communication between Supervisors and the Company's employees and shareholders: Supervisors can conduct direct communications and dialogues with the Company's employees and shareholders when regarded as necessary by Supervisors.

   (2) Communication between Supervisors and internal audit director and accountants:

      (i) The head of internal audit submits audit report to Supervisors in the following month of completion of audit items. Supervisors have not objection opinions.

(ii) The head of internal audit attends the Company's regular board meetings and reports on audit operation. Supervisors have not objection opinions.
(iii) Supervisors communicate with accountants on finance regularly in each quarter in person and in writing.

2. If Supervisors participating in board meetings have expressed opinions, state date and session of the board meeting, proposal content, resolution of the meeting and the response of the Company regarding the Supervisor's opinion: None.

Note: On July 1, 2016, the Company established Audit Committee in lieu of Supervisors. Two Board meetings were held during Supervisor's term.

(4) The difference between the corporate governance implementation and and the *Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies* and reasons:

Item	Implementation Status			Difference from *Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies* and reasons
	Yes	No	Description	
1. Does the Company set and disclose corporate governance code of practice according to corporate governance practice principles for TWSE/GTSM-Listed companies?	✓		The Company has set a corporate governance code of practice, for the protection of shareholders' rights, to strengthen the functions of the BOD, respect the interests of stakeholders, enhance the transparency of information and relevant rules. Detailed information can be found on the Company's website.	No difference
2. Equity structure and shareholder rights (1) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures? (2) Does the Company have a list of those who ultimately control the major shareholders of the Company? (3) How does the Company establish its risk management mechanism and firewalls involving related enterprises? (4) Has the Company set internal standards to prohibit the use of undisclosed insider information to trade securities on the market?	✓ ✓ ✓ ✓		(1) The Investor Relations Department is dedicated to processing shareholder proposals or disputes. (2) The Company has a list of major shareholders and who ultimately controls them and discloses this information pursuant to the laws. (3) The Company has established appropriate internal risk control mechanisms and firewalls, pursuant to the rules for specific companies or groups related business operations and financial transactions, supervision measures for subsidiaries, rules of endorsement and guarantee, loans to others and guidelines for acquisition or disposition of assets. Business relations between affiliated enterprises have been evaluated by an independent third party to prevent violations of unlawful transactions. (4) The Company has set operating procedures and critical control points to prevent insider trading.	No difference
3. Organization and responsibilities of the Board of Directors (1) Does the Board of Directors set and implement a diversification policy? (2) Has the Company establish other functional committees besides the Compensation Committee and Audit Committee?	✓ ✓		(1) The Company has set "Corporate Goverance Pratical Principles" to ensure boards' diversity. The company's BOD has adopted nomination system. The members of the BOD are diversified and possess technology and finance backgrounds and experience of management practices in order to build the whole structure of the Company's Board of Directors.(Please refer to page 12 for board members' professons and independence) (2) The Company set up two independent directors and a Compensation Committee, has also set up the FGSC Committee, Energy-saving	No difference

Item	Implementation Status			Difference from *Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies* and reasons
	Yes	No	Description	
(3) Has the Company set performance assessment rules and methods for the BOD and does it perform this evaluation every year? (4) Does regularly evaluate the independence of the CPA?	✓ ✓		Technology Development Committee, Employee Benefits Committee and Employee Retirement Reserves Oversight Committee; other functional committees will be set up depending on future needs. (3) The Company set the policies through the Compensation Committee to regularly review the performance evaluations of directors and managers, as well as the compensation policies, systems, standards and structures, and the recommendations are submitted to the BOD for discussion. (4) The Company regularly assesses the performance and independence of the CPA through the BOD. The recommended CPA is required to provide CVs and declarations (not in violation of Ethical Standards Publication No. 10) for the BOD to discuss the appointment and independence of the CPAs.	
4. Does the TWSE/TPEx listed company have a dedicated unit/staff member in charge of the Company' corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, convening board/shareholder meetings in compliance with the law, apply for/change company registry, and producing meeting minutes of board/shareholder meetings)?	✓		The Company has established full-time personnel responsible for corporate governance related matters, such as information for Directors, Board Meeting, Shareholders' Meeting, company registration and change, preparation of meeting minutes for Board Meeting and Shareholders' Meeting, etc.	No difference
5. Does the Company establish communication channels and dedicate section for stakeholder on its website to respond to important issues of corporate social responsibility concerns?	✓		The Company has set "Stakeholder Zone" and have the contact information for stakeholders to on its website to respond to major concerns regarding coporate social responsibilities from stakeholders.	No difference
6. Has the company appointed a professional stock affairs agency for shareholders affairs?	✓		The Company authorized "Fubon Securities Co., Ltd." as stock service agency to handle shareholder transactions.	No difference
7. Disclosure of information (1) Does the Company set up website to disclose financial operations and corporate governance information? (2) Has the Company adopted other measures (such as English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information?	✓ ✓		(1) The Company has placed financial and corporate governance information of each year on its website. (2) The Company has an English website and a spokesperson, investor relations department and shareholder services department to disclose relevant information. The Company issued global depository receipts (GDR) in London, and discloses company information on its website according to the provisions of the relevant rules of the London Stock Exchange.	No difference

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>8. Does the Company have other important information for better understanding the Company’s corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company’s directors and supervisors)?</td><td>✓</td><td></td><td>(1)Interests and rights of employees: The Company has always treated employees in good faith to ensure their legal interests and rights in accordance with the Labor Standards Act.
(2)Care for employees: by adopting a welfare system and good education and training, a relationship of mutual trust has been established with employees. Such as: employee benefits and community cultural and recreational activities and entertainment, health clinic grants and medical advice, the Company also provides staff quarters, rented accommodations for staff, accommodation care, parking lots, etc.
(3) Investor Relations: the Investor Relations Department was set up to specifically deal with shareholder proposals.
(4)Supplier Relationship: good relations with suppliers are maintained at all times.
(5)Relations with stakeholders: stakeholders shall communicate with the Company and put forward proposals to protect their due legal rights and interests.
(6)Continuing education of directors and supervisors: the Company’s directors are qualified with industrial professional knowledge and practice experience in operation management. Please refer to the following table for more information on continuing education (please refer to the table below for specific case studies).
(7)Execution of risk management policy and risk measuring standards: various internal regulations are established legally for various risk management and evaluation.
(8)Execution of customer policies: stable and good relations with customers are maintained with the view of creating profits.
(9)Liability insurance for the Company’s directors and supervisors: liability insurance has been covered for directors and supervisors.</td><td>No difference</td></tr>
<tr><td colspan="5">9. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved.
<table><tr><th>Evaluation Indicators</th><th>Priority items to be improved and measures</th></tr><tr><td>4.21 Has the complete financial report (including financial statements and notes) been disclosed in English on the Company website or the public information observation sites?</td><td>To evaluate and disclose Q1 and Q3 financial statements in English.</td></tr></table></td></tr>
</table>

Continuing education of Directors in 2016

Title	Name	Date	Organizer	Course	Hours
Director	Huang, Qing-yuan	2016/06/17	Securities & Futures Institute	Corporate Governance - Sustainable Corporate Governance	3
		2016/07/27	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Discussion of Hidden Crisis in the Financial Reports from the Corporate Governance Perspective	3
Director	Sung, Hsueh-jen	2016/08/19	Taiwan Corporate Governance Association	Big Financial Future - Summary of Block Chain Development Trend and Implementation	3
		2016/10/29	Taiwan Corporate Governance Association	Corporate Governance Framework and Board of Directors Operations	3

(5) Organization, responsibilities and operation status of the Compensation Committee:

(a) Information on members of the Compensation Committee

ITitle	Conditions / Name	Has over 5 years of work experience and following professional qualifications			Independence Attribute (Note)								Concurrent compensation committee position in other publicly listed companies
		Business, Legal Affairs, Finance, Accounting, Lecturer or above in Colleges in Related departments	Judge, Prosecutor, Attorney, CPA or National Certified Professionals	Business, Legal Affairs, Finance, Accounting or Related Work Experience	1	2	3	4	5	6	7	8	
Independent Director	Lee, Kai-fu			✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director	Chan, Chi-shean			✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director	Fu, Li-chen	✓			✓	✓	✓	✓	✓	✓	✓	✓	0

Note: The member complies with the following conditions from 2 years before being elected and during his tenure in office:

(1) They are neither employees of the Company nor its affiliates.

(2) They are neither directors nor supervisors of the Company or its affiliates, unless they are Independent Directors of the Company or its parent company or subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting shares.

(3) They are not individual shareholders who hold shares, together with those held by their spouses, minor children or held under others' name, in an aggregate amount of more than 1% of the total outstanding shares of the Company or ranks among the top ten shareholders who are natural persons in terms of the share volume held.

(4) They are not spouses or relative within the second degree of kinship or lineal relative within the third degree of kinship, or any of the persons in the preceding three subparagraphs.

(5) They are not directors, supervisors or employees of a corporate shareholder that directly holds 5% or more of the total outstanding shares of the Company or ranks among the top 5 corporate shareholders in the terms of share volume held.

(6) They are not directors, supervisors, managers or shareholders holding 5% or more shares of a specific company or institution and who also have financial or business dealings with the Company.

(7) They are not professionals or owners, partners, directors, supervisors, or executive officer and the spouse thereof of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting or consulting services to the Company or to its affiliates.

(8) Not any of the circumstances in Article 30 of the Company Act.

(b) Operation status of the Compensation Committee

(1) There are 3 members in the Company's Compensation Committee.

(2) Current Term: From July 1, 2016 to June 30, 2019. The Compensation Committee held two meetings in the recent year, the qualifications and attendance of the Committee are shown as follows:

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Convener	Lee, Kai-fu	1	0	50%	None
Member	Chan, Chi-shean	2	0	100%	None
Member	Fu, Li-chen	2	0	100%	None
Other noteworthy matters: 1. The Board of Directors does not accept or amend Compensation Committee's suggestions: None. 2. The resolutions of the Compensation Committee which Committee member has oppositions or reservations: None.					

(6) Performance of Social Responsibilities

Items	Implementation Status			Difference from the *Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies* and reasons
	Yes	No	Descriptions	
1.Exercise and enhance corporate governance				
(1) Does the Company work out its corporate social responsibility policy and check the results of the implementation?	✓		(1) At present, the Company has worked out its corporate social responsibility policy, covering ethnics, laborers, safety, health, environment and management, and established Foxconn Global SER Committee (FGSC) to drive and supervise the execution of relevant CSR operations. The Company has not let up in its corporate social responsibility efforts, continuing to uphold "respect for employees, continued improvement for the benefit of society, and sustainable management" of the commitment, The Company published its "Social and Environmental Responsibility Code of Conduct" in 2008, and regularly reviews and updates it. The Company has fully implemented its corporate social responsibility, to ensure that the interests of employees in the work process and occupational health and safety are protected, to prevent environmental pollution during the manufacturing process, and audit management for the supply chain, in order to achieve economically, societally and environmentally balanced development.	No difference
(2) Does the Company conduct CSR education and training on a regular basis?	✓		(2) The Company carries out regular trainings and education on corporate business ethnics for its employees every year. For its new employees, trainings on personnel rules, management system, business ethnics and morals are carried out on their first working day to clarify their due responsibilities and obligations.	
(3) Does the Company set up exclusively (or concurrently) dedicated units to promote corporate social responsibility, and authorize high level managers to handle and report to the Board of Directors?	✓		(3) In 2007, The Company set up the FGSC Committee. The Committee chairman is a vice president. Given its importance to the Company, we set up three groups which are headed by three executive managers, who serve as vice chairmen of the committee. The director-general is in charge of the daily operation of the Committee. We currently have 6 full-time officers in charge of CSR promotion and supervision of specific affairs. Each Business Group of the Company has set up a CSR branch; there are more than 400 part-time officers in charge of the CSR affairs of the Business Groups. At the end of each year is an annual CSR meeting to formulate CSR work plans and goals for the coming year. After being approved by the Director General to start promoting, regular internal audits of each plant's annual CSR are carried out, to ensure that the plants are in line with the relevant CSR policies of the	

Items	Implementation Status			Difference from the *Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies* and reasons
	Yes	No	Descriptions	
			Company. Each Business Group also periodically reviews the operation of branch performance and reports to the Committee with issues concerning stakeholders for the year. Then the relevant written materials are compiled to produce an annual CSR report, which is submitted to the CSR chairman and Board of Directors.	
(4) Has the Company set up reasonable salary compensation policies, combining employee performance evaluations with corporate social responsibility policy, and establishing a clear and effective system of reward and discipline?	✓		(4) The Company has set performance bonuses, employee compensation and other rewards systems. The Company's operating profit is distributed to employees in accordance with employee performance, in order that the employees and the Company may grow together. In addition, the Company has set a code of employee ethics, employee self-discipline, performance evaluation and reward system, leading employees to behavior in line with the Company's corporate social responsibility policy.	
2.Environment for sustainable development (1) Does the Company endeavor to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment?	✓		(1) The Company actively advocates water recycling, and adopts some renewable/biodegradable raw materials to effectively reduce the impact of production and manufacturing on the environment.	No difference
(2) Does the Company establish proper environment management systems based on its industrial features?	✓		(2) In response to the international trend and customer requirements, the Company gradually established environment management systems for its business units, and passed the certification of ISO 14001.	
(3) Does the Company monitor the impact of climate change on its operations, and establish company strategies to save energy and reduce the emission of carbon and greenhouse gas?	✓		(3) The company has started to examine the carbon dioxide emission since 2008. Some parts of our plant have passed the inspection and received certificate. Meanwhile, we've uploaded the examination information to the related organizations in UN, and actively participated in	

Items	Implementation Status			Difference from the *Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies* and reasons
	Yes	**No**	**Descriptions**	
			related international promotional events. Carbon dioxide emission was 7.22 million tons and 6.83 million tons respectively in 2015 and 2016. The company has also began to promote energy management and implement key Internet-based intelligent energy programs vigorously, such as promoting green building, eliminating inefficient motor to boost energy conservation, propor A/C temperature setting, turning off the light when leaving the room, water saving program, etc. The energy saving and emission reduction goals were set and implemented, for example, the carbon dioxide emission were 470K tons and 419K tons respectively in 2015 and 2016. The company plans to reduce 22% of the carbon dioxide emission, i.e. 1.588 million tons by 2020, increase energy saving to up to 20%, i.e. save 1.56 billion kWh, with a total benefit of up to NT$5.533 billion.	
3.Protect social public interests (1) Does the Company establish proper management methods and procedures in accordance with the relevant regulations and the international conventions on human rights?	✓		(1) The Company has set employees codes of conduct in accordance with labor laws and related personnel regulations, to protect the legitimate rights and interests of employees.	No difference
(2) Has the Company set up an employee complaint mechanism and proceed with care?	✓		(2) The Company provides a standardized system to receive employee complaints. New employees are informed about this system from the very first day of employment. There are appropriate compliant channels for all kinds of compliants, including compliant of illegal practice of company personnel, compliants to safeguard personal legitimate rights and interests.	
(3) Does the Company provide a safe and healthy working environment for its employees and organize training on safety and health on a regular basis?	✓		(3) The Company provides training courses on labor safety and health during new employee orientation. 43 courses were provided in 2015. The Company has Health Management Center to provide medical and healthcare related consultation and assistance and host health and work safety training programs. 17 such programs were provided in 2015.	
(4) Does the Company establish regular communication mechanisms for employees, and inform employees of the operation changes that may have significant impact on employees in a reasonable way?	✓		(4) The Company regularly holds various communication meetings with employees to convey the Company's policies and information.	
(5) Has the Company established an effective competency development career training program for employees?	✓		(5) The Company's Career Development unit is tasked with the planning and implementation of the Career Development Program.	
(6) Has the Company set up consumer protection policies and reporting procedures regarding R&D, procurement,	✓		(6) The Company follows the regulations on limited use/prohibited use of hazardous substance and conflict minerals in an all-round way, to	

Items	Implementation Status			Difference from the *Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies* and reasons
	Yes	No	Descriptions	
production, operation and service processes? (7) Is the company in compliance with relevant laws and regulations as well as international standards when it comes to marketing and labeling of products and services? (8) Does the Company assess the past records of supplier's in terms of its impact on the environment or society before the signing the contract. (9) Does the Company, in its contract with its major suppliers, include clause such as that the Company may terminate the contract any time when the supplier is found violate its social respoinsibilities, and when such violation has significant impact on the environment and society.	 ✓ ✓ ✓		provides the related information to customers and to handle abnormal events reported. (7) The Company complies with applicable regulations and international standards for the regulation of commercial activity and integrity management. (8) The Company evaluates the environmental and social impact when certificating a new supplier. The evaluation items include: employees' rights, health and safety, and environmental impact. (9) The Company requests suppliers to sign "purchase contract," which includes the policy of corporate social responsibility: Suppliers ensure compliance with ISO14001 and OHSAS18001 in social responsibility, environmental responsibility and occupational health and safety requirements. In the meantime, ensuring compliance with "Foxconn Supplier Social and Environmental Codes of Conduct," as well as the Electronics Industry Code of Conduct (EICC). If the supplier violates the above requirements, the Company has the right to terminate such contract or purchase order, and the supplier is responsible for the Company's damages.	
4. Enhanced information disclosure Does the Company disclose relevant critical and reliable information on corporate social responsibilities on its website and MOPS?	✓		As an EICC member, the Company is dedicated to promoting social and environmental responsibilities (hereinafter referred to as SER), and develops "Foxconn Global Codes of Conduct: Social and Environmental Responsibilities" and sets up a CSR section on its website.	No difference
5. If the Company makes its own corporate social responsibilities principles according to the *Rules* of *Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies*, please state the differences: No difference				

Items	Implementation Status			Difference from the *Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies* and reasons
	Yes	No	Descriptions	

6. Other important information that helps understand the operation situation in terms of the corporate social responsibities:
    (1) Adopted new processing system to enhance the capacity to recover wastes and sewage. The new system has been installed and put into operation in some areas in the plant.
    (2) Based on the respect to employees, the Company emphasizes that it does not hire child labor, does not force employees to work overtime. Managers are prohibited to discriminate or harass against employees. All these measures are all announce officially.
    (3) The company has Saftey and Health Department, examining the facilities, providing training to employees on industrial safety and health and conduct performance review on a regular basis.
    (4) The company has a supplier management department, providing audit and trainings on corporate social responsibilities to suppliers.
    (5) The Company participate in the events relating to development of society, charity groups and domestic governments via donations:
        a. Donated NT$11,608,454 to the Hope Elementary School.
        b. Donated NT$2,500,000 to the National Tsing Hua University Scholarship.
        c. Donated NT$1,997,500 to the National Kaohsiung Application Scholarship.
        d. Donated NT$40,000 to the National Penghu University of Science and Technology Scholarship.
        e. Donated NT$25,000,000 to Syntrend Incubator Foundation.
        f. Donated NT$10,000,000 to the Meimen Culture Foundation.
        g. Donated NT$3,000,000 to Fulin Foundation.
        h. Donated NT$200,000 to Huaju Foundation.
        i. Donated NT$100,000,000 as disaster relief fund for the 0206 earthquake.
        j. Donated NT$6,000,000 to Kaohsiung City Table Tennis Association - Player Training Program.
        k. Donated NT$3,000,000 to the Kwoh-Ting Li Cross-strait Economic and Technological Exchanges.
        l. Donated NT$1,000,000 to the Kaohsiung City Autism Acceptance Society.
        m. Donated highly water-proof and ventilated rain gears valued at NT$952,381.
        n. Sponsored NT$200,000 for 2016 Global Initiatives Symposium in Taiwan Conference.
        o. Donated NT$10,000 to Corporate Assoication of Tucheng Dist., New Taipei City.
        p. Sponsored NT$1,000,000 for Taiwan Orbis' volunteer medical consultation.
        q. Held five joint events with Taipei Blood Donation Center with participants totaling 808.

8. A clear statement shall be made if the corporate social responsibilities report of the Company passed the inspection of relevant certification agencies:
   The Company will submit its annual report on corporate social responsibilities to obtain the Bureau Veritas Certification AA1000 certificate.

(7) Status of Implementation of Integrity Operation

Items	Implementation Status			Difference from the *Integrity Operation Practice Principles for TWSE/GTSM-Listed Companies* and reasons
	Yes	No	Description	
1. Adopt integrity operation policy and scheme (1) Does the Company clarify the integrity operation policy in its regulations and external documents and the commitment of board of directors and managers to active implementation?	✓		(1) The Company is based on principles of legality, fairness, equality, consensus and good faith. These principles of integrity are set down and implemented through the provisions of the Company's "Declaration of Human Resources and Code of Conduct" section of the Employee Handbook.	No difference
(2) Does the Company work out scheme, operation procedures and guidelines of conducts for employee education and training to prevent dishonest behaviors?	✓		(2) The Company is committed to abiding by international and domestic corruption and anti-bribery laws which are described in the corporate social and environmental responsibility code of conduct. The Company has a zero-tolerance policy regarding any activities in violation of the provisions.	
(3) Does the Company adopt preventive measures to bad faith companies with higher risks of its business activities described in article 7 item 2 of the "Integrity Operation Practice Principles for TWSE/GTSM-Listed Companies"?	✓		(3) The Company has established an effective internal control system and carries out education and training for all employees on CoC every year regularly. For its new employees, trainings on personnel regulations, management system, business ethnics and morals are provided to clearly state their due rights and obligations.	
2. Implementing integrity management. (1) Does the Company assess the integrity record of its business partners and set faithful conduct policies in the terms and conditions of its contracts?	✓		(1) The Company asks its suppliers, manufacturers and customers to sign "Partner Commitment" and strictly implement high-standard anti-corruption policies as the premise for cooperation.	No difference
(2) Has the Company set up exclusively (or concurrently) dedicated units to be in charge of corporate integrity operation which report to and are supervised by the Board of Directors?	✓		(2) The Company has set up a "Compensation Committee" and "Internal Audit Division" supervised by BOD. Both units work with Finance, Accounting and Legal Division to advocate for honesty and investigate corruption matters, reporting to the Board of Directors regularly.	
(3) Does the Company work out policies to prevent conflicts of interest and provide proper statement channels?	✓		(3) The Company developed the codes of conduct standards on corporate social and environmental responsibilities, and published the "The Group's Anti-Corruption Code of Conduct" which clearly defines integrity management, information disclosure, unfair income, fair trade, identity confidential and anonymous complaints principles.	
(4) Has the Company established an effective accounting system, internal control system and audit by internal auditors or CPAs to put integrity operation into practice?	✓		(4) The Company has an internal control system, the internal audit unit regularly assess risk, develops audit plans, executes investigations and reports to Board of Directors	
(5) Does the Company organize internal or external trainings in the integrity of	✓		(5) All employees need to attend at least two hours per year of CSR Code of	

Items	Implementation Status			Difference from the *Integrity Operation Practice Principles for TWSE/GTSM-Listed Companies* and reasons
	Yes	No	Description	
business management regularly?			Conduct training; holding the suppliers conference and performing occasional supplier SER audits each year, communicate to the supply chain partners of which the Company requirements.	
3. Report System operating status (1) Has the company set specific report and reward system to facilitate the report cannel and assign appropriate specialist accepting to spot the reported object? (2) Has the company set the standard operating procedures and related non-disclosure mechanisms to investigate reported matters? (3) Has the Company set measures to protect whistleblowers do not suffer for which he or she reported?	✓ ✓ ✓		(1) There is an item regarding reporting system in the Company's Integrity Operation Rules. A reporting channel is provided on its official website as well. Information such as reporting procedure, feedback of the issues can also be found there. (2) The Company has set up the dedicate groups for acceptance and investigation of misconducts, which will perform in accordance with the principle of confidentiality and standard investigation procedures. (3) The Company clearly defined in corporate social responsibility codes of conduct which will protect both identity and anonymous reports for suppliers and employees to ensure the identity of the confidential informant.	No difference
4. Enhance information disclosure Does the company disclose the information of implementation and results of integrity management on its website and the MOPS?	✓		The Company has established *Integrity Operation Rules*, and discloses the implementation results on SER annual report. The content of the *Integrity Operation Rules* and the implementation results are disclosed on company official website and the MOPS.	No difference
5. If the company develops its own integrity operation rules according to the *Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies*, please state the differences: No difference.				
6. Other important information for better understanding of the integrity operation (such as review and revision of the regulations on integrity operation) (1)The Company strictly abides by the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, publicly traded relevant rules and other relevant laws and regulations of business conduct as the basis for the implementation of the integrity management. (2)Please refer to the Company's official website http://www.foxconn.com for the *Integrity Operation Rules* and *Annual Report on Corporate Social and Environmental Responsibilities*.				

(8) Other Company-established corporate governance rules and regulations

Please refer to the Company's website for the company's Corporate Governance Principles.

(9) Other Important Corporate Governance Information

There is a "Social Responsibilities of the Company" link (http://ser.foxconn.com/) on the Company's website. It includes the "Corporate Social Responsibility Code of Conduct," annual report of "Performance of Social Responsibilities" and "Status of Implementation of Integrity Management" report.

(10) Status of Implementation of Internal Control System

(a) Statement of internal control system

Hon Hai Precision Industry Co., Ltd.

Statement of Internal Controls

Date: 3/31/2017

According to the examination on internal control system done by the Company itself in 2016, we hereby states as follows:

(1) The Company's Board of Directors and management team understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: (a) The effectiveness and efficiency of business operation (including earnings, operation performance and the safeguard of company assets); (b) Achieve the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.

(2) Due to the innate limitation in designing a faultless internal control system, this system can only assure the reasonableness of the above three objectives have been fairly achieved. In addition, the effectiveness of internal control system could alter over time due to the change of business environment or situation. Since the Company's internal control system has included self-examination capability, the Company will make immediate corrections when errors are detected.

(3) The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.

(4) The Company has examined the effectiveness of each respected area in the internal control system based on the Guidelines.

(5) The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2016 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of the financial and related reports; (c) The compliance of the relevant laws/regulations and company policies

(6) This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the Taiwan's Security and Exchange Act.

(7) The Company hereby declares that this statement had been approved by the Board of Directors on March 31, 2017. Among the 6 attending Directors, no one raised any objection to the contents of this statement.

Hon Hai Precision Industry Co., Ltd.

Chairman: Gou, Tai-ming [signature and seal]

President: Gou, Tai-ming [signature and seal]

(b) The Company is required by the Security and Futures Bureau to hire an accountant to audit the Company's internal control system and disclose the audit report made by accountants:
None.

(11) Lawful punishment inflicted on the Company, and/or disciplinary action taken by the Company against its employees for violating internal regulations in the latest year and up to the printing date of this Annual Report); important errors committed; and correction and improvement procedures: None.

None.

(12) Important resolutions made by the Shareholders' Meeting and Board of Directors by the end of 2016 and the printing date of the annual report

(a) The resolutions approved by the entire attending shareholders at the regular shareholders' meeting on June 22, 2016 and its implementation

Resolutions	Implementation
Approved amendent to procedures	Approved by Ministry of Economic Affairs for regrastration on July 19, 2016
Approved Business Report and Financial Statements of 2015	-
Approved Earnings Distribution Plan of 2015	Shareholder's stock dividend: NT$1 per share. Listed on Nov. 22, 2016. Shareholder's cash dividend: NT$4 per share. Distributed on Oct. 7, 2016.
Approved to the Proposal of the Issuance of New Common Shares for Capital Increase by Retained Earnings	Surplus to capital increase via new stock issuance of 1,690,450,034 shares (including employee bonus to capital increase of 126,621,211 shares). The distribution base date was set on September 10, 2016, the shareholder stock dividend was listed on November 22, 2016, and the employee bonus was listed on December 1, 2016.
Approved the amendments to the Company's "Procedures for Acquisition or Disposal of Assets."	Has been implemented in accordance with the amendments.
Approved the amendments to the Company's "Procedures for Lending Funds to Others."	Has been implemented in accordance with the amendments.
Approved the amendments to the Company's "Procedures for Endorsements & Guarantees."	Has been implemented in accordance with the amendments.
Approved the amendments to the Company's "Operational Procedures for Derivative Trading."	Has been implemented in accordance with the amendments.
Approved he amendments to the Company's "Regulations Governing the Election of Directors."	Subsequent matters shall be handled according to the amended regulations.
Election of Directors	Elected 9 Directors (including Independent Directors): Tai-ming Gou, Fang-ming Lu (representative of Hon Jin International Investment Co., Ltd.), Jeng-wu Tai (representative of Hon Chiao International Investment Co., Ltd.), Jen-gwo Chen (representativ of Hon Chiao International Investment Co., Ltd.), Qing-yuan Huang, Hsueh-jen Sung, Chi-shean Chan, Kai-fu Lee and Li-chen Fu with 3-year term from July 1, 2016 to Jun 30, 2019.

<table>
<tr>
<td>Approved lifting of non-competition restrictions for Directors</td>
<td>Lifted non-competition restrictions for the following Directors based on the resolution of the Shareholders’ Meeting:
<table>
<tr><td>Director</td><td>Concurrent positions and company names</td></tr>
<tr><td>Hon Jin International Investment Co., Ltd. Representative: Lu, Fang-ming</td><td>Chairman of Asia Pacific Telecom</td></tr>
<tr><td>Hon Chiao International Investment Co., Ltd</td><td>Director of Pan-International Electronics</td></tr>
<tr><td>Hon Chiao International Investment Co., Ltd Representative: Tai, Jeng-wu</td><td>Chairman of Eson Precision Engineering
Chairman of Xinxi Technology</td></tr>
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(b) Important resolutions of the Board of Directors from 2016 to April 30, 2017

(1) March 30, 2016

Resolutions include: The Company and its Caymanian subsidiary Foxconn (Far East) Limited signed trading contract with Sharp Corporation to acquire the newly issued common shares and preferred shares of Sharp; the amendments to the Articles of Incorporation; the draft of 2015 employee compensation distribution plan; the rectification of 2015 Business Report and Financial Report; the proposal of the election of directors; the proposal to lift the noncompetition restrictions to directors; to set the date and subjects for the 2016 regular shareholders’ meeting; to approve shareholders’ proposals and director nominees; the approval of shareholder proposals and proposal of the director nomination candidate list; the cancellation of the issuance of the 1st overseas unsecured convertible corporate bond in 2015; provision of the enforcement for the Company’s overseas subsidiary Falcon Precision Trading Limited for the application of short-term working capital lines of RMB400 million (or the equivalent of USD) from Mega International Commercial Bank; to provide the enforcement for the companies overseas subsidiary Competition Team Technologies Limited, Falcon Precision Trading Limited and Best Leap Enterprises Limited for the renewal of the shared short-term credit lines; the capital increase to British Cayman Island subsidiary Foxconn (Far East) Limited; the capital increase to British Virgin Island subsidiary Foxconn Holding Limited; the indirect capital increase in Hongfujin Precision Electronics (Zhengzhou) Co., Ltd.; the indirect investment to set Lankao Yuzhan Precision Technology Co., Ltd.; the indirect investment to set Lankao Yude Packaging Technology Co., Ltd.; the indirect capital increase in Hong Fu Zhun Precision Industry (Shenzhen) Co., Ltd.; the indirect capital increase in Anhui Hongqing Precision Machine Co., Ltd.; the indirect capital increase in Fushirui Precision Industry (Jincheng) Co., Ltd.; the indirect investment in

Henan Yuzhan Precision Technology Co., Ltd.; the indirect capital increase in Yantai Fuhuada Precision Electronics Co., Ltd.; the indirect capital increase in Hongfutai Precision Electrons (Yantai) Co., Ltd.; the indirect capital increase in Shenzhen Fujun Material Science Co., Ltd.; the indirect acquisiation of the equity of Yantai efeihu Information Technology Co., Ltd.; the indirect capital increase in Shenzhen Nano Photoelectric Co., Ltd.; the indirect acquisition and capital increase of NxEra Information Technology (Shenzhen) Co., Ltd.; the approval of the Internal Control Statement for 2015; to establish the Plan to Improve the Internal Ability to Prepare Financial Report; the ratification of 2015 year-end bonus and performance bonus distribution to managers; the rectification of the acquisition of equipment.

(2) May 12, 2016

Proposal of the 2015 earnings distribution; submission of the surplus to capital increase new share issuance for discussion by the shareholders' meeting; amendment of the "Acquisition or Disposal of Asset Processing Procedures;" amendment of the "Operating Procedures for Funds Loaned to Others;" amendment of the "Endorsement Operation Procedures;" amendment of the "Derivative Commodity Trade Handling Procedures;" amendment of the "Director Election Method;" amendment of the "Rules of Procedure for Board of Directors;" amendment of the "Salary Remuneration Committee Organizational Rules;" review of the director candidate list; review of the independent director candidate list; lifted the noncompetition restrictions for directors; establishment of the Audit Committee organization procedures, issued domestic unsecured ordinary corporate bonds to raise mid- and long-term funds; applied the relevant credit lines from financial institutions to facilitate operation turnaround and benefit the exchange rate risk management needs; signature of a contract to provide endorsement guarantee for the short-term credit needs of overseas subsidiary Fusing International Inc.; China investment business Kangzhun Electronic Technology (Kunshan) Co., Ltd. absorbed and merged with Qunkang Electronic (Kunshan) Co., Ltd.; direct investment and establishment of Golden Tigar Precision (Huai'an) Co., Ltd.; indirect capital increase for Kunshan NanoPlus Tech; regular assessment of the CPA independence status; and the rectification of the acquisition of equipment.

(3) June 30, 2016

Election of Chairman of the Board and appointment of Remuneration Committee members.

(4) August 11, 2016

Proposal of the ex-right record date for the 2015 Surplus to capital increase initial public offering; proposal of the 2015 cash dividend ex-dividend date and issuance date; issued short-term warranty for commercial promissory notes for operational turnover needs; issued an financial product trading quote application to a financial institution due to working capital turnover, investment project funds dispatch, and financial risk management needs; signed a contract to provide endorsement for 3-year JPY10 billion bank loan for the overseas subsidiary Foxconn (Far East) Limited; participated in the capital increase for Syntrend; indirect investment in the establishment of

Qifaguang Technology (Shenzhen) Co., Ltd.; indirect investment in Hongfusheng Precision Electronics (Zhengzhou) Co., Ltd.; assessment of the independence status of the CPA and review of the service fees; the rectification of the acquisition of equipment; and amendment of the "Remuneration Payment Method for Managers."

(5) November 11 , 2016

Issuance of short-term warranty for commercial promissory notes due to the working capital turnover needs; applied the relevant credit lines from financial institutions to facilitate operation turnaround and benefit the exchange rate risk management needs; singed a contract to increase funding for British Virgin Islands subsidiary Foxconn Holding Limited; capital increase for Singapore subsidiary Foxconn Singapore Pte. Ltd.; indirect capital increase for Lankao Yuzhan Precision Technology Co., Ltd.; indirect investment in Lankao Yude Packaging Technology Co., Ltd.; indirect investment in Fuyang New Energy Technology (Nanyang) Co., Ltd.; indirect investment in Beijing Small Hole Technology Co., Ltd.; indirect capital increase for Fujinji Network Technology (Henan) Co., Ltd.; indirect capital increase for Shenzhen Fujun Material Science Co., Ltd.; indirect investment and establishment of Tianenshi (Beijing) Trade Co., Ltd.; indirect equity acquisition of Ruizhida Photoelectric (Shenzhen) Co., Ltd.; the finalization of 2017 "Annual Audit Plan;" the amendment of the internal control system; the amendment of the "Code of Practice on Corporate Governance Practices;" the amendment of the "Code of Practice on Corporate Social Responsibility;" the amendment of the "Code of Management Integrity;" the rectification of the 2015 Manager Staff Remuneration Amount Distribution; and the rectification of the acquisition of equipment.

(6) March 31, 2017

The approval of the 2016 Business Report and Financial Report; the setting of 2017 ordinary shareholders' meeting dates and convening matters; the setting of the shareholder proposal acceptance time; the application of the relevant credit line to financial institutions due to the operational turnover and the exchange rate risk management needs, and sign contracts; the application of the financial product trading quota to financial institutions due to the financial risk management needs, and sign contracts; the adjustment of the company's reinvestment organizational structure due to the tax cost and operational requirement considerations of the Company; the adjustment of the overseas investment structure; the capital increase for British Virgin Islands subsidiary Foxconn Holdings Limited; the capital increase for Singapore subsidiary Foxconn Singapore Pte. Ltd.; indirect investment of Nanjing Hongfuxia Precision Electronics Co., Ltd.; indirect investment and establishment of LiQu Fast Link Information Technology (Shenzhen) Co., Ltd.; indirect capital increase of Zhengyilonghua Special Materials (Shenzhen) Co., Ltd.; indirect investment of Mobike (Beijing) Information Technology Co., Ltd.; indirect investment and establishment of the Kunshan Nanuo Environmental Technology Co., Ltd. recovery; the cancellation of the Neihu branch; the adoption of the 2016 Internal Control Statement; the amendment of the "Acquisition or Disposal of Assets Handling Procedures;" the amendment of the "Application for Suspension and Resumption of Trade Operations;" the adoption of the 2016 Manager Year-end Bonus and Performance Bonus Issuance and Recovery; and the rectification of the acquisition of equipment.

(13) Directors or supervisors have expressed opposition or qualified opinions that have been noted in the record or declared in writing in connection with the important resolutions passed by the Board of Directors in the latest year and up to the printing date of this Annual Report:

None.

(14) During the latest year and up to the printing date this Annual Report, the Company's chairman, general manager, accounting director, financial director, internal auditors, and R&D supervisor had resigned or been dismissed:

Title	Name	Date Assumed	Date Dismissed	Reason for Dismissal
Department General Manager	Zhong, Yi-wen	Jan. 1, 2007	Oct. 14, 2016	Regisned

C. Information on Accountants' Fees

(1) Range of accountants' fee

CPA Firm	Name of accountant		Inspection period	Remarks
PricewaterhouseCoopers Taiwan	Hsu, Yong-jian	Chang, Ming-Hui	2016	-

Range of amount \ Fee items		Audit fee	Non-audit fee	Total
1	Under NT$2 million			
2	NT$2 million (included) ~ NT$4 million			
3	NT$4 million (included) ~ NT$6 million			
4	NT$6 million (included) ~ NT$8 million			
5	NT$8 million (included) ~ NT$10 million			
6	Over NT$10 million (included)	✓	✓	✓

(2) The non-audit fee paid to certified CPA, certified Office of CPA and affiliated companies accounts for over 1/4 to audit fee:

Unit: NT$000

CPA Firm	Name of accountant	Audit fee	Non-audit fee					Inspection period
			System design	Commercial registration	Human resources	Others (Note)	Subtotal	
PricewaterhouseCoopers Taiwan	Hsu, Yong-jian Chang, Ming-hui	23,776	0	90	0	19,390	19,480	2016/1/1 to 2016/12/31

Note: The service content include the pricing transfer service charge of NT$1,500,000; direct deduction method review fee of NT$220,000; the provisional tax review fee of NT$20,000; the main document preparation service fee of NT$1,800,000; the Debt and Asset Valuation Report fee of NT$15,800,000; and the cancelation of employee rights restriction service fee of NT$50,000.

(3) Alter the CPA Firm and the audit fee in altering year is less than that in the previous year: None.

(4) The audit fee is reduced by over 15% compared with the previous year: None.

D. Alternation of CPA

(1) About the Former CPA: None

(2) About successor CPA: None.

(3) Former CPA's reply: Not applicable.

E. The Company’s chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise:

None.

F. Transfer & pledge of stock equity by directors, supervisors, managerial officers and holders of 10% or more of company shares

(1) Changes in Equity

Title	Name	2016		Current year to April 30	
		Shareholding Increase/Decrease	Pledged Shares Increase/Decrease	Shareholding Increase/Decrease	Pledged Shares Increase/Decrease
Chairman	Terry Gou	147,895,286	29,900,000	(500,000,000)	317,300,000
Director	Representative of Hon Jin International Investment Co., Ltd.: Lu, Fang-ming	168,531	0	0	0
Director	Representative of Hon Chiao International Investment Co., Ltd.: Chen, Jen-gwo Mao, Robert	2,413,585	0	0	0
Director	Huang, Qing-yuan	0	0	0	0
Director	Sung, Hsueh-jen	0	0	0	0
Independent Director	Chan, Chi-shean	0	0	0	0
Independent Director	Lee, Kai-fu	0	0	0	0
Independent Director	Fu, Li-chen	0	0	0	0
Department General Manager	Tai, Jeng-wu	1,208,910	0	(70,000)	0
Department General Manager	You, Xiang-fu	4,740,175	0	0	0
Department General Manager	Lu, Fang-ming	938,088	0	(180,000)	6,000,000
Department General Manager	Chien, Yi-bin	(21,353)	0	(72,000)	0
Department General Manager	Xu, Mu-ji	293,771	0	(675,000)	0
Department General Manager	Ling, Zhi-ping	912,541	0	(423,000)	0
Head Office General Manager	Li, Jin-ming	(26,322)	0	0	0

Title	Name	2016		Current year to April 30	
		Shareholding Increase/Decrease	Pledged Shares Increase/Decrease	Shareholding Increase/Decrease	Pledged Shares Increase/Decrease
Financial Director	Huang, De-cai	94,991	0	(18,000)	0
Accounting Director	Chou, Zong-kai	(142,520)	0	0	0

Unit: Share

(2) Information on equity transfer:

The counterparties of equity transfer are not related parties.

(3) Information on equity pledge:

The counterparties of share pledges are not related parties.

G. Information on relationships among the top ten shareholders

Name	Shareholding		Spouse & Minor Minor Shareholding		Shares Held through Other Parties Shares held		Related Party		Remark
	Number	%	Number	%	Number	%	Name	Relation	
Terry Gou	1,621,848,148	9.36%	0	0.00%	0	0.00%	None	None	—
CTBC Hosting Terry Gou Trust Treasury Account	500,000,000	2.89%	0	0.00%	0	0.00%	None	None	—
Citibank Hosting Government of Singapore Investment Account	330,736,047	1.91%	0	0.00%	0	0.00%	None	None	—
Chase Bank Hosting Central Bank of Saudi Arabia Investment Account	316,984,932	1.83%	0	0.00%	0	0.00%	None	None	—
Citibank Hosting Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account	275,253,780	1.59%	0	0.00%	0	0.00%	None	None	—
Standard Chartered Bank Hosting Sanskrit Vanguard Emerging Markets Equity Index Fund Account	241,231,779	1.39%	0	0.00%	0	0.00%	None	None	—
Citibank Hosting Norwegian Central Bank Investment Account	230,511,531	1.33%	0	0.00%	0	0.00%	None	None	—
JPMorgan Hosting STICHTING Depositary APG Investment Account	184,506,856	1.07%	0	0.00%	0	0.00%	None	None	—
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	183,655,652	1.06%	0	0.00%	0	0.00%	None	None	—
Standard Chartered Bank Hosting the Fidelity Puritan Trust: Fidelity Low-Priced Stocks Fund	182,476,140	1.05%	0	0.00%	0	0.00%	None	None	—

H. Combined shareholding percentage

3/31/2017; Unit: 1,000 shares

Shift in investment	Investment by the Company		Investment by directors, supervisors, managers, direct or indirect control groups		Combined investment	
	Shares	%	Shares	%	Shares	%
Foxconn (Far East) Ltd.	7,338,948	100.00%	-	-	7,338,948	100.00%
Sharp Corporation	1,300,000	26.14%	917,804	18.46%	2,217,804	44.60%
Hongyang Venture Capital (Shenzhen) Co., Ltd.	1,099,536	97.95%	22,964	2.05%	1,122,500	100.00%
Baoxin International Investment Co., Ltd.	1,005,100	100.00%	-	-	1,005,100	100.00%
Margini Holdings Ltd.	275,980	100.00%	-	-	275,980	100.00%
Ambit International Ltd.	53,100	100.00%	-	-	53,100	100.00%
Foxconn Holdings B.V. - Netherland	107,723	100.00%	-	-	107,723	100.00%
Foxconn Technology Co., Ltd.	139,726	9.88 %	277,195	19.60%	416,921	29.48%
Foxconn Holding Ltd.	348,085	100.00%	-	-	348,085	100.00%
Hongyuan International Investment Co., Ltd.	307,000	100.00%	-	-	307,000	100.00%
Hongqi International Investment Co., Ltd.	299,100	100.00%	-	-	299,100	100.00%
Foxconn Singapore Pte. Ltd.	99,838	100.00%	-	-	99,838	100.00%
Foxconn SA B.V.	72,163	100.00%	-	-	72,163	100.00%
Pan-International Industrial Corp.	107,776	21.20 %	29,620	5.83%	137,396	27.03%
Liyi International Investment Co., Ltd.	96,900	100.00%	-	-	96,900	100.00%
Syntrend Digital Co., Ltd.	183,646	74.80 %	-	-	183,646	74.80%
Premier Image Technology (HK) Ltd.	1,405	1.63 %	84,753	98.33%	86,158	99.96%
Yangxin Technologies Co., Ltd.	65,811	64.59 %	36,079	35.41%	101,890	100.00%
Asia Pacific Telecom Co.,Ltd.	843,760	19.62 %	3,085	0.07%	846,845	19.69%
Ennoconn	416	0.54%	29,990	39.19%	30,406	39.73%
Jin Ji City Trading Co., Ltd.	20	100.00%	-	-	20	100.00%

Note: Long-term equity investment of the Company calculated according to the equity method

IV. Company Shares and Fund Raising

A. Company capital and shares

(1) Capital and Shares

4/24/2017; Unit: 1,000 shares

Type	**Authorized Capital**			
	Issued Outstanding Shares (Listed Stock)	**Non-issued Shares**	**Options, bonds, warrants, other convertible shares**	**Total**
Registered Common Shares	17,328,738	171,262	500,000	18,000,000

(2) Sources of Capital

Unit: NT$1,000; 1,000 shares

Year/ month	Issue price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital (NT$1,000)	Property other than cash offset by the number of shares	Approval date and document No.
1991/06	10 42	100,000	1,000,000	80,300	803,000	Capital increase 93,000 by earnings Capital increase 90,000 by cash	None	—
1992/07	10	100,000	1,000,000	97,600	976,000	Capital increase 132,850 by earnings Capital increase 40,150 by capital reserve	None	—
1993/08	10	150,000	1,500,000	112,800	1,128,000	Capital increase 103,200 by earnings Capital increase 48,800 by capital reserve	None	—
1994/08	10	150,000	1,500,000	130,300	1,303,000	Capital increase 118,600 by earnings Capital increase 56,400 by capital reserve	None	—
1995/06	10	250,000	2,500,000	187,900	1,879,000	Capital increase 445,700 by earnings Capital increase 130,300 by capital reserve	None	June 19, 1995 (84), TCZ(I) No. 36224
1995/10	48	250,000	2,500,000	227,900	2,279,000	Capital increase 400,000 by cash	None	October 09, 1995 (84), TCZ(I) No. 52879
1996/10	10	450,000	4,500,000	358,000	3,580,000	Capital increase 1,301,000 by earnings	None	July 9, 1996 (85), TCZ(I) No. 41678
1997/09	10	600,000	6,000,000	511,800	5,118,000	Capital increase 1,108,400 by earnings Capital increase 429,600 by capital reserve	None	June 30, 1997 (86), TCZ(I) No. 51749
1998/08	10	1,000,000	10,000,000	734,600	7,346,000	Capital increase 1,818,560 by earnings Capital increase 409,440	None	July 10, 1998 (87), TCZ (I) No. 58651

Year/ month	Issue price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital (NT$1,000)	Property other than cash offset by the number of shares	Approval date and document No.
						by capital reserve		
1999/08	10	1,300,000	13,000,000	1,050,000	10,500,000	Capital increase 3,154,000 by earnings	None	June 30, 1999 (88),TCZ(I) No. 58593
1999/11	220.75	1,300,000	13,000,000	1,100,000	11,000,000	Capital increase 500,000 by cash	None	August 9, 1999 (88),TCZ(I) No. 63098
2000/08	10	2,400,000	24,000,000	1,452,900	14,529,000	Capital increase 3,529,000 by earnings	None	June 22, 2000 (89),TCZ(I) No. 54010
2001/08	10	2,400,000	24,000,000	1,768,780	17,687,800	Capital increase 3,158,800 by earnings	None	June 13, 2001 (90), TCZ(I) No. 137713
2002/08	10	3,000,000	30,000,000	2,064,897	20,648,970	Capital increase 2,961,170 by earnings	None	June 27, 2002 (91), TCZ(I) No. 135225
2003/08	10	3,000,000	30,000,000	2,519,174	25,191,744	Capital increase 4,542,774 by earnings	None	June 12, 2003 (92), TCZ(I) No. 920128415
2004/07	10	3,600,000	36,000,000	2,757,198	27,571,989	Capital increase 2,380,244 by merging	None	January 27, 2004 (93), TCZ(I) No. 920162759
2004/10	10	4,600,000	46,000,000	3,231,023	32,310,231	Capital increase 4,738,011 by earnings; Converse 231 Euro-convertible bond	None	July 21, 2004, JGZYZ No.0930132689
2005/05	10	4,600,000	46,000,000	3,238,718	32,387,189	Converse 76,957 Euro-convertible bond	None	—
2005/08	10	5,300,000	53,000,000	3,284,525	32,845,251	Converse 458,061 Euro-convertible bond	None	—
2005/09	10	5,300,000	53,000,000	4,003,171	40,031,717	Capital increase 7,186,466 by earnings	None	January 29, 2005, JGZYZ No.0940131076
2005/11	10	5,300,000	53,000,000	4,038,323	40,383,231	Converse 351,514 Euro-convertible bond	None	—
2006/04	10	5,300,000	53,000,000	4,099,953	40,999,534	Converse 616,303 Euro-convertible bond	None	—
2006/09	10	5,700,000	57,000,000	4,989,944	49,899,441	Capital increase 8,899,907 by earnings	None	July 11, 2006, JGZYZ No.0950129699
2007/03	10	5,700,000	57,000,000	5,168,139	51,681,388	Capital increase 1,781,947 by merging	None	October 19, 2006, JGZYZ No.0950147071
2007/09	10	7,000,000	70,000,000	6,290,767	62,907,665	Capital increase 11,226,277 by earnings	None	July 09, 2007, JGZYZ No.0960035148
2008/10	10	8,120,000	81,200,000	7,414,623	74,146,235	Capital increase 11,238,569 by earnings	None	June 30, 2008, JGZYZ No.0970032402
2009/06	10	9,300,000	93,000,000	8,578,932	85,789,319	Capital increase 11,643,084 by earnings	None	April 28, 2009, JGZYZ No.0980017596
2010/09	10	10,820,000	108,200,000	9,661,248	96,612,482	Capital increase 10,823,163 by earnings	None	July 01, 2010, JGZFZ No.0990034120
2011/08	10	12,230,000	122,300,000	10,689,097	106,890,967	Capital increase 10,278,485 by earnings	None	June 20, 2011, JGZFZ No.1000028108
2012/09	10	12,230,000	122,230,000	11,835,867	118,358,665	Capital increase 11,467,698 by earnings	None	July 5, 2012 JGZFZ No. 1010029788
2013/10	10	18,000,000	180,000,000	13,128,707	131,287,068	Capital increase 12,928,403 by earnings	None	July 29, 2013 JGZFZ No. 1020029486
2014/10	10	18,000,000	180,000,000	14,793,407	147,934,069	Capital increase 16,647,001 by earnings	None	July 17, 2014 JGZFZ No. 1030027390
2015/06	10	18,000,000	180,000,000	15,148,407	151,484,069	Issuance 3,550,000 of new shares that restrict	None	June 13, 2014 JGZFZ No.

Year/ month	Issue price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital (NT$1,000)	Property other than cash offset by the number of shares	Approval date and document No.
						employees' rights		1030022403
2015/10	10	18,000,000	180,000,000	15,993,288	159,932,881	Capital increase 8,448,8143 by earnings	None	July 24, 2015 JGZFZ No.1040028126
2015/12	10	18,000,000	180,000,000	15,638,288	156,382,881	Cancellation of 3,550,000 new shares that restrict employees' rights	None	—
2016/12	10	18,000,000	180,000,000	17,328,738	17,328,738	Capital increase 16,940,500 by earnings	None	Effective July 27, 2016

(3) Information on shelf registration system:

None.

(4) Shareholder Structure

4/24/2017

Shareholder Structure / Quantity	Governments	Financial institutions	Other institutions	Foreign institutions & individuals	Individuals	Total
Members	7	258	1,140	3,159	627,285	631,849
Total shares held	465,303,283	778,171,088	1,059,549,098	9,199,986,321	5,825,728,472	17,328,738,262
Shareholdings (%)	2.69 %	4.49 %	6.11 %	53.09 %	33.62 %	100.00%

(5) Distribution of Shares

(a) Distribution of common shares

4/24/2017

Shares	No. of Shareholders	Total Shares Held	Shareholdings (%)
1 to 999	172,320	51,541,240	0.30%
1,000 to 5,000	295,166	674,374,545	3.89%
5,001 to 10,000	80,287	563,781,068	3.25%
10,001 to 15,000	32,207	390,005,266	2.25%
15,001 to 20,000	15,056	260,929,982	1.51%
20,001 to 30,000	14,575	353,731,496	2.04%
30,001 to 40,000	6,687	230,781,336	1.33%
40,001 to 50,000	3,620	162,125,926	0.94%
50,001 to 100,000	6,534	445,679,032	2.57%
100,001 to 200,000	2,615	356,635,097	2.06%
200,001 to 400,000	1,050	288,114,649	1.66%
400,001 to 600,000	355	172,572,519	1.00%
600,001 to 800,000	235	162,313,078	0.94%
800,001 to 1,000,000	151	133,384,920	0.77%
Above 1,000,001	991	13,082,768,108	75.49%
Total	631,849	17,328,738,262	100.00%

(b) Diversification of preferred stocks:

The Company does not issue preferred stocks.

(6) List of major shareholders

4/24/2017

Shares / Name of Major Shareholders	Shares Held	Shareholdings (%)
Terry Gou	1,621,848,148	9.36%
CTBC Hosting Terry Gou Trust Treasury Account	500,000,000	2.89%
Citibank Hosting Government of Singapore Investment Account	330,736,047	1.91%
Chase Bank Hosting Central Bank of Saudi Arabia Investment Account	316,984,932	1.83%
Citibank Hosting Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account	275,253,780	1.59%
Standard Chartered Bank Hosting Sanskrit Vanguard Emerging Markets Equity Index Fund Account	241,213,779	1.39%
Citibank Hosting Norwegian Central Bank Investment Account	230,511,531	1.33%
JPMorgan Hosting STICHTING Depositary APG Investment Account	184,506,856	1.07%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	183,655,652	1.06%
Standard Chartered Bank Hosting the Fidelity Puritan Trust: Fidelity Low-Priced Stocks Fund	182,476,140	1.05%

(7) Information on Market Price, Book Value, Earnings Per Share and Dividends

Item		Year	2015	2016	Current year to March 31, 2017
Market Price Per Share (Note 1)	Highest	Before adjustment	99.70	90.10	91.80
		After adjustment	91.33	78.27	
	Lowest	Before adjustment	77.90	72.50	83.20
		After adjustment	70.57	62.27	
	Average		89.07	81.29	88.18
Equity Per Share	Before distribution		64.43	62.25	62.18
	After distribution		54.54	—	—
Earnings per share (Note 2)	Weighted average shares (1,000 shares)		17,200,263	17,295,748	17,326,884
	Earnings per share (NT$)	Before adjustment	9.42	8.60	1.63
		After adjustment	8.54	—	—
Dividends per share (Note 3)	Cash dividend		4.00	4.50	—
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	1.00	—	—
		Stock Dividends Appropriated from Capital Reserve	None	None	—
	Accumulated Unappropriated Dividends		None	None	—
Investment return analyses	P/E ratio		9.46	9.45	—
	Price-dividend ratio		22.27	18.06	—
	Cash dividend yield		4.49%	5.54%	—

Note 1: The market price per share shall be adjusted by stock dividends.
Note 2: The earnings per share shall be adjusted by stock dividends.
Note 3: 2016 dividends have not yet been approved by the AGM.

(8) Dividend Policy and Execution Status

(a) Dividend policy

The Company is in a growth stage. Therefore, the Company's dividend distribution policy is subject to the Company's current and future investment environment, capital requirements, domestic and foreign competition, capital budgets and other factors, taking into account the interests of shareholders and long-term financial planning considerations, stock dividends on the accumulated allocable earnings should not be less than 15% of the accumulated allocable earnings and cash dividends of not less than 10%.

(b) Distribution of stock dividends at this Shareholders' Meeting:

The Company plans to distribute dividends of NT$77,979,322,179 to shareholders from the distributable surplus of 2016, and to distribute the cash dividend of NT$4.50 per share. The Board of Directors will authorize the Chairman to determine the ex-dividend date, issuance date and other relevant matters after the resolution is approved by the Shareholders' Meeting.

(9) Impact of planned issuance of bonus shares on the Company's business performance and earnings per share:

N/A.

(10) Remuneration to employees, Directors and Supervisors:

(a) Information on remuneration to employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation:

According the Articles of Incorporation adopted by the Board, 5-7% of the company profit (Surplus refers to profit before tax deducted appropriated employee compensation) is to set aside for employee remuneration.

(b) The estimation basis of the remuneration amount to employees, directors, and supervisors for the current period; the estimation basis of the number of shares of stock dividend to employees; and the the accounting treatment of the discrepancy, if any, between the actual distributed amount of employees' stock bonus and estimated figure thereof:

(1) On May 11, 2017, the Board of Directors approved the Company to set aside 6% of earnings as cash dividend for 2016 employees compensation.

(2) Where there is discrepancy between the actually distributed and the estimated amount, it shall be treated in accordance with the estimated.

(c) Information on the amount of compensation for distribution and the calculation of earnings per share as approved by the Board of Directors are as follows:

(1) The cash dividend distributed to employee shall be NT$10,497,750,459, and to directors NT$0.

(2) The employee stock dividend shall be NT$0, which accounts for 0% of the total of the after-tax net profit and the employee compensation of the individual or separate financial report for the current period.

(3) In the case of any differences between the actual distributed and recognized number, please state the difference, reasons and response:

The Company's actually distributed number does not differ from the recognized one.

(d) Actual distribution remuneration of employees, directors, and supervisors in the previous year:

(1) Actual distribution:

Unit: NT$

Employee dividends			Remuneration to Directors and Supervisors
Employee Stock Dividends: Amount	Employee Stock Dividends: Number of Shares	Employee Cash Dividends	
10,598,195,361	126,621,211	28	0

Note: Calculated based on the close price of NT$83.7 as of March 29, 2016.

(2) In the case of any differences between the actual distributed and recognized number, please state the difference, reasons and response:

The Company's actually distributed number does not differ from the recognized one.

(11) Share repurchases:

None.

B. Section on Corporate Bonds

(1) Corporate Bonds

Unit: NT$000

Corporate Bond Type	The 2nd Tranche of Unsecured Ordinary Corporate Bonds, 2011		The 2rd Tranche of Unsecured Ordinary Corporate Bonds, 2012	The 4th Tranche of Unsecured Ordinary Corporate Bonds, 2012
	Coupon B	Coupon C		
Issuing (handling) date	Jun 14, 2011	Jun 14, 2011	May 23, 2011	Oct.11, 2012
Denomination	1,000	1,000	1,000	1,000
Issuing and transaction location	GreTai Securities Market (OTC)		GreTai Securities Market (OTC)	GreTai Securities Market (OTC)
Issue price	Issue by denomination		Issue by denomination	Issue by denomination
Total amount	2,650,000	1,400,000	6,000,000	3,300,000
Interest rate	1.66%	1.82%	1.43%	1.35%
Term	7 years Expiry date: Jun 14, 2018	10 years Expiry date: Jun 14, 2021	5 years Expiry date: May 23, 2017	5 years Expiry date: Oct 11, 2017
Guarantee Agency	None		None	None
Consignee	Bank SinoPac Company Limited		Bank SinoPac Company Limited	Bank SinoPac Company Limited
Underwriting institution	None		None	None
Certified lawyer	None		None	None
CPA	None		None	None
Repayment method	Repayment in lump sum upon maturity		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal	2,650,000	1,400,000	6,000,000	3,300,000
Terms of redemption or advance repayment	None		None	None
Restrictive clause	None		None	None
Name of credit rating agency Rating date Rating of corporate bonds	Rating agency: China Credit Rating Co., Ltd. Rating date: May 19, 2011 Rating result: twAA+		Rating agency: China Credit Rating Co., Ltd. Rating date: Apr 24, 2012 Rating result: twAA+	Rating agency: China Credit Rating Co., Ltd. Rating date: Sep 12, 2012 Rating result: twAA+
Other rights attached: As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted	N/A		N/A	N/A
Other rights attached: Issuance and conversion (exchange or subscription) method	None		None	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders'equity	None		None	None
Transfer Agent	None		None	None

Unit: NT$000

<table>
<tr><td colspan="2" rowspan="2">Corporate Bond Type</td><td colspan="2">The 1st Tranche of Unsecured Ordinary Corporate Bonds, 2013</td><td colspan="2">The 3rd Tranche of Unsecured Ordinary Corporate Bonds, 2013</td></tr>
<tr><td>Coupon A</td><td>Coupon B</td><td>Coupon B</td><td>Coupon C</td></tr>
<tr><td colspan="2">Issuing (handling) date</td><td>Jan 30, 2013</td><td>Jan 30, 2013</td><td>Dec 17, 2013</td><td>Dec 17, 2013</td></tr>
<tr><td colspan="2">Denomination</td><td>1,000</td><td>1,000</td><td>1,000</td><td>1,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td colspan="2">GreTai Securities Market (OTC)</td><td colspan="2">GreTai Securities Market (OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td>Issue by denomination</td><td>Issue by denomination</td><td colspan="2">Issue by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>7,450,000</td><td>3,600,000</td><td>800,000</td><td>2,200,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>1.33%</td><td>1.45%</td><td>1.50%</td><td>1.85%</td></tr>
<tr><td colspan="2">Term</td><td>5 years
Expiry date: Jan 30, 2018</td><td>7 years
Expiry date: Jan 30, 2020</td><td>5 years
Expiry date: Dec 17, 2018</td><td>7 years
Expiry date: Dec 17, 2020</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Consignee</td><td colspan="2">Bank SinoPac Company Limited</td><td colspan="2">Bank SinoPac Company Limited</td></tr>
<tr><td colspan="2">Underwriting institution</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Certified lawyer</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">CPA</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Repayment method</td><td colspan="2">Repayment in lump sum upon maturity</td><td colspan="2">Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>7,450,000</td><td>3,600,000</td><td>800,000</td><td>2,200,000</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Name of credit rating agency:
Rating date:
Rating of corporate bonds:</td><td colspan="2">Rating agency:
China Credit Rating Co., Ltd.
Rating date: Dec 20,2012
Rating result: twAA+</td><td colspan="2">None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted</td><td colspan="2">N/A</td><td colspan="2">N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’equity</td><td colspan="2">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Transfer Agent</td><td colspan="2">None</td><td colspan="2">None</td></tr>
</table>

Unit: NT$000

<table>
<tr><td colspan="2" rowspan="2">Corporate Bond Type</td><td colspan="3">The 1st Tranche of Unsecured Ordinary Corporate Bonds, 2014</td></tr>
<tr><td>Coupon B</td><td>Coupon C</td><td>Coupon D</td></tr>
<tr><td colspan="2">Issuing (handling) date</td><td>Mar 18, 2014</td><td>Mar 18, 2014</td><td>Mar 18, 2014</td></tr>
<tr><td colspan="2">Denomination</td><td colspan="3">1,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td colspan="3">GreTai Securities Market (OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td colspan="3">Issue by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>1,100,000</td><td>350,000</td><td>2,500,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>1.40%</td><td>1.75%</td><td>2.0%</td></tr>
<tr><td colspan="2">Term</td><td>5 years
Expiry date: Mar 18, 2019</td><td>7 years
Expiry date: Mar 18, 2021</td><td>10 years
Expiry date: Mar 18, 2024</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Consignee</td><td colspan="3">Bank SinoPac Company Limited</td></tr>
<tr><td colspan="2">Underwriting institution</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Certified lawyer</td><td colspan="3">None</td></tr>
<tr><td colspan="2">CPA</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Repayment method</td><td colspan="3">Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>1,100,000</td><td>350,000</td><td>2,500,000</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Name of credit rating agency:
Rating date:
Rating of corporate bonds:</td><td colspan="3">None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted</td><td colspan="3">N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’equity</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Transfer Agent</td><td colspan="3">None</td></tr>
</table>

Unit: NT$000

<table>
<tr><td rowspan="2" colspan="2">Corporate Bond Type</td><td colspan="4">The 2nd Tranche of Unsecured Ordinary Corporate Bonds, 2014</td><td colspan="2">The 3rd Tranche of Unsecured Ordinary Corporate Bonds, 2014</td></tr>
<tr><td>Note A</td><td>Note B</td><td>Note C</td><td>Note D</td><td>Note A</td><td>Note B</td></tr>
<tr><td colspan="2">Issuing (handling) date</td><td>May 21, 2014</td><td>May 21, 2014</td><td>May 21, 2014</td><td>May 21, 2014</td><td>Jul 8, 2014</td><td>Jul 8, 2014</td></tr>
<tr><td colspan="2">Denomination</td><td colspan="4">1,000</td><td colspan="2">1,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td colspan="4">GreTai Securities Market (OTC)</td><td colspan="2">GreTai Securities Market (OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td colspan="4">Issue by denomination</td><td colspan="2">Issue by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>2,850,000</td><td>1,600,000</td><td>3,350,000</td><td>4,200,000</td><td>6,000,000</td><td>6,000,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>1.17%</td><td>1.37%</td><td>1.70%</td><td>1.95%</td><td>1.70%</td><td>1.95%</td></tr>
<tr><td colspan="2">Term</td><td>3 years
Expiry date:
May 21, 2017</td><td>5 years
Expiry date:
May 21, 2019</td><td>7 years
Expiry date:
May 21, 2021</td><td>10 years
Expiry date:
May 21, 2024</td><td>7 years
Expiry date: Jul 8, 2021</td><td>10 years
Expiry date: July 8, 2024</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td colspan="4">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Consignee</td><td colspan="4">Bank SinoPac Company Limited</td><td colspan="2">Bank SinoPac Company Limited</td></tr>
<tr><td colspan="2">Underwriting institution</td><td colspan="4">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Certified lawyer</td><td colspan="4">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">CPA</td><td colspan="4">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Repayment method</td><td colspan="4">Repayment in lump sum upon maturity</td><td colspan="2">Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>2,850,000</td><td>1,600,000</td><td>3,350,000</td><td>4,200,000</td><td>6,000,000</td><td>6,000,000</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td colspan="4">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td colspan="4">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Name of credit rating agency:
Rating date:
Rating of corporate bonds:</td><td colspan="4">None</td><td colspan="2">None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted</td><td colspan="4">N/A</td><td colspan="2">N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td colspan="4">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’equity</td><td colspan="4">None</td><td colspan="2">None</td></tr>
<tr><td colspan="2">Transfer Agent</td><td colspan="4">None</td><td colspan="2">None</td></tr>
</table>

Unit: NT$000

<table>
<tr><td colspan="2" rowspan="2">Corporate Bond Type</td><td colspan="5">The 4th Tranche of Unsecured Ordinary Corporate Bonds, 2014</td></tr>
<tr><td>Note A</td><td>Note B</td><td>Note C</td><td>Note D</td><td>Note E</td></tr>
<tr><td colspan="2">Issuing (handling) date</td><td>Oct 8, 2014</td><td>Oct 8, 2014</td><td>Oct 8, 2014</td><td>Oct 8, 2014</td><td>Oct 8, 2014</td></tr>
<tr><td colspan="2">Denomination</td><td colspan="5">1,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td colspan="5">GreTai Securities Market (OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td colspan="5">Issue by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>2,200,000</td><td>1,400,000</td><td>3,200,000</td><td>2,200,000</td><td>200,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>1.25%</td><td>1.45%</td><td>1.80%</td><td>2.02%</td><td>2.15%</td></tr>
<tr><td colspan="2">Term</td><td>3.5 years
Expiry date:
Apr 8, 2018</td><td>5 years
Expiry date:
Oct 8, 2019</td><td>7 years
Expiry date:
Oct 8, 2021</td><td>10 years
Expiry date:
Oct 8, 2024</td><td>12 years
Expiry date:
Oct 8, 2026</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td colspan="5">None</td></tr>
<tr><td colspan="2">Consignee</td><td colspan="5">Bank SinoPac Company Limited</td></tr>
<tr><td colspan="2">Underwriting institution</td><td colspan="5">None</td></tr>
<tr><td colspan="2">Certified lawyer</td><td colspan="5">None</td></tr>
<tr><td colspan="2">CPA</td><td colspan="5">None</td></tr>
<tr><td colspan="2">Repayment method</td><td colspan="5">Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>2,200,00</td><td>1,400,000</td><td>3,200,000</td><td>2,200,000</td><td>200,000</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td colspan="5">None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td colspan="5">None</td></tr>
<tr><td colspan="2">Name of credit rating agency:
Rating date:
Rating of corporate bonds:</td><td colspan="5">None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted</td><td colspan="5">N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td colspan="5">None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’equity</td><td colspan="5">None</td></tr>
<tr><td colspan="2">Transfer Agent</td><td colspan="5">None</td></tr>
</table>

Unit: NT$000

<table>
<tr><td colspan="2" rowspan="2">Corporate Bond Type</td><td colspan="3">The 5th Tranche of Unsecured Ordinary Corporate Bonds, 2014</td></tr>
<tr><td>Note A</td><td>Note B</td><td>Note C</td></tr>
<tr><td colspan="2">Issuing (handling) date</td><td>Jan 14, 215</td><td>Jan 14, 215</td><td>Jan 14, 215</td></tr>
<tr><td colspan="2">Denomination</td><td colspan="3">1,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td colspan="3">GreTai Securities Market (OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td colspan="3">Issue by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>2,750,000</td><td>1,600,000</td><td>2,800,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>1.23%</td><td>1.45%</td><td>1.80%</td></tr>
<tr><td colspan="2">Term</td><td>3 years
Expiry date: Jan 14, 2018</td><td>5 years
Expiry date: Jan 14, 2020</td><td>7 years
Expiry date: Jan 14, 2022</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Consignee</td><td colspan="3">Bank SinoPac Company Limited</td></tr>
<tr><td colspan="2">Underwriting institution</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Certified lawyer</td><td colspan="3">None</td></tr>
<tr><td colspan="2">CPA</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Repayment method</td><td colspan="3">Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>2,750,000</td><td>1,600,0000</td><td>2,800,000</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Name of credit rating agency:
Rating date:
Rating of corporate bonds:</td><td colspan="3">None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted</td><td colspan="3">N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’equity</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Transfer Agent</td><td colspan="3">None</td></tr>
</table>

Unit: NT$000

Corporate Bond Type	The 1st Tranche of Unsecured Ordinary Corporate Bonds, 2015			
	Note B	Note C	Note D	Note E
Issuing (handling) date	Apr 14, 2O15	Apr 14, 2O15	Apr 14, 2O15	Apr 14, 2O15
Denomination	1,000			
Issuing and transaction location	GreTai Securities Market (OTC)			
Issue price	Issue by denomination			
Total amount	4,150,000	100,000	2,300,000	1,000,000
Interest rate	1.23%	1.34%	1.44%	1.75%
Term	3 years Expiry date: Apr 14, 2018	4 years Expiry date: Apr 14, 2019	5 years Expiry date: Apr 14, 2020	7 years Expiry date: Apr 14, 2022
Guarantee Agency	None			
Consignee	Bank SinoPac Company Limited			
Underwriting institution	None			
Certified lawyer	None			
CPA	None			
Repayment method	Repayment in lump sum upon maturity			
Outstanding principal	4,150,000	100,000	2,300,000	1,000,000
Terms of redemption or advance repayment	None			
Restrictive clause	None			
Name of credit rating agency: Rating date: Rating of corporate bonds:	None			
Other rights attached: As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted	N/A			
Other rights attached: Issuance and conversion (exchange or subscription) method	None			
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	None			
Transfer Agent	None			

Unit: NT$000

<table>
<tr><td colspan="2" rowspan="2">Corporate Bond Type</td><td colspan="7">The 2nd Tranche of Unsecured Ordinary Corporate Bonds, 2015</td></tr>
<tr><td>Note A</td><td>Note B</td><td>Note C</td><td>Note D</td><td>Note E</td><td>Note F</td><td>Note G</td></tr>
<tr><td colspan="2">Issuing (handling) date</td><td>Jun 24, 2015</td><td>Jun 24, 2015</td><td>Jun 24, 2015</td><td>Jun 24, 2015</td><td>Jun 24, 2015</td><td>Jun 24, 2015</td><td>Jun 24, 2015</td></tr>
<tr><td colspan="2">Denomination</td><td colspan="7">1,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td colspan="7">GreTai Securities Market(OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td colspan="7">Issue by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>2,600,000</td><td>600,000</td><td>400,000</td><td>2,200,000</td><td>400,000</td><td>2,300,000</td><td>500,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>1.18%</td><td>1.23%</td><td>1.30%</td><td>1.39%</td><td>1.55%</td><td>1.70%</td><td>1.90%</td></tr>
<tr><td colspan="2">Term</td><td>3 years
Expiry date:
Jun 24, 2018</td><td>3.5 years
Expiry date:
Dec 24, 2018</td><td>4 years
Expiry date:
Jun 24, 2019</td><td>5 years
Expiry date:
Jun 24, 2020</td><td>6 years
Expiry date:
Jun 24, 2021</td><td>7 years
Expiry date:
Jun 24, 2022</td><td>10 years
Expiry date:
Jun 24, 2025</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td colspan="7">None</td></tr>
<tr><td colspan="2">Consignee</td><td colspan="7">Bank SinoPac Company Limited</td></tr>
<tr><td colspan="2">Underwriting institution</td><td colspan="7">None</td></tr>
<tr><td colspan="2">Certified lawyer</td><td colspan="7">None</td></tr>
<tr><td colspan="2">CPA</td><td colspan="7">None</td></tr>
<tr><td colspan="2">Repayment method</td><td colspan="7">Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>2,600,000</td><td>600,000</td><td>400,000</td><td>2,200,000</td><td>400,000</td><td>2,300,000</td><td>500,000</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td colspan="7">None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td colspan="7">None</td></tr>
<tr><td colspan="2">Name of credit rating agency:
Rating date:
Rating of corporate bonds:</td><td colspan="7">None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted</td><td colspan="7">N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td colspan="7">None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’equity</td><td colspan="7">None</td></tr>
<tr><td colspan="2">Transfer Agent</td><td colspan="7">None</td></tr>
</table>

Unit: NT$000

Corporate Bond Type	The 3rd Tranche of Unsecured Ordinary Corporate Bonds, 2015								
		Note A	Note B	Note C	Note D	Note E	Note F	Note G	Note H
Issuing (handling) date		Sep 29, 2015	Sep 29, 2015	Sep 29, 2015	Sep 29, 2015	Sep 29, 2015	Sep 29, 2015	Sep 29, 2015	Sep 29, 2015
Denomination		1,000							
Issuing and transaction location		GreTai Securities Market (OTC)							
Issue price		Issue by denomination							
Total amount		1,400,000	1,800,000	1,100,000	2,800,000	200,000	400,000	1,000,000	300,000
Interest rate		0.95%	1.05%	1.15%	1.25%	1.27%	1.33%	1.45%	2.00%
Term		2 years Expiry date: Sep 29, 2017	3 years Expiry date: Sep 29, 2018	4 years Expiry date: Sep 29, 2019	5 years Expiry date: Sep 29, 2020	5.5 years Expiry date: Mar 29, 2021	6 years Expiry date: Sep 29, 2021	7 years Expiry date: Sep 29, 2022	12 years Expiry date: Sep 29, 2027
Guarantee Agency		None							
Consignee		Bank SinoPac Company Limited							
Underwriting institution		None							
Certified lawyer		None							
CPA		None							
Repayment method		Repayment in lump sum upon maturity							
Outstanding principal		1,400,000	1,800,000	1,100,000	2,800,000	200,000	400,000	1,000,000	300,000
Terms about redemption or advance repayment		None							
Restrictive clause		Non							
Name of credit rating agency: Rating date: Rating of corporate bonds:		Non							
Other rights attached	As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted	N/A							
	Issuance and conversion (exchange or subscription) method	None							
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		Non							
Transfer Agent		Non							

Unit: NT$000

<table>
<tr><td colspan="2" rowspan="2">Corporate Bond Type</td><td colspan="8">The 4th Tranche of Unsecured Ordinary Corporate Bonds, 2015</td></tr>
<tr><td>Note A</td><td>Note B</td><td>Note C</td><td>Note D</td><td>Note E</td><td>Note F</td><td>Note G</td><td>Note H</td></tr>
<tr><td colspan="2">Issuing (handling) date</td><td>Nov 30, 2015</td><td>Nov 30, 2015</td><td>Nov 30, 2015</td><td>Nov 30, 2015</td><td>Nov 30, 2015</td><td>Nov 30, 2015</td><td>Nov 30, 2015</td><td>Nov 30, 2015</td></tr>
<tr><td colspan="2">Denomination</td><td colspan="8">1,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td colspan="8">GreTai Securities Market (OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td colspan="8">Issue by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>1,100,000</td><td>1,500,000</td><td>700,000</td><td>3,900,000</td><td>100,000</td><td>1,400,000</td><td>100,000</td><td>200,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>0.92%</td><td>1.00%</td><td>1.09%</td><td>1.20%</td><td>1.28%</td><td>1.40%</td><td>1.75%</td><td>1.95%</td></tr>
<tr><td colspan="2">Term</td><td>2 years
Expiry date:
Nov 30, 2017</td><td>3 years
Expiry date:
Nov 30, 2018</td><td>4 years
Expiry date:
Nov 30, 2019</td><td>5 years
Expiry date:
Nov 30, 2020</td><td>6 years
Expiry date:
Nov 30, 2021</td><td>7 years
Expiry date:
Nov 30, 2022</td><td>10 years
Expiry date:
Nov 30, 2025</td><td>12 years
Expiry date:
Nov 30, 2027</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td colspan="8">None</td></tr>
<tr><td colspan="2">Consignee</td><td colspan="8">Bank SinoPac Company Limited</td></tr>
<tr><td colspan="2">Underwriting institution</td><td colspan="8">None</td></tr>
<tr><td colspan="2">Certified lawyer</td><td colspan="8">None</td></tr>
<tr><td colspan="2">CPA</td><td colspan="8">None</td></tr>
<tr><td colspan="2">Repayment method</td><td colspan="8">Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>1,100,000</td><td>1,500,000</td><td>700,000</td><td>3,900,000</td><td>100,000</td><td>1,400,000</td><td>100,000</td><td>200,000</td></tr>
<tr><td colspan="2">Terms about redemption or advance repayment</td><td colspan="8">None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td colspan="8">None</td></tr>
<tr><td colspan="2">Name of credit rating agency:
Rating date:
Rating of corporate bonds:</td><td colspan="8">None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted</td><td colspan="8">N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td colspan="8">None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’equity</td><td colspan="8">None</td></tr>
<tr><td colspan="2">Transfer Agent</td><td colspan="8">None</td></tr>
</table>

Unit: NT$000

Corporate Bond Type		The 1st Tranche of Unsecured Ordinary Corporate Bonds, 2016						
		Note A	Note B	Note C	Note D	Note E	Note F	Note G
Issuing (handling) date		Jun 7, 2016	Jun 7, 2016	Jun 7, 2016	Jun 7, 2016	Jun 7, 2016	Jun 7, 2016	Jun 7, 2016
Denomination		1,000						
Issuing and transaction location		GreTai Securities Market (OTC)						
Issue price		Issue by denomination						
Total amount		400,000	1,300,000	300,000	2,100,000	1,300,000	1,800,000	1,800,000
Interest rate		0.60%	0.70%	0.75%	0.80%	0.88%	0.95%	1.20%
Term		2 years Expiry date: Jun 7, 2018	3 years Expiry date: Jun 7, 2019	4.5 years Expiry date: Dec 07, 2020	5 years Expiry date: Jun 7, 2021	6 years Expiry date: Jun 7, 2022	7 years Expiry date: Jun 7, 2023	10years Expiry date: Jun 7, 2026
Guarantee Agency		None						
Consignee		Bank SinoPac Company Limited						
Underwriting institution		None						
Certified lawyer		None						
CPA		None						
Repayment method		Repayment in lump sum upon maturity						
Outstanding principal		400,000	1,300,000	300,000	2,100,000	1,300,000	1,800,000	1,800,000
Terms about redemption or advance repayment		None						
Restrictive clause		None						
Name of credit rating agency: Rating date: Rating of corporate bonds:		None						
Other rights attached	As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted	N/A						
	Issuance and conversion (exchange or subscription) method	None						
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None						
Transfer Agent		None						

Unit: NT$000

<table>
<tr><td colspan="2" rowspan="2">Corporate Bond Type</td><td colspan="6">The 2nd Tranche of Unsecured Ordinary Corporate Bonds, 2016</td></tr>
<tr><td>Note A</td><td>Note B</td><td>Note C</td><td>Note D</td><td>Note E</td><td>Note F</td></tr>
<tr><td colspan="2">Issuing (handling) date</td><td>Aug 8, 2016</td><td>Aug 8, 2016</td><td>Aug 8, 2016</td><td>Aug 8, 2016</td><td>Aug 8, 2016</td><td>Aug 8, 2016</td></tr>
<tr><td colspan="2">Denomination</td><td colspan="6">1,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td colspan="6">GreTai Securities Market (OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td colspan="6">Issue by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>1,500,000</td><td>100,000</td><td>500,000</td><td>2,300,000</td><td>1,700,000</td><td>2,900,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>0.65%</td><td>0.65%</td><td>0.70%</td><td>0.73%</td><td>0.83%</td><td>0.90%</td></tr>
<tr><td colspan="2">Term</td><td>3 years
Expiry date:
Aug 8, 2019</td><td>4 years
Expiry date:
Aug 8, 2020</td><td>4.75 years
Expiry date:
May 8, 2021</td><td>5 years
Expiry date:
Aug 8, 2021</td><td>6 years
Expiry date:
Aug 8, 2022</td><td>7 years
Expiry date:
Aug 8, 2023</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td colspan="6">None</td></tr>
<tr><td colspan="2">Consignee</td><td colspan="6">Bank SinoPac Company Limited</td></tr>
<tr><td colspan="2">Underwriting institution</td><td colspan="6">None</td></tr>
<tr><td colspan="2">Certified lawyer</td><td colspan="6">None</td></tr>
<tr><td colspan="2">CPA</td><td colspan="6">None</td></tr>
<tr><td colspan="2">Repayment method</td><td colspan="6">Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>1,500,000</td><td>100,000</td><td>500,000</td><td>2,300,000</td><td>1,700,000</td><td>2,900,000</td></tr>
<tr><td colspan="2">Terms about redemption or advance repayment</td><td colspan="6">None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td colspan="6">None</td></tr>
<tr><td colspan="2">Name of credit rating agency:
Rating date:
Rating of corporate bonds:</td><td colspan="6">None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted</td><td colspan="6">N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td colspan="6">None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity</td><td colspan="6">None</td></tr>
<tr><td colspan="2">Transfer Agent</td><td colspan="6">None</td></tr>
</table>

Unit: NT$000

<table>
<tr><td colspan="2" rowspan="2">Corporate Bond Type</td><td colspan="3">The 3rd Tranche of Unsecured Ordinary Corporate Bonds, 2016</td></tr>
<tr><td>Note A</td><td>Note B</td><td>Note C</td></tr>
<tr><td colspan="2">Issuing (handling) date</td><td>Nov 7, 2016</td><td>Nov 7, 2016</td><td>Nov 7, 2016</td></tr>
<tr><td colspan="2">Denomination</td><td colspan="3">1,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td colspan="3">GreTai Securities Market (OTC)</td></tr>
<tr><td colspan="2">Issue price</td><td colspan="3">Issue by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>1,200,000</td><td>900,000</td><td>900,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>0.68%</td><td>0.75%</td><td>0.83%</td></tr>
<tr><td colspan="2">Term</td><td>2 years
Expiry date:
Nov 7, 2018</td><td>3 years
Expiry date:
Nov 7, 2019</td><td>5 years
Expiry date:
Nov 7, 2021</td></tr>
<tr><td colspan="2">Guarantee Agency</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Consignee</td><td colspan="3">Bank SinoPac Company Limited</td></tr>
<tr><td colspan="2">Underwriting institution</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Certified lawyer</td><td colspan="3">None</td></tr>
<tr><td colspan="2">CPA</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Repayment method</td><td colspan="3">Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>1,200,000</td><td>900,000</td><td>900,000</td></tr>
<tr><td colspan="2">Terms about redemption or advance repayment</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Name of credit rating agency:
Rating date:
Rating of corporate bonds:</td><td colspan="3">None</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this Annual Report, amount of (exchanged or subscribed) ordinary shares, GDRs or other securities converted</td><td colspan="3">N/A</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity</td><td colspan="3">None</td></tr>
<tr><td colspan="2">Transfer Agent</td><td colspan="3">None</td></tr>
</table>

(2) Convertible Bonds:

None.

(3) Information about exchangeable bonds:

None.

(4) Information about shelf registration to issue corporate bonds:

None.

(5) Information about bonds with attached warrants:

None.

C. Preferred Shares (with warrants)

None.

D. Global Depository Receipts (GDR)

As of April 30, 2017, the global depository receipts issued by the Company totalled 332,753,240 units. (Stock dividends issued increased 247,091,129 units from 2000 to 2015. In addition, ECB issued 26,296,111 units of GDR in total.)

4/30/2017

Item \ Issue date			October 7, 1999	March 17, 2005
Issuing and transaction location:			Issuing location: Europe, Asia, USA Transaction location: London Stock Exchange	Issuing location: Europe, Asia, USA Transaction location: London Stock Exchange
Total amount:			USD 416,700,000	USD 257,178,618.20
Unit issue price:			USD 13.89	USD 8.7577
Total of issued unit			(1) 25,000,000 units (2) 5,000,000 units 30,000,000 units in total	29,366,000 units
Source of securities represented			(1) Issuance of new shares for cash increase (2) The Company's common shares held by the original shareholders	The Company's common shares held by the original shareholders
Amount of securities represented			60,000,000 common shares	58,732,000 common shares
GDR holders' rights and obligations			1. Right to vote 2. Right to distribute dividend, subscribe new shares and other rights	1. Right to vote 2. Right to distribute dividend, subscribe new shares and other rights
Consignee			None	None
Depository Bank			Citibank N. A	Citibank N. A
Custodian Bank			Citibank N. A, Taipei Branch	Citibank N. A, Taipei Branch
Outstanding balance			137,446,886 units (Securities represented 274,893,780 shares)	
Method to share the expenses incurred during the issuance and duration			Issue cost: amortized by the issuing companies and shareholder participants according to the actual shares issued Expenses incurred in the duration: amortized by the issuing company	
Important conventions about depositary and escrow agreement			The depositary institute performs the obligations for GDR holders, while the guarantee agency keeps GDR common shares represented.	
Market price per unit (Unit: USD)	2016	Highest	5.45	
		Lowest	3.848	
		Average	4.595	
	Current year to date Apr 30, 2017	Highest	6.67	
		Lowest	5.12	
		Average	5.824	

E. Subscription of warrants for employees

None.

F. Name of managers holding warrants for employees and top ten employees in terms of subscription of warrants, and the acquisition status

None.

G. Subscription of new shares for employee restricted stocks

None.

H. Name of managers holding the new shares for employee restricted stocks and top ten employees in terms of subscription of the new share, and the acquisition status

None.

I. Issuance of new shares due to acquisition of shares of another company

(1) During the latest year and up to the printing date of this Annual Report, the Company has issued new shares due to acquisition of shares of another company:

(a) The assessment prepared by lead securities underwriter concerning the issuance of new shares due to acquisition of shares of another company within the past quarter:

None.

(b) The implementation status of the past quarter. If the progress or benefit of such implementation is not as expected, its impact on shareholders' equity and an improvement plan shall be stated specifically:

N/A.

(2) The acquisition or issuance of new shares approved by the Board of Directors during the latest year and up to the printing date of this Annual Report:

None.

J. Implementation of fund usage plan

The Company doesn't have any uncompleted issuance plan or completed plan with unrealized benefit within the latest three years.

V. Operational Highlights

A. Business Activities

(1) Business scope

(a) Major content of business activities

IT, communications, automation devices, photo-electricity, precise machinery, auto, production, sales and service related with connectors, casings, radiators, assembled parts of consuming electronics as well as assembly of network cables. The products manufactured by the Company include:

(i) I/O product line: IN-PUT, OUT-PUT connectors.
(ii) IC line packaging and product line of expansion memory: connector for IC line and memory IC expansion bracket.
(iii) Product line of system connector: electrical coupler of host and branch system.
(iv) Product lines of network connection and output & input device: terminal, scanner, keyboard, monitor, mouse, network integrated connecting cables.
(v) Photo-electricity connecting product line: optical connectors and connecting wire network used in digital network.
(vi) Compound connectors with electronic processing functions: filtering connectors, static-free connectors and high frequency connectors.
(vii) EISA graphics card connectors under new industrial standard: expansion slot connectors with open framework.
(viii) Casings, radiators, spare parts processed by precision metal, engineering plastic module, precise machinery components used in IT products, Bare System and consuming electronic products.
(ix) Assembly and processing of memory card
(x) Broadband communications, wireless mobile communications and end-to-end communication products
(xi) Ethernet switch and wireless network products

(b) Operational proportion

100% of the products are 3C electronics (Computer, Communication, Consumer Electronics). The output and sales volume of the recent two years can be found in the table of Production and Sales.

(c) Current product items

The Company's products cover the spares parts, modules and system assemblies for 3C electronics. The spare parts may include 3C connectors, line assembled products and other spare parts; the modules may include the machinery modules (e.g. the casing of 3C products) and electronic modules (e.g. surface adhesive product for 3C products); the system assembly is mainly for finished 3C products.

(d) New products to be developed

As for the R&D of new products, the Company will focus on connectors such as compound, modular, high frequency, photo-electricity and surface-mounted connectors. Besides, it will follow the trend and make its computers and accessories lighter, thinner, shorter, smaller, more surface-mounted and modularized as well as integrated with communications.

(2) Technology and R&D

(a) R&D expenses for recent years

Unit: NT$Thousand

Year	2016	Jan - Mar, 2017
R&D Expenses	52,140,259	13,089,572
R&D Expenses to Revenue %	1.17%	1.34%

B. Production and Sales Status

(1) Key Accounts in the Past Two Years

(a) Key Vendors

Unit: NT$million

	2015				2016				As of end of Q1 2017			
Item	Vendor	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer	Vendor	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer	Vendor	Amount	Percentage of total Net Purchases (%)	Relationship with the issuer
1	Vendor L	1,277,492	34%	Nil	Vendor L	1,306,440	37%	Nil	Vendor L	282,244	36%	Nil
	Others	2,442,979	66%		Others	2,230,580	63%		Others	499,834	64%	-
	Total Net Purchases	3,720,471	100%		Total Net Purchases	3,537,020	100%		Total Net Purchases	782,078	100%	-

(b) Key Customers

Unit: NT$million

	2015				2016				As of end of Q1 2017			
Item	Customer	Amount	Percentage of total Net Sales (%)	Relationship with the issuer	Customer	Amount	Percentage of total Net Sales (%)	Relationship with the issuer	Customer	Amount	Percentage of total Net Sales (%)	Relationship with the issuer
1	Customer E	2,405,381	53.67%	Nil	Customer E	2,362,827	54.21%	Nil	Customer E	480,052	49.23%	Nil
2	Customer C	340,234	7.59%	Nil	Customer C	340,755	7.82%	Nil	Customer C	67,750	6.95%	Nil
	Others	1,736,531	38.74%	-	Others	1,655,151	37.97%	-	Others	427,242	43.82%	-
	Total Net Sales	4,482,146	100%	-	Total Net Sales	4,358,733	100%	-	Total Net Sales	975,044	100%	-

(2) Production Value in the Most Recent Years

Unit: 1,000 pcs, NT$000

Major Product \ Quantity & Value	2015			2016		
	Capacity	Quantity	Value	Capacity	Quantity	Value
3C Electronics	14,259,275	12,580,959	3,564,872,099	25,643,720	23,180,128	3,220,048,346

(3) Sales Value in the Most Recent Years

Unit: 1,000 pcs, NT$000

Major Product \ Quantity & Value	2015				2016			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
3C Electronics	31,414	9,643,583	11,603,320	3,562,053,782	79,204	11,707,540	21,921,888	3,240,387,146
Service and Management Fee Incomes	—	—	—	65,964,864	—	—	—	47,226,005

(4) Taiwan Employee Data during the Past Two Years and Up to April 30, 2017

Year		2015	2016	Up to Apr 30, 2017
Employee Number	Staff	154,984	149,026	144,556
	Operator	675,190	577,746	473,904
	Total	830,174	726,772	618,460
Average Age		26.25	28.65	28.91
Average Seniority		2.34	3.94	4.17
Education Distribution %	PhD Degree	0.03%	0.03%	0.04%
	Master Degree	0.83%	0.93%	1.07%
	College	15.56%	16.83%	19.12%
	High School	43.23%	42.24%	41.23%
	Below High School	40.35%	39.96%	38.54%

C. Information on Environmental Protection Costs

(1) The loss caused by environmental pollution during the latest year and up to the printing date of this Annual Report:

None.

(2)

(a) The main workshops and production facilities of the Company are located in Tucheng Industrial Park or Hsinchu Science Park. The Company takes environmental protection as its priority, and carries out immediate correction once discovering any problem. It also makes inspection on the existing preventive facilities. Apart from creating a good working and living environment for its employees and the neighborhood, it strictly complies with the discharge standard. For the pollution and wastes generated in the production process, the Company takes the following steps to protect the environment:

(i) Prevention of water pollution: set up wastewater treatment plants and water quality analysis laboratory in Tucheng factory. Chemical method is applied in wastewater treatment, in which pollutants are removed from wastewater and discharged through discharge outlets. The lab has various instruments to measure temperature, PH value, chemical oxygen demand and suspended solid and analyze heavy metal, so that daily inspection on discharging water can be made and water discharge can be well controlled. The Company's factories in Huyue, Minsheng and Hsinchu all received a letter on permit to connect wastewater (or sewage) to the sewer system, under the reference of TFZ No. 1015060021, 0955060439 and YLZ No.0960021733 respectively.

(ii) Prevention of stationary pollution source: waste gas is collected by extraction pipes, and released to the air after the pollutants are removed through the wet scrubber. Every year, the external testing organization is commissioned to detect the viscosity of pollutants in exhaust gas and reports the result to the competent autorities of environmental protection. The Company obtained the Operating Permit of Stationary Pollution Source in 1998 and extended it in June 2008. The permit No. is: BXCZD No. F0447-02. Currently, the total consumption of acid and alkali does not meet the control standards, and the Permit was returned to the authority per Letter No. 1012095840 from the Environmental Protection Bureau.

(iii) Cleaning of wastes: Works are done in accordance with the Waste Cleaning Plan, and the disposal of waste is reported online in a legal way, and wastes are legally cleaned and recycled.

(iv) Management on toxic chemicals: Toxic chemicals are stored separately and strictly controlled. Moreover, documents on use and inspection are obtained legally, and periodically reported to the component department of environmental protection.

(b) The Company has been adhering to the environmental policy of "pollution control and prevention, continuous waste reduction, providing environment-friendly products, protecting the earth, creating a green enterprise," and strictly abiding by laws and regulations on environmental protection and clients' requirements by means of effectively controlling raw materials, manufacturing process and delivery. Besides, it is dedicated to continuous improvement in order to better product quality, make sure the products free from restricted materials and promote the transformation of upstream suppliers to green supplying chain so as to comply with ROHS requirements.

(c) Current pollution status, the influence of improvement on the Company's earnings, competitive position and capital expenditure, estimated major expenditure on environmental protection in the following two years:

(i) Estimated expenditure on environmental protection in the next two years

Unit: NT$000

	2018	2019
Expense or equipment to be purchased for pollution control	None	None
Predicted improvement	None	None
Amount paid	None	None

(ii) Influence after improvement

• Influence on net profit	None	None
• Influence on competitive position	None	None

D. Labor Relations

Current important labor agreement and implementation:

The Company has been treating its employees with sincerity and established mutual trust with them through its welfare system and good training system that guarantee a fulfilling and stable life for them. Though there is no union in the Company, but the Company has established “Workers and Employers Meeting” and meets regularly pursuant to the law, over the years, its employees can give full play to their team spirit, coordinate the Company's decision, cooperate with each other to create a harmonious environment for working. The Company pursuant to the relevant labor laws and regulations, to protect the legitimate interests of employees, provides employees with safe and healthy working environment, and set up an employee feedback and complaints mechanism. The Company adopts the followings measures to build a harmonious labor relation:

(1) Welfare measures for employees:

Founded in July 1985, the Welfare Committee is composed of 15 members, including 5 appointed by the employer and 10 by employees. The committee members are re-elected every three years, and there are dedicated members appointed to deal with the routine administrative works of the Committee.

Meanwhile, the company has set up the Health Department, which has developed a series of welfare measures to employees and their families in terms of health improvement and health care.

At present, the welfare offerings by the Welfare Committee are as follows:

(a) The food allowance;

(b) Birthday gift (cash or other present);

(c) Lucky draw during get-togethers;

(d) Support employees community activities, recreation and entertainment (such as provide employee gym and massage services);

(e) Health promotion activities (such as lectures, yoga courses, weight loss programs);

(f) Health and medical consultation;

(g) Employee birth allowance, child allowance, and provide traffic subsidy, nutrition subsidy, and healthcare for pregnant employees;

(h) Employee wedding gift and funeral condolence payments;

(i) Training allowance;

(j) Group insurance.

(2) Career Development and Training for Employees

Education and training is one of the basic employee walfares provided by the Company. The Company encourages employees to "take on-the-job-training, and apply what they've learned to work". The Company takes training as a means to improve employee quality and their work skills, promote the group performance, facilitate the realization of its operation target of "long term, stability, development, science and technology, internationality". The Company formulated the Method on Employee Trainings. The Company has won the bronze medal of TTQS Enterprise Edition Training Quality from Workforce Development Agency of Executive Yuan in 2016, and has established training courses that conform to the Group strategy and employee development based on the education and training quality manual. Based on this, the Company provided 839,531 hours of trainings with the training fees reaching up to NT$35,765,763 in 2016. The main content of training includes:

(a) Orientation for new employees

New employees are guided to familiarize the corporate culture, organization development, reformation history and working environment.

(b) Management trainee program

Management trainee program includes three portions: A 4-day training to familiarize trainees with the Company and business groups; On-site practical training for the trainees to learn production related knowledges; Functional practical training for the trainees to learn know-hows through mentor program.

(c) Technology and Development Committee

With the horizontal integration of the Technology and Development Committee, employees can join different committees according to their job characteristics and professional fields. The Technology and Development Committee has introduced the latest knowledge and technology in various fields to promote technical exchange among employees and set out a complete training structure for professional technicians.

(d) Development of management skills

The Company has worked out its own training program to develop management skills at different management level according to their management needs. The training programs are diversified and colorful.

(e) School of advanced manufacturing and productivity

With the launch of the IE School and the industrial transformation of the company group, the Company takes advantage of the training management system and on-line study platform to make the training programs process-oriented, simplified, standardized, systematized, information-based and networked.

(f) Lectures given by celebrities

The Company invites famous and successful people in various fields to give lectures to employees in the Company, including those from the industry trend, Big Data, artificial intelligence, robotics, industry 4.0, and the "creative, innovation, and entrepreneurship" fields.

(g) Health Lectures

The health management center regularly invites physical and mental health experts to hold appropriate courses during each season in order to help the colleagues to relax after work and to receive in-depth health promotion related knowledge.

(h) Library

The Company has a professional library where there are abundant journals and books as well as well-equipped reading rooms and audiovisual apparatus. In addition, we have provided employee e-library services so employees can borrow e-books and magazines online, thereby removing the space and time learning constraints when the employees are off work.

(3) Code of conduct or ethics

In order to help employees have a better understanding of ethics, rights, obligations and the code of conduct, the Company hereby works out the relevant measures and regulations to provide basis for all employees. The relevant measures are briefed as follows:

(a) Rules on decision-making right and right decentralization: to improve work efficiency, strengthen the management on right decentralization and effectively standardize the rights of employees at different levels.

(b) Organizational structure and duties of each department: definitely regulate the organizational functions of each unit and the duties of each post.

(c) The Employee Handbook is prepared to help employees understand the relevant measures and regulations.

(1) Tutoring programs for new employees: to eliminate the new employees' insecurity towards the new environment and soon familiarize the working environment and colleagues after reporting for duty, and help them to get their mind and body ready for work and reduce the turnover rate within a short period.

(2) Code of business ethics: to improve all employees' behavioral quality, business ethics and expertise and try to maximize the Company's benefit within the legal scope. Every employee has the responsibility to prevent the Company's interests from being lost or impaired and is obliged to maintain the Company's reputation so as to guarantee its permanent growth and development.

(3) Employee attendance: strengthen the attendance system to establish a good working discipline for employees.

(4) Reward and punishment system: Rewards or punishment are given to employees whose behavior or conduct has brought benefit or loss for the Company in operation.

(5) Leave-related measures for employees: to provide basis for employees to take and ask for a leave.

(6) Performance assessment method for employees: employees' working achievements and performance are assessed annually as the basis for salary adjustment, promotion, issuance of bonus and arrangement for training courses.

(4) Working environment and protective measures for employees' personal safety

(a) The Company continued to maintain the occupational safety and health management system, passed the certification of SGS Company and obtained the OHSAS18001 and CNS15506 certificates in 2016.

(b) The Company has formulated the safety and health policy and promised to achieve the goal of zero injury, zero occupational disease and zero accident so as to create a best working environment for all employees.

(c) The Company was awarded "Outstanding institutions Award" & "Professionalism and safety & health personnel Outstanding Award" of the New Taipei City in May 2016.

(d) Employees' personal safety: The Company has, according to the Implementation Rules for Public Institutions on Records of Labor-hour without Occupational Injury, taken part in the competition of non-occupational injury record during labor-hour and hit the record of 5.98 million labor-hours without occupational injury.

(e) Industrial safety: A Safety and Disaster Prevention Center is set up at the Tucheng headquarters. Each plant can exchange safety messages instantly, provide immediate safety and disaster prevention information, and can focus on emergency response personnel training, thus strengthening the Hon Hai Group’s safety and disaster prevention system. Infrared thermal imaging inspections of all electrical boards and other equipment in all factories is performed, as well as the establishment of infrared thermal imaging personnel training. A total of 17 seed personnel completed 180 copies of the inspection reports, effectively reducing the factorywide fire risk.

(f) Security and Fire Protection System Management: Managed the factory safety and security equipment with the propriety rate of 99.5%, and constructed the industrial safety cloud and other modules to ensure that the software, hardware, and management mechanisms for the factories are in normal operation. Implemented infrared thermal imaging detections for the electric plates and other electrical equipment in the factory and established the infrared thermal imaging promotional team trainings. A total of 16 seed employees have completed 288 test reports, identified and corrected the problems, and effectively reduced the fire risks in the factories.

(g) Occupational health: Inventoried the physical and chemical hazards of the various units according to the annual safety and health management plan, completed the sampling strategy of the operating environment monitoring plan, and the monitoring results are in compliance with the standard.

(h) In 2016, the Company performed a plant safety and health month in Taiwan, which include: checkpoints, industrial safety, broad vision and healthy games. A total number of 6,923 employees took part in the activities. These activities help employees increase their awareness on fire and industrial safety. A total of 5,758 people have completed various safety and health education trainings. Factory safety audits have been conducted, and a total of 647 inadequacies have been identified and corrected in order to enhance staff safety awareness.

(5) Retirement System:

The Company has formulated the retirement and pension plans for employees according to the Labor Standards Act and the Labor Pension Act, including:

(a) Qualification for Labor Standards Act (old system): defined benefit pension plan is adopted

(1) Retirement application: a worker may apply for voluntary retirement under any of the following conditions: where the worker attains the age of fifty-five and has worked for fifteen years; where the worker has worked for more than twenty-five years; where the worker attains the age of sixty and has worked for ten years.

(2) Pension payment: the retirement pension base shall be one month’s average wage of the worker at the time when his or her retirement is approved. Two bases are given for each full year of service. Those having served over 15 years are given one base for each full year of service and the total number of bases shall be no more than 45. Length of services is calculated as half year when it is

less than six months and as one year when it is more than six months. As set forth in Article 54 of the Labor Standards Act, an additional 20% on top of the amount calculated according to te preceding shall be given to workers forced to retire due to conditions incurred from the execution of their duties.

(3) The supervision of pension funds: Since January 1987, the Company legally established the Supervisory Committee of Workers' Retirement Fund, which is re-elected every three years and in charge of checking the amount, deposit and withdrawal as well as payment of retirement fund so as to ensure employees' rights.

(b) Qualification for the Labor Pension Act (new system): defined contribution pension plan is adopted.

(1) The Company grants 6% per month: according to the Monthly Appropriation Scale of the Labor Pension issued by the Bureau of Labor, the Company appropriate 6% of the worker's monthly wage to his/her personal pension fund account.

(2) Employee retirement reserve allocation: The Company shall set aside 2% of the total employee monthly salary amount and deposit them into the employee retirement reserve account pursuant to the applicable retirement system provided by the Labor Standards Act; and ensure that this amount cannot be used as a subject of transfer, seizure, offset, or collateral. Before the end of each year, the employee retirement reserve account balance shall be calculated. If the balance is insufficient to pay employees with conditions specified in Article 53 or Subparagraph 1, Paragraph 1 of Article 54 of the Labor Standard Act for the next year, the Company shall make up the differences before the end of March next year.

(3) Employee contribution: workers may also voluntarily contribute within 6% of their wage to the labor pension.

(6) Other important agreements:

None.

(7) Loss suffered from labor disputes in the latest year and up to the printing date of this Annual Report:

The Company has no major dispute on labor relation or labor agreement in the latest year and up to the printing date of this Annual Report.

VI. Financial Standing

A. Most Recent 5-Year Concise Financial Information

(1) Concise Balance Sheet and Statement of Comprehensive Income

Concise Consolidated Balance Sheet

Unit: NT$000

Item \ Period		2012	2013	2014	2015	2016	As of March 31, 2017
Current assets		1,536,206,108	1,808,581,488	1,932,421,355	1,788,218,973	1,931,201,379	1,603,571,222
Net property, plant and equipment		405,155,076	379,561,941	358,868,558	336,738,466	309,202,470	290,076,851
Intangible assets		3,954,469	12,815,278	4,440,091	3,253,837	10,532,956	10,401,034
Other assets		104,922,452	65,219,497	166,984,745	180,088,601	341,106,135	428,293,016
Total assets		2,050,238,105	2,312,461,203	2,462,714,749	2,308,299,877	2,592,042,940	2,332,342,123
Current liabilities	Before Distribution	1,252,367,888	1,358,960,771	1,302,601,797	1,056,122,201	1,252,645,231	957,172,310
	After Distribution	1,270,121,688	1,382,592,443	1,358,816,743	1,118,675,354	Note	Note
Non-current liabilities		116,956,467	147,575,830	175,436,150	191,786,597	205,609,111	191,664,483
Total liability	Before Distribution	1,369,324,355	1,506,536,601	1,478,037,947	1,247,908,798	1,458,254,342	1,148,836,793
	After Distribution	1,387,078,155	1,530,168,273	1,534,252,893	1,310,461,951	Note	Note
Equity attributable to owners of parent		644,849,260	764,670,066	930,231,233	1,007,629,838	1,078,749,394	1,112,190,938
Share capital		118,358,665	131,287,068	147,934,068	156,382,881	173,287,383	173,287,383
Capital surplus		58,932,078	64,792,873	71,659,908	81,736,538	93,046,611	92,693,334
Retained earnings	Before Distribution	459,771,861	536,880,165	627,058,978	709,407,639	779,926,034	808,093,565
	After Distribution	430,182,195	497,494,045	563,447,329	631,216,198	Note	Note
Other equity interest		7,805,557	31,728,861	83,597,180	60,121,681	32,508,267	38,135,557
Treasury shares		(18,901)	(18,901)	(18,901)	(18,901)	(18,901)	(18,901)
Non-controlling interests		36,064,490	41,254,536	54,445,569	52,761,241	55,039,204	71,314,392
Total equity	Before Distribution	680,914,750	805,924,602	984,676,802	1,060,391,079	1,133,788,598	1,183,505,330
	After Distribution	663,159,950	782,292,930	928,461,856	997,837,926	Note	Note

Note: As of April 30, 2017, the amount of after distribution has not presented due to the proposal of earnings distribution of year 2016 had not yet been submitted to the Shareholders' Meeting.

Concise Stand-alone Balance Sheet

Unit: NT$000

Item \ Period		Most Recent 5-Year Financial Information					As of March 31, 2017
		2012	2013	2014	2015	2016	
Current assets		1,081,492,992	1,257,198,227	1,568,650,755	1,587,371,469	1,666,153,999	N/A
Net property, plant and equipment		27,401,951	18,796,580	14,324,833	24,081,782	33,092,616	
Intangible assets		-	-	-	-	-	
Other assets		606,763,918	726,961,760	872,089,002	977,903,272	1,213,811,098	
Total assets		1,715,658,861	2,002,956,567	2,455,064,590	2,589,356,523	2,913,057,713	
Current liabilities	Before Distribution	989,166,471	1,147,838,828	1,417,614,890	1,455,603,059	1,706,820,642	
	After Distribution	1,006,920,271	1,171,470,500	1,473,829,836	1,518,156,212	Note	
Non-current liabilities		81,643,130	90,447,673	107,218,467	126,123,626	127,487,677	
Total liability	Before Distribution	1,070,809,601	1,238,286,501	1,524,833,357	1,581,726,685	1,834,308,319	
	After Distribution	1,088,563,401	1,261,918,173	1,581,048,303	1,644,279,838	Note	
Equity attributable to owners of parent		-	-	-	-	-	
Share capital		118,358,665	131,287,068	147,934,068	156,382,881	173,287,383	
Capital surplus		58,932,078	64,792,873	71,659,908	81,736,538	93,046,611	
Retained earnings	Before Distribution	459,771,861	536,880,165	627,058,978	709,407,639	779,926,034	
	After Distribution	430,182,195	497,494,045	563,447,329	631,216,198	Note	
Other equity interest		7,805,557	31,728,861	83,597,180	60,121,681	32,508,267	
Treasury shares		(18,901)	(18,901)	(18,901)	(18,901)	(18,901)	
Non-controlling interests		-	-	-	-	-	
Total equity	Before Distribution	644,849,260	764,670,066	930,231,233	1,007,629,838	1,078,749,394	
	After Distribution	627,095,460	741,038,394	874.016.287	945,076,685	Note	

Note: As of April 30, 2017, the amount of after distribution has not presented due to the proposal of earnings distribution of year 2016 had not yet been submitted to the Shareholders' Meeting.

Concise Consolidated Statement of Comprehensive Income

Unit: NT$000

Item \ Period	Most Recent 5-Year Financial Information					As of March 31, 2017
	2012	2013	2014	2015	2016	
Operating revenue	3,905,395,322	3,952,317,540	4,213,172,321	4,482,145,967	4,358,733,357	975,043,856
Gross profit (loss) from operations	250,249,268	254,694,501	291,943,856	320,591,969	321,584,980	71,724,616
Net operating income (loss)	107,898,270	109,314,396	143,191,411	164,268,571	174,939,501	36,489,726
Non-operating income and expenses	10,273,815	26,981,301	30,928,961	34,769,744	23,010,244	(51,470)
Profit (loss) from continuing operations before tax	118,172,085	136,295,697	174,120,372	199,038,315	197,949,745	36,438,256
Profit (loss) from continuing operations	91,666,736	107,345,876	132,481,822	150,201,416	151,357,164	29,207,446
Loss from discontinuing operations	-	-	-	-	-	-
Net Profit (loss)	91,666,736	107,345,876	132,481,822	150,201,416	151,357,164	29,207,446
Other comprehensive income, net	(17,912,758)	24,534,711	55,569,496	(29,072,832)	(31,214,221)	4,402,283
Total comprehensive income	73,753,978	131,880,587	188,051,318	121,128,584	120,142,943	33,609,729
Profit (loss), attributable to owners of parent	94,641,972	106,697,157	130,534,729	146,866,977	148,662,983	28,167,531
Profit (loss), attributable to non-controlling interests	(2,975,236)	648,719	1,947,093	3,334,439	2,694,181	1,039,915
Comprehensive income, attributable to owners of parent	76,791,442	130,621,274	182,370,027	123,263,182	121,097,464	33,794,821
Comprehensive income, attributable to non-controlling interests	(3,037,464)	1,259,313	5,681,291	(2,134,598)	(954,521)	(185,092)
Basic earnings per share (Note)	6.06	7.26	8.85	8.54	8.60	1.63

Note: Derived from the retrospective adjustment of the number of shares issued for surplus to capital increase as of March 31, 2017.

Concise Stand-alone Statement of Comprehensive Income

Unit: NT$000

Item \ Period	Most Recent 5-Year Financial Information					As of March 31, 2017
	2012	2013	2014	2015	2016	
Operating revenue	3,218,928,395	3,263,012,896	3,403,634,364	3,637,662,229	3,299,320,691	N/A
Gross profit (loss) from operations	73,242,632	74,287,268	89,642,444	97,384,599	88,938,180	
Net operating income (loss)	45,893,473	47,308,460	59,418,095	67,405,791	62,620,638	
Non-operating income and expenses	61,447,387	73,895,256	88,644,153	98,632,603	101,844,119	
Profit (loss) from continuing operations before tax	107,340,860	121,203,716	148,062,248	166,038,394	164,464,757	
Profit (loss) from continuing operations	94,641,972	106,697,157	130,534,729	146,866,977	148,662,983	
Loss from discontinuing operations	-	-	-	-	-	
Net Profit (loss)	94,641,972	106,697,157	130,534,729	146,866,977	148,662,983	
Other comprehensive income, net	(17,850,530)	23,924,117	51,835,298	(23,603,795)	(27,565,519)	
Total comprehensive income	76,791,442	130,621,274	182,370,027	123,263,182	121,097,464	
Profit (loss), attributable to owners of parent	-	-	-	-	-	
Profit (loss), attributable to non-controlling interests	-	-	-	-	-	
Comprehensive income, attributable to owners of parent	76,791,442	130,621,274	182,370,027	123,263,182	121,097,464	
Comprehensive income, attributable to non-controlling interests	-	-	-	-	-	
Basic earnings per share (Note)	6.06	7.26	8.85	8.54	8.60	

Note: Derived from the retrospective adjustment of the number of shares issued for surplus to capital increase as of March 31, 2017.

(2) CPAs and Their Opinions for Most Recent 5-Years

Year	Name of CPA	Auditor's Opinion	Reason for Changing CPA
2012	Yong-jian Hsu Ming-ling Xue	Modified unqualified opinion	—
2013	Yong-jian Hsu Ming-ling Xue	Modified unqualified opinion	—
2014	Han-chi Wu Ming-hui Chang	Modified unqualified opinion	Internal administrative organizational changes
2015	Han-chi Wu Ming-hui Chang	Modified unqualified opinion	—
2016	Yong-jian Hsu Ming-hui Chang	Modified unqualified opinion	Internal administrative organizational changes

B. Most Recent 5-Year Financial Analysis

(1) Financial Analysis on Consolidated Financial Statements

Item (Note 2) \ Period		Most Recent 5-Year Financial Information					As of March 31, 2017
		2012	2013	2014	2015	2016	
Financial Ratio (%)	Total liabilities to total assets	66.79%	65.15%	60.02%	54.06%	56.26%	49.26%
	Long-term capital to PP&E	196.93%	247.15%	323.27%	371.85%	433.18%	474.07%
Ability to payoff debt (%)	Current ratio	122.66%	133.09%	148.35%	169.32%	154.17%	167.53%
	Quick ratio	94.12%	109.60%	118.45%	127.75%	122.21%	129.45%
	Interest protection	13.31	17.76	12.72	11.55	12.02	5.06
Ability to operate	A/R turnover (times)	7.00	5.68	5.51	6.52	6.54	6.27
	A/R turnover days	52	64	66	56	56	58
	Inventory turnover (times)	9.57	10.57	10.89	9.86	9.25	9.08
	Account payable turnover (times)	6.16	5.47	5.42	6.03	5.96	6.02
	Days sales outstanding	38	35	34	37	39	40
	Fixed assets turnover (times)	10.10	10.07	11.41	12.89	13.50	13.02
	Total assets turnover (times)	2.06	1.81	1.76	1.88	1.78	1.58
Earning ability	Return on assets (%)	5.24%	5.25%	6.02%	6.89%	7.01%	1.46%
	Return on equity (%)	14.15%	14.44%	14.80%	14.69%	13.80%	2.52%
	PBT to pay-in capital %	99.84%	103.82%	117.7%	127.28%	114.23%	21.03%
	Net margin (%)	2.35%	2.72%	3.14%	3.35%	3.47%	3.00%
	EPS (NT$) (Note 1)	6.06	7.26	8.85	8.54	8.60	1.63
Cash flow %	Cash flow ratio (%)	13.85%	12.71%	14.64%	22.94%	13.89%	8.04%
	Cash flow adequacy ratio (%)	68.44%	87.52%	90.37%	111.58%	120.97%	125.24%
	Cash reinvestment ratio (%)	15.89%	13.07%	11.62%	11.89%	6.70%	4.56%
Leverage	Operating leverage	5.41	4.69	4.08	3.79	3.42	3.47
	Financial leverage	1.10	1.09	1.12	1.13	1.18	1.30

The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis if less than 20%):

1. Cash flow ratio: Rose significantly in 2015 owing to increase in operating cash inflow resulted from early collection of accounts receivable in 2015.
2. Cash reinvestment ratio: Declined in 2016 due to new investments in equity method.

Note:

1. Calculated based on the number of weighted average outstanding shares and by retrospectively adjusting the weighted number of outstanding shares added by transferring surplus into capital increase over the years.
2. Please refer to the details below for the formulas of items analyzed.

(2) Financial Analysis on Stand-alone Financial Statements

Item (Note 2) \ Period		Most Recent 5-Year Financial Information					As of March 31, 2017
		2012	2013	2014	2015	2016	
Financial Ratio (%)	Total liabilities to total assets	62.41%	61.82%	62.11%	61.09%	62.97%	N/A
	Long-term capital to PP&E	2651.24%	4513.57%	7242.32%	4707.93%	3645.03%	
Ability to payoff debt (%)	Current ratio	109.33%	109.53%	110.65%	109.05%	97.62%	
	Quick ratio	99.72%	101.24%	100.76%	98.49%	92.45%	
	Interest protection	50.08	58.65	75.67	69.95%	71.26	
Ability to operate	A/R turnover (times)	6.54	5.55	5.38	6.65	6.68	
	A/R turnover days	56	66	68	55	55	
	Inventory turnover (times)	26.95	31.98	28.83	24.14	24.48	
	Account payable turnover (times)	5.94	5.10	4.24	3.77	2.92	
	Days sales outstanding	14	11	13	15	15	
	Fixed assets turnover (times)	104.24	141.26	205.52	189.43	115.41	
	Total assets turnover (times)	1.98	1.75	1.53	1.44	1.20	
Earning ability	Return on assets (%)	5.95%	5.84%	5.93	5.91	5.48%	
	Return on equity (%)	15.65%	15.14%	15.40%	15.16%	14.25%	
	PBT to pay-in capital %	90.69%	92.32%	100.09%	106.17%	94.91%	
	Net margin (%)	2.94%	3.27%	3.84%	4.04%	4.51%	
	EPS (NT$) (Note 1)	6.06	7.26	8.85	8.54	8.60	
Cash flow %	Cash flow ratio (%)	11.11%	4.25%	22.63%	21.36%	11.40%	
	Cash flow adequacy ratio (%)	128.5%	121.79%	179.69%	210.7%	190.20%	
	Cash reinvestment ratio (%)	12.39%	3.54%	28.19%	22.2%	10.81%	
Leverage	Operating leverage	1.81	1.58	1.49	1.43	1.46	
	Financial leverage	1.10	1.05	1.03	1.04	1.04	

The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis if less than 20%):

1. Long-term capital to PP&E: Declined owing to addition of new equipment for LCD panel factory.
2. Account payable turnover (times): Declined in 2016 owing to accounts payable arising from purchase at period-end.
3. Fixed assets turnover (times): Declined in 2016 owing to lower revenue and addition of new equipment for LCD panel factory.
4. Cash flow ratio: Declined owing to decrease in operating cash inflow due to higher accounts receivable arising from sales at period-end.
5. Cash reinvestment ratio: Declined in 2016 due to new investments in equity method.

Note:

1. Calculated based on the number of weighted average outstanding shares and by retrospectively adjusting the weighted number of outstanding shares added by transferring surplus into capital increase over the years.
2. Please refer to the details below for the formulas of items analyzed.

Formula:

1. Financial Ratio
   (1) Total liabilities to Total assets = Total liabilities / Total assets
   (2) Long-term debts to fixed assets = (Net equity + Long-term debts) / Net fixed assets

2. Ability to Pay off Debt
   (1) Current ratio = Current Assets / Current liability
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability
   (3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate
   (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance
   (2) A/R turnover day = 365 / account receivable turnover
   (3) Inventory turnover = Cost of Goods Sold / the average of inventory
   (4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance
   (5) Inventory turnover day = 365 / Inventory turnover
   (6) Fixed assets turnover = Net sales / Net Fixed Assets
   (7) Total assets turnover = Net sales / Total assets

4. Earning Ability
   (1) Return on assets = [PAT + Interest expense × (1 - interest rate)] / the average of total assets
   (2) Return on equity = PAT / the average of net equity
   (3) Net income ratio = PAT / Net sates
   (4) EPS = (PAT - Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow
   (1) Cash flow ratio = Cash flow from operating activities / Current liability
   (2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)
   (3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross fixed assets + long-term investment + other assets + working capital)

6. Leverage
   (1) Operating leverage = (Net revenue - variable cost of goods sold and operating expense) / operating income
   (2) Financial leverage = Operating income / (Operating income - interest expenses)

C. Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements, 2016 Business Report and proposal for distribution of 2016 earnings. Of which, the Financial Statements have been audited by PricewaterhouseCoopers Taiwan. The Financial Statements, 2016 Business Report and proposal for distribution of 2016 earnings have been audited by us as Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

Hon Hai Precision Industry Co., Ltd.

Chairman of the the Audit Committee: Kai-Fu Lee

On the date of May 11, 2017

D. 2016 Consolidated Financial Statements with Subsidiaries Audited by CPA

HON HAI PRECISION INDUSTRY CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2016 AND 2015

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Hon Hai Precision Industry Co., Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Cut-off of hub sales revenue

Description

Please refer to Note 4(33) for accounting policies on revenue recognition.

The Group recognised revenue when the goods are drop shipped from factories directly and when customers accepted goods (the transfer of significant risks and rewards of ownership of the goods) if picked up from hub. For pick-ups from hub, the Group recognises sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As the hubs are located around the world with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the hubs and quantities as reflected in accounting records.

As there are numerous daily sales revenue transactions from hubs and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, cut-off of hub sales revenue was identified as a key audit matter.

How our audit addressed the matter

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

A. Assessed and tested the appropriateness of internal controls over cut-off of hub sales revenue for a specific time prior to and after the balance sheet date, including agreeing to respective supporting documents provided by hub custodians, and validated the proper timing of recognising movements of inventories and respective transfer of cost of goods sold.

B. Confirmed or conducted physical count of inventory quantities held at hubs and agreed to accounting records.

Allowance for inventory valuation losses

Description

Please refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(6) for details of inventories. As at December 31, 2016, the Group's inventories and allowance for inventory valuation losses amounted to NT$417,567,873 thousand and NT$30,293,812 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of 3C electronic products. Due to rapid technological innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. The Group recognises inventories at the lower of cost and net realisable value, and the net realisable value is estimated based on historical experience. An allowance for inventory valuation losses is provided for those inventories aged over a certain period of time and individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we consider allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following procedures in relation to the provision for inventory valuation losses for individually obsolete or damaged inventories:

A. Ensured consistent application of accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.

B. Validated the appropriateness of system logic of inventory aging report utilised by management to ensure proper classification of inventories aged over a certain period of time.

C. Evaluated the reasonableness of inventories individually identified as obsolete or damaged with supporting documents, and agreed to information obtained from physical inventory.

D. Discussed with management the net realisable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents and reperformed the calculation.

Financial assets and financial liabilities offsetting agreement with financial institutions

Description

Please refer to Note 4(25) for accounting policies on offsetting of financial instruments, Note 5(1)2 for significant judgement on applying accounting policies on offsetting of financial instruments, and Note 6(15) for details of offsetting of financial instruments. As of December 31, 2016, the financial instruments that were offset amounted to NT$1,772,441,274 thousand.

The Group has entered into financial assets and financial liabilities offsetting agreements, which are in compliance with IAS 32, 'Financial instruments: Presentation', whereby financial assets and liabilities are offset and reported in the net amount since the Group has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

As the determination of whether the Group meets the criteria for offsetting prescribed in IAS 32, 'Financial instruments: Presentation' is subject to management's judgment, and the Group has entered into various individually significant financial assets and financial liabilities offsetting agreements, which would have material effect on the financial statements should the financial assets and financial liabilities be presented separately, we consider offsetting of financial assets and liabilities a key audit matter.

How our audit addressed the matter

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

A. Assessed and tested internal controls over financial assets and financial liabilities offsetting agreements with financial institutions, including control processes in determining whether such agreements meet the criteria under IAS 32, 'Financial instruments: Presentation', and ascertained whether the offsetting made in the financial statements was properly approved and accounted for in compliance with the guidance in IAS 32.

B. Obtained and reviewed terms of the above agreements and confirmed whether the criteria under IAS 32, 'Financial instruments: Presentation' were met as well as accounting treatments prescribed in the guidance.

C. Confirmed the existence and the rights and obligations of financial assets and financial liabilities offsetting agreements with respective financial institutions.

Other matter – Reference to audits of other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements was based solely on the reports of other independent accountants. Total assets of those consolidated subsidiaries amounted to NT$218,770,647 thousand and NT$184,681,006 thousand, constituting 8.44% and 8% of the consolidated total assets as of December 31, 2016 and 2015, respectively, and total operating revenues amounted to NT$186,958,207 thousand and NT$225,844,217 thousand, constituting 4.29% and 5.04% of the consolidated total operating revenues for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Hon Hai Precision Industry Co., Ltd. as at and for the years ended December 31, 2016 and 2015.

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

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

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

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

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

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

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

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

B. 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 controls.

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

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

E. 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.

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

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

Hsu, Yung-Chien Chang, Ming-Hui
for and on behalf of PricewaterhouseCoopers, Taiwan
March 31, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 633,155,301	24	$ 657,137,721	29
1110	Financial assets at fair value through profit or loss - current	6(2)	13,652,363	1	6,114,913	-
1125	Available-for-sale financial assets - current	6(3)	462,334	-	627,508	-
1170	Accounts receivable, net	6(4)	699,077,030	27	564,705,314	24
1180	Accounts receivable - related parties	7	31,980,845	1	26,203,276	1
1200	Other receivables	6(5) and 7	45,749,740	2	43,779,955	2
130X	Inventory	6(6)	387,274,061	15	424,625,017	18
1410	Prepayments		13,085,503	-	14,444,295	1
1470	Other current assets	6(7) and 8	106,764,202	4	50,580,974	2
11XX	**Total current assets**		1,931,201,379	74	1,788,218,973	77
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	5,998,337	-	-	-
1523	Available-for-sale financial assets - non-current	6(3)	112,495,564	4	38,997,120	2
1543	Financial assets carried at cost - non-current	6(8)	32,467,460	1	18,795,163	1
1550	Investments accounted for under equity method	6(9)	142,527,340	6	77,634,937	3
1600	Property, plant and equipment	6(10) and 8	309,202,470	12	336,738,466	15
1760	Investment property - net	6(11)	2,525,291	-	3,014,648	-
1780	Intangible assets	6(12)	10,532,956	1	3,253,837	-
1840	Deferred income tax assets	6(36)	14,590,713	1	18,303,571	1
1900	Other non-current assets	6(13) and 8	30,501,430	1	23,343,162	1
15XX	**Total non-current assets**		660,841,561	26	520,080,904	23
1XXX	**Total assets**		$ 2,592,042,940	100	$ 2,308,299,877	100

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2016		December 31, 2015	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(15)	$ 171,472,143	7	$ 70,233,209	3
2110	Short-term notes and bills payable	6(14)	15,990,844	1	7,000,000	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	11,555,900	-	484,773	-
2170	Accounts payable		679,055,257	26	613,195,241	27
2180	Accounts payable - related parties	7	30,607,929	1	30,862,535	1
2200	Other payables	6(16) and 7	218,417,857	8	197,024,433	9
2230	Current income tax liabilities	6(36)	30,653,702	1	32,684,113	1
2250	Provisions for liabilities - current	6(23)	2,983,036	-	2,332,882	-
2300	Other current liabilities	6(17)	91,908,563	4	102,305,015	5
21XX	**Total current liabilities**		1,252,645,231	48	1,056,122,201	46
	Non-current liabilities					
2530	Corporate bonds payable	6(18)	153,302,845	6	161,789,254	7
2540	Long-term loans	6(19)	24,929,793	1	10,221,175	1
2570	Deferred income tax liabilities	6(36)	18,607,586	1	9,580,816	-
2600	Other non-current liabilities	6(22)	8,768,887	-	10,195,352	-
25XX	**Total non-current liabilities**		205,609,111	8	191,786,597	8
2XXX	**Total liabilities**		1,458,254,342	56	1,247,908,798	54
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(24)				
3110	Share capital - common stock		173,287,383	7	156,382,881	7
	Capital reserve	6(25)				
3200	Capital surplus		93,046,611	3	81,736,538	4
	Retained earnings	6(26)				
3310	Legal reserve		107,866,626	4	93,179,928	4
3350	Undistributed earnings		672,059,408	26	616,227,711	27
	Other equity interest	6(27)				
3400	Other equity interest		32,508,267	2	60,121,681	2
3500	Treasury stocks	6(24)	(18,901)	-	(18,901)	-
31XX	**Equity attributable to owners of the parent**		1,078,749,394	42	1,007,629,838	44
36XX	**Non-controlling interest**	6(28)	55,039,204	2	52,761,241	2
3XXX	**Total equity**		1,133,788,598	44	1,060,391,079	46
	Commitments and Contingent Liabilities	9				
	Subsequent Events	11				
3X2X	**Total liabilities and equity**		$ 2,592,042,940	100	$ 2,308,299,877	100

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

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

			For the years ended December 31,			
			2016		2015	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(30) and 7	$ 4,358,733,357	100	$ 4,482,145,967	100
5000	**Operating costs**	6(6)(33)(34) and 7	(4,037,148,377)	(93)	(4,161,553,998)	(93)
5900	**Net operating margin**		321,584,980	7	320,591,969	7
	Operating expenses	6(33)(34) and 7				
6100	Selling expenses		(22,514,532)	-	(25,989,320)	-
6200	General and administrative expenses		(72,990,688)	(2)	(77,842,389)	(2)
6300	Research and development expenses		(51,140,259)	(1)	(52,491,689)	(1)
6000	**Total operating expenses**		(146,645,479)	(3)	(156,323,398)	(3)
6900	**Operating profit**		174,939,501	4	164,268,571	4
	Non-operating income and expenses					
7010	Other income	6(31)	50,122,333	1	33,128,050	1
7020	Other gains and losses	6(32)	(1,368,997)	-	15,603,891	-
7050	Finance costs	6(4)(35)	(26,570,546)	-	(18,870,539)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(9)	827,454	-	4,908,342	-
7000	**Total non-operating income and expenses**		23,010,244	1	34,769,744	1
7900	**Profit before income tax**		197,949,745	5	199,038,315	5
7950	Income tax expense	6(36)	(46,592,581)	(1)	(48,836,899)	(1)
8200	**Profit for the year**		$ 151,357,164	4	$ 150,201,416	4

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plan	6(20)	$ 57,705	-	($ 154,574)	-
8349	Income tax relating to components of other comprehensive income	6(36)	(9,810)	-	26,278	-
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**		47,895	-	(128,296)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(27)(28)	(64,150,871)	(2)	(12,294,193)	-
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(27)(28)	35,086,135	1	(16,168,326)	(1)
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(27)	3,994,754	-	(482,017)	-
8399	Income tax relating to components of other comprehensive income		(6,192,134)	-	-	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(31,262,116)	(1)	(28,944,536)	(1)
8300	**Other comprehensive loss for the year**		($ 31,214,221)	(1)	($ 29,072,832)	(1)
8500	**Total comprehensive income for the year**		$ 120,142,943	3	$ 121,128,584	3
	Profit attributable to:					
8610	Owners of the parent		$ 148,662,983	4	$ 146,866,977	4
8620	Non-controlling interest		2,694,181	-	3,334,439	-
			$ 151,357,164	4	$ 150,201,416	4
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 121,097,464	3	$ 123,263,182	3
8720	Non-controlling interest		(954,521)	-	(2,134,598)	-
			$ 120,142,943	3	$ 121,128,584	3
	Earnings per share (in dollars)	6(37)				
9750	**Basic earnings per share**		$	8.60	$	8.54
9850	**Diluted earnings per share**		$	8.52	$	8.45

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

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent										
				Retained Earnings		Other Equity Interest						
	Notes	Share capital - common stock	Capital reserve	Legal reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Unearned employee benefits	Treasury stocks	Total	Non-controlling interest	Total equity
For the year ended December 31, 2015												
Balance at January 1, 2015		$ 147,934,068	$ 71,659,908	$ 80,126,455	$ 546,932,523	$ 59,610,235	$ 23,986,945	$ -	($18,901)	$ 930,231,233	$ 54,445,569	$ 984,676,802
Appropriations of 2014 earnings:												
Legal reserve	6(26)	-	-	13,053,473	(13,053,473)	-	-	-	-	-	-	-
Cash dividends	6(26)	-	-	-	(56,214,946)	-	-	-	-	(56,214,946)	-	(56,214,946)
Stock dividends	6(26)	7,396,703	-	-	(7,396,703)	-	-	-	-	-	-	-
Employees' stock bonus	6(34)	1,052,110	8,346,391	-	-	-	-	-	-	9,398,501	-	9,398,501
Consolidated net income		-	-	-	146,866,977	-	-	-	-	146,866,977	3,334,439	150,201,416
Other comprehensive income (loss)	6(27)	-	-	-	(128,296)	(6,675,947)	(16,799,552)	-	-	(23,603,795)	(5,469,037)	(29,072,832)
Changes in equity of associates and joint ventures accounted for under the equity method	6(26)	-	1,731,828	-	-	-	-	-	-	1,731,828	-	1,731,828
Issuance of restricted stocks	6(21)	3,550,000	17,831,955	-	-	-	-	(21,381,955)	-	-	-	-
Restricted stock revoked due to employees not meeting the vesting condition	6(21)	(3,550,000)	(17,831,955)	-	-	-	-	21,381,955	-	-	-	-
Adjustments arising from changes in percentage of ownership in subsidiaries	6(28)	-	(1,589)	-	(778,371)	-	-	-	-	(779,960)	-	(779,960)
Increase in non-controlling interests	6(28)	-	-	-	-	-	-	-	-	-	450,270	450,270
Balance at December 31, 2015		$ 156,382,881	$ 81,736,538	$ 93,179,928	$ 616,227,711	$ 52,934,288	$ 7,187,393	$ -	($18,901)	$ 1,007,629,838	$ 52,761,241	$ 1,060,391,079
For the year ended December 31, 2016												
Balance at January 1, 2016		$ 156,382,881	$ 81,736,538	$ 93,179,928	$ 616,227,711	$ 52,934,288	$ 7,187,393	$ -	($18,901)	$ 1,007,629,838	$ 52,761,241	$ 1,060,391,079
Appropriations of 2015 earnings:												
Legal reserve	6(26)	-	-	14,686,698	(14,686,698)	-	-	-	-	-	-	-
Cash dividends	6(26)	-	-	-	(62,553,153)	-	-	-	-	(62,553,153)	-	(62,553,153)
Stock dividends	6(26)	15,638,288	-	-	(15,638,288)	-	-	-	-	-	-	-
Employees' stock bonus	6(34)	1,266,214	9,331,981	-	-	-	-	-	-	10,598,195	-	10,598,195
Consolidated net income		-	-	-	148,662,983	-	-	-	-	148,662,983	2,694,181	151,357,164
Other comprehensive income (loss)	6(27)	-	-	-	47,895	(60,675,755)	33,062,341	-	-	(27,565,519)	(3,648,702)	(31,214,221)
Changes in equity of associates and joint ventures accounted for under the equity method	6(9)	-	809,860	-	(1,042)	-	-	-	-	808,818	-	808,818
Adjustments arising from changes in percentage of ownership in subsidiaries	6(27)	-	1,168,232	-	-	-	-	-	-	1,168,232	-	1,168,232
Increase in non-controlling interests	6(28)	-	-	-	-	-	-	-	-	-	3,232,484	3,232,484
Balance at December 31, 2016		$ 173,287,383	$ 93,046,611	$ 107,866,626	$ 672,059,408	($ 7,741,467)	$ 40,249,734	$ -	($18,901)	$ 1,078,749,394	$ 55,039,204	$ 1,133,788,598

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

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 197,949,745	$ 199,038,315
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(33)	62,407,931	70,330,897
Amortization	6(33)	878,847	926,227
Provision for doubtful accounts and sales discount		1,009,719	452,769
Impairment loss	6(32)	321,322	2,595,631
Gain on disposal of property, plant and equipment, net	6(32)	(396,486)	(631,716)
Loss on financial assets or liabilities at fair value through profit or loss, net	6(32)	8,316,405	3,801,694
Share of profit of associates and joint ventures accounted for using equity method	6(9)	(827,454)	(4,908,342)
Loss (gain) on disposal of investments	6(32)	475,050	(4,624,214)
Gain on disposal of non-current assets held for sale		-	(28,375)
Interest expense	6(35)	26,549,974	18,864,432
Interest income	6(31)	(36,236,935)	(26,024,974)
Dividend income	6(31)	(1,392,767)	(895,708)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets held for trading		(2,784,565)	(7,264,591)
Notes receivable		533,287	237,111
Accounts receivable		(133,021,000)	181,012,131
Accounts receivable due from related parties		(5,777,569)	(1,010,161)
Other receivables		5,962,954	8,378,661
Inventories		39,839,835	(55,428,204)
Prepayments		1,358,792	(4,028,787)
Changes in operating liabilities			
Accounts payable		60,405,312	(81,164,085)
Accounts payable to related parties		(254,606)	(10,152,066)
Other payables		20,118,335	(6,122,819)
Provisions for liabilities - current		650,154	(341,997)
Other current liabilities		(30,069,029)	5,403,159
Accrued pension liabilities		(64,123)	186,767
Cash inflow generated from operations		215,953,128	288,601,755
Income taxes paid		(41,932,394)	(46,279,121)
Net cash flows from operating activities		174,020,734	242,322,634

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(38)	($ 53,204,353)	($ 70,959,526)
Increase in other financial assets - current		(56,183,228)	(9,487,523)
Acquisition of available-for-sale financial assets		(40,479,644)	(3,149,709)
Acquisition of investments accounted for using equity method		(63,030,417)	(7,930,360)
Acquisition of financial assets at fair value through profit or loss, designated upon initial recognition		(7,996,500)	-
Acquisition of financial assets at cost		(15,093,750)	(13,150,561)
Acquisition of intangible assets	6(12)	-	(56,610)
Proceeds from disposal of financial assets carried at cost		7,656	11,316
Proceeds from disposal of available-for-sale financial assets		1,949,812	7,460,257
Proceeds from disposal of investments accounted for using equity method		-	314,656
Proceeds from disposal of property, plant and equipment		2,319,840	4,718,741
Proceeds from disposal of non-current assets held for sale		-	3,433,375
Accounts receivable due from related parties	7	(4,838)	(1,107,647)
Increase in other financial assets - non-current		(38,347)	(12,677)
Net cash flow from acquisition of subsidiaries	6(29)	(5,482,763)	-
Proceeds from disposal of investments accounted for using equity method		276,400	-
Decrease (increase) in other non-current assets		408,428	(157,666)
Increase in other prepayments		(7,530,037)	(368,768)
Other investing activities		(605,700)	425,612
Interest received		27,521,419	20,897,825
Dividends received		5,032,100	3,379,604
Net cash flows used in investing activities		(212,133,922)	(65,739,661)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans		101,238,934	(156,067,298)
Increase in short-term notes and bills payable		9,000,000	7,000,000
Proceeds from issuing bonds		52,360,000	50,212,659
Repayments of bonds		(24,918,350)	(16,500,000)
Proceeds from long-term debt		1,086,000	2,745,533
Repayments of long-term debt		(6,985,906)	(8,169,988)
Increase in other non-current liabilities		464,812	55,315
Cash dividends paid	6(26)	(62,553,153)	(56,214,946)
Changes in non-controlling interests	6(28)	926,444	450,270
Interest paid		(18,673,292)	(14,689,929)
Net cash flows from (used in) financing activities		51,945,489	(191,178,384)
Net effect of changes in foreign currency exchange rates		(37,814,721)	(7,304,169)
Net decrease in cash and cash equivalents		(23,982,420)	(21,899,580)
Cash and cash equivalents at beginning of year		657,137,721	679,037,301
Cash and cash equivalents at end of year		$ 633,155,301	$ 657,137,721

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

HON HAI PRECISION INDUSTRY CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

HISTORY AND ORGANIZATION

Hon Hai Precision Industry Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacture, sales and service of connectors, case, thermal module, wired/wireless communication products, optical products, power supply modules, and assemblies for use in the IT, communications, automotive equipment, precision molding, automobile, and consumer electronics industries.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 31, 2017.

APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

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

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

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

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

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

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

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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

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

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

B. IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. Amendments to IFRS 15, ‘Clarifications to IFRS 15 Revenue from Contracts with Customers‘

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

D. IFRS 16, ‘Leases’

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

E. Amendments to IAS 7, ‘Disclosure initiative’

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(c) Liabilities on cash-settled share-based payment arrangements measured at fair value.

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Investor	Subsidiary	Main Business Activities	December 31, 2016	December 31, 2015	Note
Hon Hai Precision Industry Co., Ltd.	Foxconn (Far East) Limited and subsidiaries	Investment holdings in companies in Mainland China, Hong Kong, Europe and America primarily engaged in manufacturing, sale, research and development of computer cases, connectors and computer components	100	100	(a)
"	Foxconn Holding Ltd. and subsidiaries	Investment holdings in hi-tech companies in Asia-Pacific and America	100	100	
"	Hyield Venture Capital Co., Ltd. and subsidiaries	Venture capital investments in companies primarily engaged in manufacturing of automobile wires/ electronic devices and electronic components, and services of planning, advisory and business management	100	97.95	
"	Bao Shin International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in manufacturing and sale of machinery and equipment	100	100	
"	Hon Yuan International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in manufacturing and sale of machinery and equipment	100	100	

Investor	Subsidiary	Main Business Activities	Ownership (%) December 31, 2016	Ownership (%) December 31, 2015	Note
Hon Hai Precision Industry Co., Ltd.	Hon Chi International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in software and electronic information application services, and manufacturing and sale of machinery and equipment	100	100	
"	Lin Yih International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in manufacturing electronic components	100	100	
"	Hon Hai/ Foxconn Logistics California LLC.	Logistics services in America	100	100	
"	Hon Hai/ Foxconn Logistics Texas LLC.	Logistics services in America	100	100	
"	Ambit International Ltd. and subsidiaries	Investment holdings in companies in Mainland China primarily engaged in manufacturing and sale of power supply modules, application modules and network cables assemblies	100	100	
"	Foxconn Singapore (Pte) Ltd. and subsidiaries	Asia-Pacific sales company and development of educational technology	100	100	(c)
"	Foxconn International Inc.	Patent applications in America	100	100	
"	Altus Technology Inc.	Leasing services	100	100	

Investor	Subsidiary	Main Business Activities	Ownership (%) December 31, 2016	Ownership (%) December 31, 2015	Note
Hon Hai Precision Industry Co., Ltd.	Premier Image Technology -Hong Kong Limited and subsidiaries	Investment holdings in companies in Mainland China, primarily engaged in manufacturing and trading of portable cameras	99.96	99.96	
"	Foxconn SA B.V. and subsidiaries	Investment holdings in Russian domestic sales companies	100	100	
"	Margini Holdings Limited and subsidiaries	Investment holdings in Vietnam export processing and construction services companies and Brazil domestic sales companies	100	100	
"	Jin Ji City Trading Co., Ltd. -Hong Kong	Investment holdings and reinvestment in businesses relating to robots, automatic equipment, moulds, parts, accessories and corresponding services	100	100	
"	Foxconn Holdings B.V. - Netherlands and subsidiaries	Investment holdings in companies in Europe	100	100	
"	Syntrend Creative Park Co., Ltd.	Retail of office machinery and equipment and electronic appliances, and information/software services	74.80	73.47	
"	Perobot Co., Ltd.	Sale, software development, repair services, after-sale services and rental services of robots	100	-	(b)

(a) In order to cooperate with the land use change in Shanghai, China, the Group acquired 79.77% of the shares of Cybertan Technology Corp. (CBT) and its investee company, Fuyu Properties (Shanghai) Co., Ltd. (Formerly: Han Yang Optics (Shanghai) Ltd.) by cash capital increase on April 29, 2016, which were then consolidated effective the acquisition date.

(b) On April 14, 2016, the Company directly invested to set up Perobot Co., Ltd..

(c) In the second half of 2016, the Group invested and acquired 67% of shares of Smart Technologies, Inc. which was consolidated in the financial statements since the Group obtained the control over it on December 19, 2016.

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

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

E. Significant restrictions: None.

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

As of December 31, 2016 and 2015, the non-controlling interest amounted to $55,039,204, and $52,761,241, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
		December 31, 2016		December 31, 2015		
Name of subsidiary	Principal place of business	Amount	Ownership %	Amount	Ownership %	Description
FIH MOBILE LIMITED	Cayman	$ 44,880,180	35%	$ 46,002,803	35%	

Summarised financial information of the subsidiary:

Balance sheets

	FIH MOBILE LIMITED	
	December 31, 2016	December 31, 2015
Current assets	$ 171,314,372	$ 148,905,685
Non-current assets	53,353,903	41,672,957
Current liabilities	(108,386,056)	(66,389,877)
Non-current liabilities	(1,125,317)	(898,524)
Total net assets	$ 115,156,902	$ 123,290,241

Statements of comprehensive income

	FIH MOBILE LIMITED	
	For the years ended December 31,	
	2016	2015
Revenue and other operating revenue	$ 211,415,130	$ 244,233,112
Profit for the year from continuing operations	4,394,168	7,257,812
Other comprehensive loss, net of tax	(4,736,775)	(7,716,200)
Total comprehensive loss for the year	($ 342,607)	($ 458,388)
Comprehensive loss attributable to non-controlling interest	($ 68,080)	($ 21,588)
Dividends paid to non-controlling interest	$ 2,526,492	$ 2,123,356

Statements of cash flows

	FIH MOBILE LIMITED	
	For the years ended December 31,	
	2016	2015
Net cash provided by operating activities	$ 7,560,325	$ 27,840,931
Net cash used in investing activities	(28,695,786)	(8,616,267)
Net cash provided by (used in) financing activities	6,050,395	(11,324,039)
Effect of exchange rates on cash and cash equivalents	(3,521,100)	(4,532,567)
(Decrease) increase in cash and cash equivalents	(18,606,166)	3,368,058
Cash and cash equivalents, beginning of year	62,916,867	57,981,396
Cash and cash equivalents, end of year	$ 44,310,701	$ 61,349,454

(4) Foreign currency translation

A. The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's presentation currency.

B. Foreign currency transactions and balances

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

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

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

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

C. Translation of foreign operations

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

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

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

(a) Hybrid (combined) contracts; or

(b) Capable of eliminating or significantly reducing a measurement or recognition inconsistency; or

(c) Performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

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

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

(8) Available-for-sale financial assets

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

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

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

(9) Accounts receivable

Accounts receivable are generated by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

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

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

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

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

(d) Increase in probability of the borrower going bankruptcy or suffering financial reorganisation;

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

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

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

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

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

(a) Financial assets measured at amortised cost

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

(b) Financial assets measured at cost

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

(c) Available-for-sale financial assets

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

(11) Derecognition of financial assets

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

A. The contractual rights to receive the cash flows from the financial asset expire.
B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
C. The contractual rights to receive cash flows of the financial asset have been transferred; and the Group has not retained control of the financial asset.

(12) Operating lease (lessor)

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

(13) Inventories

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

(14) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(15) Investments accounted for under the equity method / associates

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

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

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

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

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

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

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

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

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

C. While land is not depreciated, other property, plant and equipment that apply cost model are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant in relation to the total cost of the item, it must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	51 years
(Auxiliary buildings)	(6 ~ 11 years)
Machinery and equipment	3 ～ 9 years
Molding equipment	1 ～ 2 years
Other equipment	2 ～ 6 years

(17) Leased assets/ leases (lessee)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b)The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

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

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 6 to 51 years.

(19) Intangible assets

A. Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

B. Goodwill is generated by adopting the acquisition method when merger and acquisition occurs.

C. Patent is amortised on a straight-line basis over its estimated useful life of 2 to 20 years.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior periods no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amount of goodwill shall be evaluated periodically. An impairment is recognized when recoverable amount is lower than carrying amount. Impairment loss should not be reversed in the future.

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

(21) Borrowings

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

(22) Notes and accounts payable

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

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

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

(a) Hybrid (combined) contracts; or

(b) Capable of eliminating or significantly reduce a measurement or recognition inconsistency; or

(c) Performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Financial liabilities and equity instruments - Bonds payable

Ordinary corporate bonds issued by the Group are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the ‘finance costs’ over the period of bond circulation using the effective interest method.

(27) Derivative financial instruments

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

(28) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

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

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

(30) Employee share-based payment

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

B. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognized as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled, with any changes in fair value recognized in profit or loss.

C. Restricted stocks:

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

(b) For restricted stocks where employees do not need to pay to acquire those stocks, the Group will collect the stocks at no consideration from employees who resign during the vesting period.

(31) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

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

(32) Dividends

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

(33) Revenue recognition

The Group manufactures and sells 3C products. Revenue is measured at the fair value of the consideration received or receivable, taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group’s activities. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(34) Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(35) Business combinations

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

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(36) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS ON UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

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

A. Revenue recognition

The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of Group's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. When exposed to the significant risks and rewards, the Group acts as a principal, and the amount received or receivable from customer is recognized as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognized representing commission earned. The Group provides integrated electronics manufacturing services which meet the following criteria based on judgment, and recognizes revenue on a gross basis:

a. The Group has primary responsibilities for the goods or services it provides;

b. The Group bears inventory risk;

c. The Group bears credit risk of customers.

B. Offsetting financial instruments

The Company's financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the actual results. The estimates and assumptions that may significantly adjust the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

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

As of December 31, 2016, the carrying amount of inventories was $387,274,061.

DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand and revolving funds	$ 107,183	$ 383,418
Checking accounts and demand deposits	228,420,122	388,395,146
Cash equivalents - Time deposits	398,210,765	266,661,491
Cash equivalents - Repo bonds	6,417,231	1,697,666
	$ 633,155,301	$ 657,137,721

A. The Group associates with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it expects that the probability of counterparty default is low.

B. The Group’s time deposits pledged to others as collateral had been transferred to “other current assets”. Please refer to Note 8 for details.

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

Assets	December 31, 2016	December 31, 2015
Current items:		
Financial products	$ 4,776,461	$ -
Beneficiary certificates	480,599	404,246
Cross currency swap contracts	6,466,269	5,280,768
Forward exchange contracts	1,253,723	429,899
Convertible bonds payable	675,311	-
	$ 13,652,363	$ 6,114,913
Non-current items:		
Cross currency swap contracts	$ 2,836,837	$ -
Convertible bonds payable	3,161,500	-
	$ 5,998,337	$ -

Liabilities	December 31, 2016	December 31, 2015
Current items:		
Cross currency swap contracts	($ 853,160)	($ 12,727)
Forward exchange contracts	(10,702,740)	(472,046)
	($ 11,555,900)	($ 484,773)

A. For the years ended December 31, 2016 and 2015, the Group recognized net loss of $8,316,405 and $3,801,694 (shown as "Other gains and losses") on financial assets and liabilities recognized above, respectively.

B. The counterparties of the Group's debt derivative instruments have good credit quality.

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

Derivative Financial Assets	December 31, 2016 Contract amount (Nominal Principal in thousands)		Contract period
Current items:			
Cross currency swap contracts	USD (BUY)	6,744,000	2016.04.11~2017.07.05
	TWD (SELL)	164,210,695	2016.04.11~2017.07.05
	JPY (SELL)	153,819,500	2016.06.14~2017.03.27
	EUR (SELL)	136,737	2016.10.20~2017.02.06
Foreign exchange forward contracts	USD (BUY)	3,570,000	2016.11.16~2017.05.17
	AUD (BUY)	20,000	2016.12.29~2017.01.04
	CZK (BUY)	516,600	2016.12.29~2017.01.03
	EUR (BUY)	6,500	2016.06.02~2017.08.15
	TWD (SELL)	113,978,555	2016.11.16~2017.05.17
	CAD (SELL)	9,618	2016.06.02~2017.08.15
	USD (SELL)	34,436	2016.12.29~2017.01.04
Financial products	USD	150,000	2016.12.02~2017.01.19
Convertible bonds payable	USD	10,000	2016.10.14~2017.06.30
Non-current items:			
Cross currency swap contracts	USD (BUY)	1,000,000	2016.09.13~2026.09.24
	JPY (SELL)	102,619,000	2016.09.13~2026.09.24
Convertible bonds payable	USD	90,000	2016.10.14~2021.12.15

Derivative Financial Liabilities	December 31, 2016 Contract amount (Nominal Principal in thousands)		Contract period
Current items:			
Cross currency swap contracts	USD (BUY)	3,450,000	2016.03.08~2017.07.05
	TWD (SELL)	112,367,500	2016.03.08~2017.07.05
Foreign exchange forward contracts	USD (BUY)	14,000	2016.06.28~2017.10.16
	GBP (BUY)	4,500	2016.10.24~2017.09.15
	JPY (BUY)	112,476,600	2016.11.08~2017.03.27
	RMB (BUY)	48,133,453	2016.11.03~2017.02.17
	MXN (BUY)	3,919,771	2016.11.02~2017.02.15
	CAD (SELL)	25,838	2016.06.28~2017.10.16
	USD (SELL)	8,303,593	2016.11.02~2017.03.27

Derivative Financial Assets	December 31, 2015 Contract amount (Nominal Principal in thousands)		Contract period
Current items:			
Cross currency swap contracts	USD (BUY)	4,650,000	2015.05.26~2016.09.28
	TWD (SELL)	148,067,050	2015.05.26~2016.09.28
Foreign exchange forward contracts	JPY (BUY)	61,490,000	2015.12.18~2016.03.22
	RMB (BUY)	2,464,001	2015.12.30~2016.02.01
	CZK (BUY)	618,900	2015.12.30~2016.01.05
	AUD (BUY)	25,000	2015.12.31~2016.01.04
	USD (SELL)	916,220	2015.12.18~2016.03.22

Derivative Financial Liabilities	December31,2015 Contract amount (Nominal Principal in thousands)		Contract period
Current items:			
Cross currency swap contracts	USD (BUY)	200,000	2015.09.25~2016.06.30
	TWD (SELL)	6,599,600	2015.09.25~2016.06.30
Foreign exchange forward contracts	TWD (BUY)	16,437,500	2015.12.17~2016.03.21
	RMB (BUY)	8,457,434	2015.11.09~2016.02.01
	USD (BUY)	1,732	2015.12.23~2016.01.22
	USD (SELL)	1,797,441	2015.11.09~2016.03.21
	INR (SELL)	115,014	2015.12.23~2016.01.22

(a) Cross currency swap contracts

The cross currency swap contracts signed by the Company are to fulfill capital movement. For exchange rate, principals denominated in two currencies are exchanged at the same exchange rate at the initial and final exchanges. Thus, there is no foreign exchange risk. For interest rate, the fixed rate between two currencies is used to exchange. Thus, there is no interest rate risk.

(b) Forward foreign exchange contracts

The Group enters into foreign exchange forward transactions to hedge the following risk of exchange rate:

A. Operating activities: Import of raw materials and export sales

B. Investing activities: Import of machinery and equipment

C. Financing activities: Long-term and short-term foreign currency assets and liabilities

(c) Financial products

All of the structured products the Group entered into an agreement with financial institutions pertain to hybrid financial products which are principal guaranteed products in combination with embedded derivative financial products. The abovementioned agreement is designated as “financial assets at fair value through profit or loss” altogether upon initial recognisation.

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

(3) Available-for-sale financial assets

Items	December 31, 2016	December 31, 2015
Current items:		
Listed stocks	$ 1,867	$ 79,674
Adjustment of available-for-sale financial assets	460,467	547,834
	$ 462,334	$ 627,508
Non-current items:		
Listed stocks	$ 62,295,465	$ 29,656,793
Foreign investment fund	5,228,143	607,355
Emerging stocks	1,218,466	-
	68,742,074	30,264,148
Adjustment of available-for-sale financial assets	43,753,490	8,732,972
	$ 112,495,564	$ 38,997,120

A. The Group recognized net loss or gain in other comprehensive income for fair value change for the years ended December 31, 2016 and 2015. Please refer to Notes 6(27) and (28) for details. The Group reclassified loss of $450,133 and profit of $4,607,161 from equity to profit or loss for the years ended December 31, 2016 and 2015, respectively.

B. On April 2, 2016, the Company signed an investment agreement with a Japanese listed company, Sharp Corporation (hereafter "Sharp"), to acquire 11,363,636 Class C shares of Sharp for ¥8,800 per share. The amount of the acquisition totaled $30,098,320 (¥99,999,997 thousand). On August 12, 2016, the transaction had been completed. Beginning on July 1, 2017, in case that Sharp plans to redeem some or all of Class C shares, Sharp is able to acquire all or some of Class C shares by exchanging with newly issued ordinary shares (in a quantity that the number of Class C shares times the exchange rate 100).

(4) Notes and accounts receivable

	December 31, 2016	December 31, 2015
Notes receivable	$ 707,837	$ 1,241,124
Accounts receivable	703,738,850	569,065,964
Less: Allowance for sales returns and allowances	(2,110,082)	(2,398,514)
Allowance for doubtful accounts	(3,259,575)	(3,203,260)
	$ 699,077,030	$ 564,705,314

A. The Group entered into a factoring agreement with the following banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable.

As of December 31, 2015, there is no unsettled accounts receivable factored.

As of December 31, 2016, the relevant information of accounts receivable factored but unsettled were as follows:

December 31, 2015			
Accounts receivable factoring not due yet	Amount of accounts receivable derecognised	Amount advanced	Amount of consideration retained
$ 3,225,000	$ 3,225,000	$ 3,225,000	$ -

B. As of December 31, 2016 and 2015, the Group has not signed promissory notes as guarantee for accounts receivable in commercial dispute.

C. For the years ended December 31, 2016 and 2015, the financing charges (expenses) incurred from accounts receivable factoring were $20,572 and $6,107 (shown as "finance costs"), respectively.

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

(5) Other receivables

	December 31, 2016	December 31, 2015
Tax refund receivable	$ 22,499,777	$ 30,123,367
Interest receivable	15,548,712	6,833,196
Loans to related parties	1,587,592	1,582,754
Others	6,113,659	5,240,638
	$ 45,749,740	$ 43,779,955

(6) Inventories

	December 31, 2016	December 31, 2015
Raw materials	$ 91,976,158	$ 83,927,067
Work in process	84,987,963	66,706,827
Finished goods	217,638,784	278,832,141
Inventory in transit	22,964,968	25,884,726
	417,567,873	455,350,761
Less: Allowance for inventory obsolescence and market price decline	(30,293,812)	(30,725,744)
	$ 387,274,061	$ 424,625,017

Expenses and losses incurred on inventories for the years ended December 31, 2016 and 2015 were as follows:

	For the years ended December 31,	
	2016	2015
Cost of inventories sold	$ 4,039,630,840	$ 4,154,261,826
Loss on inventory obsolescence and market price decline	471,770	11,724,725
Revenue from sale of scraps	(3,815,744)	(5,171,131)
Others	861,511	738,578
	$ 4,037,148,377	$ 4,161,553,998

(7) Other current assets

	December 31, 2016	December 31, 2015
Time deposits with maturity over three months	$ 54,294,559	$ 37,384,154
Capital guarantee financial products	48,509,271	12,629,860
Structured deposits	3,062,928	-
Pledged time deposits	700,223	462,246
Refundable deposits	197,221	104,714
	$ 106,764,202	$ 50,580,974

A. The Group has signed a contract for capital guarantee financial products with the bank for the years ended December 31, 2016 and 2015, and the expected range for annualised rate of return is between 1.8%~5.63% and 2.65%~5.63%, respectively.

B. All of the structured deposits the Group entered an agreement with pertain to principal guaranteed products.

C. Details of other current assets pledged as collateral are provided in Note 8.

(8) Financial assets carried at cost

Items	December 31, 2016	December 31, 2015
Non-current item:		
Unlisted stocks	$ 32,467,460	$ 18,795,163

A. According to the Group's intension, its investments in above equity instruments should be classified as "available-for-sale financial assets". However, as the above equity instruments are not traded in active market, and no sufficient industry information of companies similar to the above companies or no financial information of the above companies can be obtained, the fair value of the investment in above equity instruments cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets carried at cost'.

B. The addition in above listed share investment in the third quarter of 2015 pertains to the investment in shares of Jasper Infotech Private Limited. The investment is approximately US$200,004 thousand. Jasper Infotech Private Limited is primarily engaged in operations of online shopping sites.

C. The additional investment during the first quarter of 2016 pertains to the investment in shares of Katerra Inc. The investment is approximately USD 50 million. Katerra Inc. is primarily engaged in vertical integration of construction industry.

D. The additional investment during the second quarter of 2016 pertains to the investment in shares of IDG China Capital. The investment is approximately USD 32 million. IDG China Capital is primarily engaged in the investment in enterprises in China.

E. The additional investment during the third quarter of 2016 pertains to the investment in shares of Xiaoju Kuaizhi Inc. The investment is approximately USD 120 million. Xiaoju Kuaizhi Inc. is primarily engaged in the investment in enterprises in China.

F. The additional investment during the third quarter of 2016 pertains to the investment in shares of Hike Global. The investment is approximately USD 50 million. Hike Global is primarily engaged in internet communication platform.

G. The Group has assessed the aforementioned financial instruments. Because partial investment was impaired, the Group has recognized impairment loss of $667,558 and $158,700 (shown as "other gain and loss") for the years ended December 31, 2016 and 2015, respectively.

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

(9) Investments accounted for under equity method

	December 31, 2016	December 31, 2015
Sharp Corporation	$ 63,115,972	$ -
Foxconn Technology Co., Ltd.	31,843,159	27,166,249
Zhen Ding Technology Holding Limited	14,526,244	16,385,926
Asia Pacific Telecom Co., Ltd.	7,261,502	9,796,713
Pan International Industrial Corporation	3,027,594	2,954,789
General Interface Solution Holding Limited	3,036,857	2,834,332
Others	19,716,012	18,496,928
	$ 142,527,340	$ 77,634,937

A. The Group has assessed impairment of certain investees for the years ended December 31, 2016 and 2015, and has accrued impairment loss of $0 and $257,483, respectively (shown as "other gains and losses").

B. Associates

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

Company name	Principal place of business	Shareholding ratio December 31, 2016	Shareholding ratio December 31, 2015	Nature of relationship	Method of measurement
Sharp Corporation	Japan	45%	-	Strategic Investment	Equity method
Foxconn Technology Co., Ltd.	Taiwan	29%	30%	Supplier	Equity method
Zhen Ding Technology Holding Limited	Cayman	38%	38%	Supplier	Equity method
Asia Pacific Telecom Co., Ltd.	Taiwan	20%	20%	Strategic Investment	Equity method
Pan International Industrial Corporation	Taiwan	27%	27%	Supplier	Equity method
General Interface Solution Holding Limited	Cayman	25%	25%	Supplier	Equity method

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

Balance sheet

	Sharp Corporation
	December 31, 2016
Current assets	$ 327,107,350
Non-current assets	162,472,215
Current liabilities	(223,468,483)
Non-current liabilities	(184,402,857)
Total net assets	81,708,225
Effect of accounting principles (Note 1)	(70,073,405)
Total net assets after adjustment	$ 11,634,820
Share in associate's net assets (Note 2)	($ 8,462,866)
Others (Note 1)	71,578,838
Carrying amount of the associate	$ 63,115,972

Note 1: In August 2016, the Group acquired the ordinary shares newly issued by Sharp Corporation, which approximately equaled to 44.55% of equity, for a total amount of $59,166,997 (¥194,968,461 thousand). The Group is now allocating the acquisition cost in response to the difference in accounting principles by assigning experts.

Note 2: Share in associate's net assets is counted with equity of ordinary shares, excluding Class C shares of Sharp Corporation.

	Foxconn Technology Co., Ltd.	
	December 31, 2016	December 31, 2015
Current assets	$ 99,607,682	$ 102,516,113
Non-current assets	48,644,595	20,868,772
Current liabilities	(40,800,971)	(31,706,661)
Non-current liabilities	(705,029)	(704,866)
Total net assets	$ 106,746,277	$ 90,973,358
Share in associate's net assets	$ 31,463,531	$ 26,919,334
Goodwill	338,190	338,190
Others	41,438	(91,275)
Carrying amount of the associate	$ 31,843,159	$ 27,166,249

	Zhen Ding Technology Holding Limited	
	December 31, 2016	December 31, 2015
Current assets	$ 60,420,173	$ 56,823,003
Non-current assets	34,483,663	34,432,412
Current liabilities	(46,623,696)	(39,250,046)
Non-current liabilities	(10,049,783)	(9,752,836)
Total net assets	$ 38,230,357	$ 42,252,533
Share in associate's net assets	$ 14,512,244	$ 16,039,062
Others	14,000	346,864
Carrying amount of the associate	$ 14,526,244	$ 16,385,926

	Asia Pacific Telecom Co., Ltd.	
	December 31, 2016	December 31, 2015
Current assets	$ 10,127,739	$ 16,748,499
Non-current assets	30,500,370	28,782,036
Current liabilities	(5,012,377)	(4,913,354)
Non-current liabilities	(518,261)	(448,298)
Total net assets	$ 35,097,471	$ 40,168,883
Share in associate's net assets	$ 6,911,113	$ 7,881,135
Other intangible assets	800,616	2,346,630
Others	(450,227)	(431,052)
Carrying amount of the associate	$ 7,261,502	$ 9,796,713

	Pan International Industrial Corporation	
	December 31, 2016	December 31, 2015
Current assets	$ 12,752,862	$ 13,011,823
Non-current assets	5,982,149	5,764,112
Current liabilities	(6,933,349)	(7,051,025)
Non-current liabilities	(191,005)	(408,395)
Total net assets	$ 11,610,657	$ 11,316,515
Share in associate's net assets	$ 3,138,139	$ 3,058,638
Goodwill	296,404	296,404
Others	(406,949)	(400,253)
Carrying amount of the associate	$ 3,027,594	$ 2,954,789

	General Interface Solution Holding Limited	
	December 31, 2016	December 31, 2015
Current assets	$ 27,398,607	$ 33,357,097
Non-current assets	14,658,502	15,677,851
Current liabilities	(26,513,069)	(30,153,504)
Non-current liabilities	(3,254,048)	(7,411,061)
Total net assets	$ 12,289,992	$ 11,470,383
Share in associate's net assets	$ 3,036,857	$ 2,834,332
Others	-	-
Carrying amount of the associate	$ 3,036,857	$ 2,834,332

Statement of comprehensive income

	Sharp Corporation
	For the years ended December 31,
	2016
Revenue	$ 597,324,528
Loss for the year from continuing operations	($ 55,809,325)
Other comprehensive loss, net of tax	(10,237,284)
Total comprehensive loss	(66,046,609)
Effect of accounting principles	111,855
Total comprehensive income after adjusted	($ 65,934,754)
Dividends received from associates	$ -

	Foxconn Technology Co., Ltd.	
	For the years ended December 31,	
	2016	2015
Revenue	$ 80,110,459	$ 99,425,613
Profit for the year from continuing operations	$ 10,719,973	$ 12,182,417
Other comprehensive income (loss), net of tax	8,859,498	(303,125)
Total comprehensive income	$ 19,579,471	$ 11,879,292
Dividends received from associates	$ 1,238,377	$ 1,021,764

	Zhen Ding Technology Holding Limited	
	For the years ended December 31,	
	2016	2015
Revenue	$ 82,392,633	$ 85,737,736
Profit for the year from continuing operations	$ 3,456,186	$ 7,730,720
Other comprehensive loss, net of tax	(3,856,994)	(548,121)
Total comprehensive (loss) income	($ 400,808)	$ 7,182,599
Dividends received from associates	$ 1,396,922	$ 1,127,766

	Asia Pacific Telecom Co., Ltd.	
	For the years ended December 31,	
	2016	2015
Revenue	$ 14,153,429	$ 14,848,518
Loss for the year from continuing	($ 5,132,577)	($ 1,600,913)
Other comprehensive income (loss), net of tax	1,708	(24,953)
Total comprehensive loss	($ 5,130,869)	($ 1,625,866)
Dividends received from associates	$ -	$ -

	Pan International Industrial Corporation	
	For the years ended December 31,	
	2016	2015
Revenue	$ 18,412,296	$ 18,933,935
Profit for the year from continuing operations	$ 1,267,382	$ 474,884
Other comprehensive loss, net of tax	(934,588)	(741,291)
Total comprehensive income (loss)	$ 332,794	($ 266,407)
Dividends received from associates	$ 48,089	$ 39,228

	General Interface Solution Holding Limited	
	For the years ended December 31,	
	2016	2015
Revenue	$ 79,361,173	$ 93,678,500
Profit for the year from continuing operations	$ 2,897,420	$ 2,211,397
Other comprehensive (loss) income, net of tax	(923,480)	97,138
Total comprehensive income	$ 1,973,940	$ 2,308,535
Dividends received from associates	$ 277,675	$ 153,000

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

As of December 31, 2016 and 2015, the carrying amount of the Group's individually immaterial associates amounted to $19,716,012 and $18,496,928, respectively.

	For the years ended December 31,	
	2016	2015
Loss for the year from continuing operations	($ 263,310)	($ 1,170,578)
Other comprehensive loss, net of tax	(254,776)	(384,129)
Total comprehensive loss	($ 518,086)	($ 1,554,707)

(d) The fair value of the Group's material associates which have quoted market price was as follows:

	December 31, 2016	December 31, 2015
Sharp Corporation	$ 165,105,129	$ -
Foxconn Technology Co., Ltd.	34,539,470	28,730,355
Zhen Ding Technology Holding Limited	19,275,944	23,155,572
Asia Pacific Telecom Co., Ltd.	8,637,819	9,864,579
Pan International Industrial Corporation	3,327,354	1,821,288
General Interface Solution Holding Limited	6,843,772	8,449,573
	$ 237,729,488	$ 72,021,367

(10) Property, plant and equipment

At January 1, 2016	Land	Buildings	Machinery and equipment	Molding equipment	Others	Construction in progress	Total
Cost	$ 4,364,220	$ 197,644,921	$ 294,481,624	$ 38,344,911	$ 105,694,104	$ 28,042,474	$ 668,572,254
Accumulated depreciation and impairment	-	(59,513,206)	(173,604,052)	(24,125,162)	(74,591,368)	-	(331,833,788)
	$ 4,364,220	$ 138,131,715	$ 120,877,572	$ 14,219,749	$ 31,102,736	$ 28,042,474	$ 336,738,466
2016							
Opening net book amount	$ 4,364,220	$ 138,131,715	$ 120,877,572	$ 14,219,749	$ 31,102,736	$ 28,042,474	$ 336,738,466
Additions	10,220	1,913,412	15,795,085	2,171,556	11,236,296	24,284,120	55,410,689
Transfer	-	3,244,208	4,717,785	241,244	1,252,982	(10,056,830)	(600,611)
Disposals	(82,762)	(1,606,770)	(2,391,667)	(293,915)	(591,225)	-	(4,966,339)
Acquired through business combinations	-	3,511,659	1,631,125	-	1,194,207	4,618	6,341,609
Depreciation charge	-	(9,686,595)	(35,598,349)	(3,733,186)	(13,389,801)	-	(62,407,931)
Impairment loss and reversal of impairment	-	(704)	346,940	-	-	-	346,236
Net exchange differences	(295,998)	(9,824,444)	(5,637,497)	(937,426)	(1,015,163)	(3,949,121)	(21,659,649)
Closing net book amount	$ 3,995,680	$ 125,682,481	$ 99,740,994	$ 11,668,022	$ 29,790,032	$ 38,325,261	$ 309,202,470
At December 31, 2016							
Cost	$ 3,995,680	$ 189,709,141	$ 274,498,235	$ 37,098,201	$ 106,821,952	$ 38,325,261	$ 650,448,470
Accumulated depreciation and impairment	-	(64,026,660)	(174,757,241)	(25,430,179)	(77,031,920)	-	(341,246,000)
	$ 3,995,680	$ 125,682,481	$ 99,740,994	$ 11,668,022	$ 29,790,032	$ 38,325,261	$ 309,202,470

At January 1, 2015	Land	Buildings	Machinery and equipment	Molding equipment	Others	Construction in progress	Total
Cost	$ 4,235,719	$ 186,559,953	$ 304,064,762	$ 38,852,709	$ 101,454,212	$ 18,014,617	$ 653,181,972
Accumulated depreciation and impairment	-	(52,487,019)	(151,356,618)	(24,032,071)	(66,437,706)	-	(294,313,414)
	$ 4,235,719	$ 134,072,934	$ 152,708,144	$ 14,820,638	$ 35,016,506	$ 18,014,617	$ 358,868,558
2015							
Opening net book amount	$ 4,235,719	$ 134,072,934	$ 152,708,144	$ 14,820,638	$ 35,016,506	$ 18,014,617	$ 358,868,558
Additions	203,274	14,186,801	7,350,884	3,809,128	9,562,110	20,637,552	55,749,749
Transfer	95,799	3,136,451	3,531,019	2,081,023	1,838,434	(9,984,098)	698,628
Disposals	(221)	(1,009,131)	(1,356,844)	(854,618)	(866,211)	-	(4,087,025)
Depreciation charge	-	(10,517,986)	(40,161,838)	(5,483,594)	(14,167,479)	-	(70,330,897)
Impairment loss	-	-	375,464	-	-	(80,077)	295,387
Net exchange differences	(170,351)	(1,737,354)	(1,569,257)	(152,828)	(280,624)	(545,520)	(4,455,934)
Closing net book amount	$ 4,364,220	$ 138,131,715	$ 120,877,572	$ 14,219,749	$ 31,102,736	$ 28,042,474	$ 336,738,466
At December 31, 2015							
Cost	$ 4,364,220	$ 197,644,921	$ 294,481,624	$ 38,344,911	$ 105,694,104	$ 28,042,474	$ 668,572,254
Accumulated depreciation and impairment	-	(59,513,206)	(173,604,052)	(24,125,162)	(74,591,368)	-	(331,833,788)
	$ 4,364,220	$ 138,131,715	$ 120,877,572	$ 14,219,749	$ 31,102,736	$ 28,042,474	$ 336,738,466

A. The Company's subsidiaries assessed recoverable amounts of those assets where there is an indication that they are impaired. Reversal of impairment loss of $346,236 and $295,387 (shown as "other gains and losses") were recognized for the years ended December 31, 2016 and 2015, respectively.

B. Details of property, plant and equipment pledged as collateral are provided in Note 8.

(11) Investment property

	Land and buildings 2016	Land and buildings 2015
At January 1		
Cost	$ 4,889,406	$ 4,810,944
Accumulated depreciation and impairment	(1,874,758)	(1,646,278)
	$ 3,014,648	$ 3,164,666
For the year ended December 31		
Opening net book amount	$ 3,014,648	$ 3,164,666
Additions	1,927	561,520
Disposals	(83,456)	(292,735)
Depreciation charge	(188,268)	(189,872)
Impairment loss	-	(148,853)
Net exchange differences	(219,560)	(80,078)
Closing net book amount	$ 2,525,291	$ 3,014,648
At December 31		
Cost	$ 4,415,048	$ 4,889,406
Accumulated depreciation and impairment	(1,889,757)	(1,874,758)
	$ 2,525,291	$ 3,014,648

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

	For the years ended December 31 2016	For the years ended December 31 2015
Rental income from the lease of the investment property	$ 320,973	$ 274,356
Direct operating expenses arising from the investment property that generated rental income for the year	$ 188,268	$ 189,872

B. The Group assesses the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss of $0 and $148,853 (shown as “other gains or losses”) was recognized for the years ended December 31, 2016 and 2015, respectively.

C. The fair value of the investment property held by the Group as at December 31, 2016 and 2015 was $3,008,785 and $3,315,793, respectively, which was revalued by independent appraisers. The valuation is based on latest market price of similar investment property in the same area and condition which is categorized within Level 3 in the fair value hierarchy.

(12) Intangible assets

At January 1, 2016	Goodwill	Patents	Trademarks	Other	Total
Cost	$ 629,290	$ 4,005,095	$ 16,000	$ -	$ 4,650,385
Accumulated amortization and impairment	-	(1,395,381)	(1,167)	-	(1,396,548)
	$ 629,290	$ 2,609,714	$ 14,833	$ -	$ 3,253,837
2016					
Opening net book amount	$ 629,290	$ 2,609,714	$ 14,833	$ -	$ 3,253,837
Acquired through business combinations	3,452,553	234,830	3,386,510	605,530	7,679,423
Amortization charge	-	(426,959)	(2,000)	-	(428,959)
Net exchange differences	33,448	(43,811)	31,798	7,220	28,655
Closing net book amount	$ 4,115,291	$ 2,373,774	$ 3,431,141	$ 612,750	$ 10,532,956
At December 31, 2016					
Cost	$ 4,115,291	$ 4,170,702	$ 3,434,308	$ 612,750	$ 12,333,051
Accumulated amortization and impairment	-	(1,796,928)	(3,167)	-	(1,800,095)
	$ 4,115,291	$ 2,373,774	$ 3,431,141	$ 612,750	$ 10,532,956

At January 1, 2015	Goodwill	Patents	Trademarks	Total
Cost	$ 820,816	$ 4,282,987	$ 236,031	$ 5,339,834
Accumulated amortization and impairment	-	(899,690)	(53)	(899,743)
	$ 820,816	$ 3,383,297	$ 235,978	$ 4,440,091
2015				
Opening net book amount	$ 820,816	$ 3,383,297	$ 235,978	$ 4,440,091
Acquired through business combinations	12,331	-	-	12,331
Additions	-	40,610	16,000	56,610
Amortization charge	-	(482,779)	(24,787)	(507,566)
Transferred to non-current assets held for sale	(215,430)	(414,875)	(212,361)	(842,666)
Net exchange differences	11,573	83,461	3	95,037
Closing net book amount	$ 629,290	$ 2,609,714	$ 14,833	$ 3,253,837
At December 31, 2015				
Cost	$ 629,290	$ 4,005,095	$ 16,000	$ 4,650,385
Accumulated amortization and impairment	-	(1,395,381)	(1,167)	(1,396,548)
	$ 629,290	$ 2,609,714	$ 14,833	$ 3,253,837

A. Details of acquired through business combinations are provided in Note 6(29).

B. The details of amortization are as follows:

	For the years ended December 31,	
	2016	2015
Operating costs	$ 428,959	$ 507,566

(13) Other non-current assets

	December 31, 2016	December 31, 2015
Long-term prepaid rent	$ 24,048,061	$ 18,650,335
Prepayments for equipment	1,437,862	343,502
Other financial assets - non-current	92,224	53,877
Others	4,923,283	4,295,448
	$ 30,501,430	$ 23,343,162

A. Long-term prepaid rent refers to the land use rights obtained in China. Upon signing of the lease, the amount has been paid in full. The Group recognized rental expense of $449,888 and $418,661 for the years ended December 31, 2016 and 2015, respectively.

B. Details of other non-current assets pledged as collateral are provided in Note 8.

(14) Short-term notes and bills payable

	December 31, 2016	December 31, 2015
Commercial paper	$ 16,000,000	$ 7,000,000
Less: unamortized discount	(9,156)	-
	$ 15,990,844	$ 7,000,000
Interest rates per annum	0.398%~0.458%	0.502%~0.512%

(15) Short-term loans

Type of loans	December 31, 2016	Interest rate range	Collateral
Bank loans			
Credit loans	$ 167,471,587	1.18%~4.7%	None
Secured loans	4,000,556	3.92%~4.35%	Time deposits
	$ 171,472,143		

Type of loans	December 31, 2015	Interest rate range	Collateral
Bank loans			
Credit loans	$ 69,945,028	0.45%~4.14%	None
Secured loans	288,181	3.92%	Time deposits
	$ 70,233,209		

A. As of December 31, 2016 and 2015, the Company provided guarantees on the short-term credit facilities obtained by Foxconn Slovakia, SPOL S.R.O., a subsidiary of the Company, in the amount of EUR 181 million and EUR 331 million, respectively.

B. As of December 31, 2016 and 2015, the Company provided guarantees on the short-term credit facilities obtained by Competition Team Technologies Limited, a subsidiary of the Company, totaling RMB 2 billion.

C. As of December 31, 2016 and 2015, the Company provided guarantees on the short-term credit facilities obtained by Falcon Precision Trading Limited, a subsidiary of the Company, in the amount of RMB 1.9 billion and RMB 1.9 billion, respectively.

D. As of December 31, 2016 and 2015, the Company provided guarantees on the short-term credit facilities obtained by Fusing International Inc., a subsidiary of the Company, in the amount of USD 195 million and USD 145 million, respectively.

E. As of December 31, 2016 and 2015, the Company provided guarantees on the short-term credit facilities obtained by Best Leap Enterprises Limited, a subsidiary of the Company, in the amount of RMB 500 million and RMB 0, respectively.

F. The Group has signed an agreement to offset financial assets and liabilities with financial institutions. The agreement meets the offsetting criteria of IAS 32, whereby the financial assets and liabilities are offset and reported in the net amount in the balance sheet. Details of the offset as of December 31, 2016 and 2015 are as follows:

	December 31, 2016		
Description	Gross amount of recognised financial assets and liabilities	Gross amount of recognised financial assets and liabilities offset in the balance sheet	Net amount of financial assets and liabilities presented in the balance sheet
Bank deposits and loans	$ 1,764,001,673	$ 1,764,001,673	$ -
Financial products and loans	8,439,601	8,439,601	-
	$ 1,772,441,274	$ 1,772,441,274	$ -

	December 31, 2015		
Description	Gross amount of recognised financial assets and liabilities	Gross amount of recognised financial assets and liabilities offset in the balance sheet	Net amount of financial assets and liabilities presented in the balance sheet
Bank deposits and loans	$ 999,678,949	$ 999,678,949	$ -
Financial products and loans	28,711,888	28,711,888	-
	$ 1,028,390,837	$ 1,028,390,837	$ -

(16) Other payables

	December 31, 2016	December 31, 2015
Awards and salaries payable	$ 50,354,557	$ 53,459,521
Royalty fees payable	38,737,177	37,894,494
Payables for equipment	18,973,484	18,109,912
Consumption goods expense payable (including indirect materials)	17,289,523	16,534,615
Accrued interest payable	14,705,018	6,828,336
Employees’ bonuses payable	11,977,246	10,598,195
Tax payable	5,277,485	5,302,918
Others	61,103,367	48,296,442
	$ 218,417,857	$ 197,024,433

(17) Other current liabilities

	December 31, 2016	December 31, 2015
Receipts in advance of payments for equipment on behalf of others	$ 9,235,108	$ 30,964,845
Receipts in advance	12,039,882	16,353,276
Deferred income	6,021,669	5,429,313
Bonds payable maturing within one year	60,617,745	24,714,847
Long-term loans maturing within one year	145,213	20,955,283
Others	3,848,946	3,887,451
	$ 91,908,563	$ 102,305,015

(18) Bonds payable

	December 31, 2016	December 31, 2015
Corporate bonds payable	138,400,000	138,300,000
Foreign unsecured corporate bonds JPY-denominated	10,142,625	13,896,939
Foreign unsecured corporate bonds EUR-denominated	8,475,300	8,969,977
Foreign unsecured corporate bonds RMB-denominated	3,712,620	4,044,656
Foreign unsecured corporate bonds USD-denominated	53,212,500	21,339,500
Less: Discount on bonds payable	(22,455)	(46,971)
Total	213,920,590	186,504,101
Less: Current portion (shown as "other current liabilities")	(60,617,745)	(24,714,847)
	$ 153,302,845	$ 161,789,254

A. First debenture issue of 2011

(a) On January 7, 2011, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $6,000,000. The unsecured bonds have matured and been fully paid in March 2016.

B. Second debenture issue of 2011

(a) On June 1, 2011, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $7,050,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	June 2011	5 years	$3,000,000	1.43%	Principal is due at maturity. Interest is paid annually at simple interest rate.

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond B	June 2011	7 years	$2,650,000	1.66%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	June 2011	10 years	$1,400,000	1.82%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) The second unsecured corporate Bond A issued in 2011 have matured and been fully paid in June 2016 in accordance with the conditions of the contractual arrangement.

C. Third debenture issue of 2011

On July 6, 2011, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $4,950,000. The unsecured bonds have matured and been fully paid in July 2016.

D. First debenture issue of 2012

(a) On December 28, 2011, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $9,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
March 2012	5 years	$ 9,000,000	1.34%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) Payable of first unsecured corporate bonds issued in 2012 had been reclassified to "Current liabilities" in the first quarter of 2016 in accordance with the conditions of the contractual arrangement.

E. Second debenture issue of 2012

(a) On May 11, 2012, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $6,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
May 2012	5 years	$ 6,000,000	1.43%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) Payable of second unsecured corporate bonds issued in 2012 had been reclassified to "Current liabilities" in the second quarter of 2016 in accordance with the conditions of the contractual arrangement.

F. Third debenture issue of 2012

On July 27, 2012, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $8,000,000. The unsecured bonds have matured and been fully paid on August 6, 2015.

G. Fourth debenture issue of 2012

(a) On September 28, 2012, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $3,300,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
October 2012	5 years	$ 3,300,000	1.35%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) Payable of fourth unsecured corporate bonds issued in 2012 had been reclassified to "Current liabilities" in the fourth quarter of 2016 in accordance with the conditions of the contractual arrangement.

H. First debenture issue of 2013

On January 7, 2013, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $11,050,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	January 2013	5 years	$7,450,000	1.33%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	January 2013	7 years	$3,600,000	1.45%	Principal is due at maturity. Interest is paid annually at simple interest rate.

I. Second debenture issue of 2013

(a) On May 6, 2013, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $6,950,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
October 2013	3 years	$ 6,950,000	1.45%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) The second unsecured corporate bonds issued in 2013 have matured and been fully paid in the fourth quarter of 2016 in accordance with the conditions of the contractual arrangement.

J. Third debenture issue of 2013

(a) On November 5, 2013, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $6,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	December 2013	3 years	$3,000,000	1.35%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	December 2013	5 years	$ 800,000	1.50%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	December 2013	7 years	$2,200,000	1.85%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) The third unsecured corporate Bond A issued in 2013 have matured and been fully paid in the fourth quarter of 2016 in accordance with the conditions of the contractual arrangement.

K. First debenture issue of 2014

(a) On December 31, 2013, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $6,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	March 2014	3 years	$2,050,000	1.23%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	March 2014	5 years	$1,100,000	1.40%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	March 2014	7 years	$ 350,000	1.75%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond D	March 2014	10 years	$2,500,000	2.00%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) Payable of first unsecured corporate bonds issued in 2014 had been reclassified to “Current liabilities” in the first quarter of 2016 in accordance with the conditions of the contractual arrangement.

L. Second debenture issue of 2014

(a) On April 18, 2014, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $12,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	May 2014	3 years	$2,850,000	1.17%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	May 2014	5 years	$1,600,000	1.37%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	May 2014	7 years	$3,350,000	1.70%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond D	May 2014	10 years	$4,200,000	1.95%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) Payable of second unsecured corporate Bond A issued in 2014 had been reclassified to “Current liabilities” in the second quarter of 2016 in accordance with the conditions of the contractual arrangement.

M. Third debenture issue of 2014

On June 5, 2014, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $12,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	July 2014	7 years	$6,000,000	1.70%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	July 2014	10 years	$6,000,000	1.95%	Principal is due at maturity. Interest is paid annually at simple interest rate.

N. Fourth debenture issue of 2014

On September 3, 2014, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $9,200,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	October 2014	3.5 years	$2,200,000	1.25%	Principal is due at maturity. Interest is paid annually at simple interest rate.

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond B	October 2014	5 years	$1,400,000	1.45%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	October 2014	7 years	$3,200,000	1.80%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond D	October 2014	10 years	$2,200,000	2.02%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond E	October 2014	12 years	$ 200,000	2.15%	Principal is due at maturity. Interest is paid annually at simple interest rate.

O. Fifth debenture issue of 2014

On November 14, 2014, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $7,150,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	January 2015	3 years	$2,750,000	1.23%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	January 2015	5 years	$1,600,000	1.45%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	January 2015	7 years	$2,800,000	1.80%	Principal is due at maturity. Interest is paid annually at simple interest rate.

P. First debenture issue of 2015

(a) On January 12, 2015, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $7,650,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	April 2015	2 years	$ 100,000	1.10%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	April 2015	3 years	$4,150,000	1.23%	Principal is due at maturity. Interest is paid annually at simple interest rate.

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond C	April 2015	4 years	$ 100,000	1.34%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond D	April 2015	5 years	$2,300,000	1.44%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond E	April 2015	7 years	$1,000,000	1.75%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) Payable of first unsecured corporate Bond A issued in 2015 had been reclassified to "Current liabilities" in the second quarter of 2016 in accordance with the conditions of the contractual arrangement.

Q. Second debenture issue of 2015

On May 22, 2015, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $9,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	June 2015	3 years	$2,600,000	1.18%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	June 2015	3.5 years	$ 600,000	1.23%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	June 2015	4 years	$ 400,000	1.30%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond D	June 2015	5 years	$2,200,000	1.39%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond E	June 2015	6 years	$ 400,000	1.55%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond F	June 2015	7 years	$2,300,000	1.70%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond G	June 2015	10 years	$ 500,000	1.90%	Principal is due at maturity. Interest is paid annually at simple interest rate.

R. Third debenture issue of 2015

(a) On August 26, 2015, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $9,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	September 2015	2 years	$1,400,000	0.95%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	September 2015	3 years	$1,800,000	1.05%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	September 2015	4 years	$1,100,000	1.15%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond D	September 2015	5 years	$2,800,000	1.25%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond E	September 2015	5.5 years	$ 200,000	1.27%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond F	September 2015	6 years	$ 400,000	1.33%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond G	September 2015	7 years	$1,000,000	1.45%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond H	September 2015	12 years	$ 300,000	2.00%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) Payable of third unsecured corporate Bond A issued in 2015 had been reclassified to “Current liabilities” in the third quarter of 2016 in accordance with the conditions of the contractual arrangement.

S. Fourth debenture issue of 2015

(a) On October 29, 2015, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $9,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	November 2015	2 years	$1,100,000	0.92%	Principal is due at maturity. Interest is paid annually at simple interest rate.

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond B	November 2015	3 years	$1,500,000	1.00%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	November 2015	4 years	$ 700,000	1.09%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond D	November 2015	5 years	$3,900,000	1.20%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond E	November 2015	6 years	$ 100,000	1.28%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond F	November 2015	7 years	$1,400,000	1.40%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond G	November 2015	10 years	$ 100,000	1.75%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond H	November 2015	12 years	$ 200,000	1.95%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(b) Payable of fourth unsecured corporate Bond A issued in 2015 had been reclassified to "Current liabilities" in the fourth quarter of 2016 in accordance with the conditions of the contractual arrangement.

T. First debenture issue of 2016

On June 2, 2016, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $9,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	June 2016	2 years	$ 400,000	0.60%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	June 2016	3 years	$ 1,300,000	0.70%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	June 2016	4.5 years	$ 300,000	0.75%	Principal is due at maturity. Interest is paid annually at simple interest rate.

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond D	June 2016	5 years	$ 2,100,000	0.80%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond E	June 2016	6 years	$ 1,300,000	0.88%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond F	June 2016	7 years	$ 1,800,000	0.95%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond G	June 2015	10 years	$ 1,800,000	1.20%	Principal is due at maturity. Interest is paid annually at simple interest rate.

U. Second debenture issue of 2016

On July 29, 2016, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $9,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	August 2016	3 years	$ 1,500,000	0.65%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	August 2016	4 years	$ 100,000	0.65%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	August 2016	4.9 years	$ 500,000	0.70%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond D	August 2016	5 years	$ 2,300,000	0.73%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond E	August 2016	6 years	$ 1,700,000	0.83%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond F	August 2016	7 years	$ 2,900,000	0.90%	Principal is due at maturity. Interest is paid annually at simple interest rate.

V. Third debenture issue of 2016

On November 7, 2016, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $3,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Coupon rate	Payment term
Bond A	November 2016	2 years	$1,200,000	0.68%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	November 2016	3 years	$ 900,000	0.75%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	November 2016	5 years	$ 900,000	0.83%	Principal is due at maturity. Interest is paid annually at simple interest rate.

W. Foreign unsecured corporate bonds USD-denominated

(a) On December 13, 2012, Competition Team Technologies Ltd., a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of US$ 650 million. The Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
December 2012	5 years	USD 650 million	2.125%	Principal is due at maturity. Interest is paid semi-annually at simple interest rate.

(b) Payable of foreign unsecured corporate bonds USD-denominated issued in 2012 had been reclassified to “Current liabilities” in the fourth quarter of 2016 in accordance with the conditions of the contractual arrangement.

X. Foreign unsecured corporate bonds JPY-denominated
On March 21, 2013, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of JPY 10 billion, and the Company is the guarantor of the bonds. The unsecured bonds have matured and been fully paid in March 2016.

Y. Foreign unsecured corporate bonds JPY-denominated
On March 21, 2013, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of JPY 4 billion. The Company is the guarantor of the bonds. The unsecured bonds have matured and been fully paid in March 2016.

Z. Foreign unsecured corporate bonds are JPY-denominated

(a) On May 9, 2014, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of JPY 2 billion. The Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
May 2014	3 years	JPY 2 billion	0.95%	Principal is due at maturity. Interest is paid semi-annually at simple interest rate.

(b) Payable of foreign unsecured corporate bonds JPY-denominated issued in 2014 had been reclassified to "Current liabilities" in the second quarter of 2016 in accordance with the conditions of the contractual arrangement.

AA. Foreign unsecured corporate bonds RMB-denominated

(a) On May 23, 2014, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of RMB 800 million. The Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
May 2013	3 years	RMB 800 million	3.25%	Principal is due at maturity. Interest is paid semi-annually at simple interest rate.

(b) Payable of foreign unsecured corporate bonds RMB-denominated issued in 2014 had been reclassified to "Current liabilities" in the second quarter of 2016 in accordance with the conditions of the contractual arrangement.

BB. Foreign unsecured corporate bonds JPY-denominated

(a) On August 15, 2014, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of JPY 30 billion. The Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
August 2014	3 years	JPY 30 billion	0.87%	Principal is due at maturity. Interest is paid semi-annually at simple interest rate.

(b) Payable of foreign unsecured corporate bonds JPY-denominated issued in 2014 had been reclassified to "Current liabilities" in the third quarter of 2016 in accordance with the conditions of the contractual arrangement.

CC. Foreign unsecured corporate bonds JPY-denominated

(a) On September 18, 2014, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of JPY 5 billion. The Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
August 2014	3 years	JPY 5 billion	0.87%	Principal is due at maturity. Interest is paid semi-annually at simple interest rate.

(b) Payable of foreign unsecured corporate bonds JPY-denominated issued in 2014 had been reclassified to "Current liabilities" in the third quarter of 2016 in accordance with the conditions of the contractual arrangement.

DD. Foreign unsecured corporate bonds EUR-denominated

On February 13, 2015, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of EUR 200 million, and the Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
February 2015	3 years	EUR 200 million	1.08%	Principal is due at maturity. Interest is paid semi-annually at simple interest rate.

EE. Foreign unsecured corporate bonds EUR-denominated

On February 13, 2015, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of EUR 50 million, and the Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
February 2015	3 years	EUR 50 million	Floating rate of 3-month EUR LIBOR plus 1%	Principal is due at maturity. Interest is paid quarterly at simple interest rate.

FF. Foreign unsecured corporate bonds USD-denominated

On September 23, 2016, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of USD 1 billion, and the Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Coupon rate	Payment term
September 2016	5 years	USD 600 million	2.25%	Principal is due at maturity. Interest is paid semi-annually at simple interest rate.
September 2016	10 years	USD 400 million	3.00%	Principal is due at maturity. Interest is paid semi-annually at simple interest rate.

(19) Long-term loans

Institution	Loan period	Interest rate	Collateral	December 31, 2016
Mizuho Corporate Bank Ltd.,	2016/8/22~2018/8/22	1.255%~ 2.11%	None	$ 16,125,000
ING Bank, N.V. etc. syndicated loan	2015/11/30~2020/11/30	0.4800%	〃	4,407,000
First Commercial Bank	2011/11/30~2026/11/30	1.7548%~ 1.8228%	Note	2,380,952
ING Bank, N.V. etc. syndicated loan	2013/1/7~2020/7/29	1.7900%	None	567,321
First Commercial Bank	2013/9/6~2033/9/6	1.7548%	Note	1,178,000
First Commercial Bank	2015/4/9~2022/4/9	1.9556%~ 2.0296%	None	391,806
The Shanghai Commercial & Savings Bank, Ltd.	2013/6/17~2028/4/15	2.2000%	Note	24,927
				25,075,006
Less: Current portion				(145,213)
				$ 24,929,793

Institution	Loan period	Interest rate	Collateral	December 31, 2015
Mizuho Corporate Bank Ltd., etc. syndicated loan	2013/8/22~2016/8/22	1.2550%	None	$ 16,415,000
Mizuho Corporate Bank Ltd., etc. syndicated loan	2011/3/31~2016/3/31	0.6840%	〃	2,897,438
ING Bank, N.V. etc. syndicated loan	2015/11/30~2020/11/30	0.4800%	〃	5,382,000
Mizuho Corporate Bank Ltd., etc. syndicated loan	2012/6/28~2017/6/28	0.9780%	〃	2,248,188
First Commercial Bank	2011/11/30~2026/11/30	1.9767%	Note	2,500,000
ING Bank, N.V. etc. syndicated loan	2013/1/7~2020/7/29	1.7900%	None	701,690
First Commercial Bank	2013/9/6~2033/9/6	1.9767%	〃	642,500
First Commercial Bank	2015/4/9~2022/4/9	2.1776%	〃	361,000
The Shanghai Commercial & Savings Bank, Ltd.	2013/6/17~2028/4/15	2.2000%	Note	28,642
				31,176,458
Less: Current portion				(20,955,283)
				$ 10,221,175

Note: Details of long-term borrowings pledged as collateral are provided in Note 8.

A. Foxconn (Far East) Limited, a subsidiary of the Company, entered into a syndicated credit facility agreement with Mizuho Corporate Bank Ltd. as the lead bank on June 18, 2013 and obtained a credit line in the amount of USD 500 million, with the Company as the guarantor of the loan. The subsidiary has extended the duration of agreement to August 22, 2018 in the third quarter of 2016.

B. On March 21, 2011, the Company entered into a syndicated credit facility agreement with Mizuho Corporate Bank Ltd. as the lead bank and obtained a credit line in the amount of JPY 51 billion. The entire loan had matured and been fully paid in the first quarter of 2016.

C. Foxconn Slovakia, SPOL. S R. O., a subsidiary of the Company, entered into a syndicated credit facility agreement with ING Bank N.V. as the lead bank and obtained a credit limit in the amount of EUR 410 million, of which EUR 35 million had been due for settlement and EUR 265 million had been repaid in advance. The subsidiary has extended the duration of agreement to November 30, 2020 in the fourth quarter of 2015. The credit limit is EUR 150 million, with the Company as the guarantor of the loan, of which EUR 35 million has been paid in the first quarter of 2016.

D. Honfujin Precision Electronics (Chengdu) Limited, a subsidiary of the Company, entered into a syndicated credit facility agreement with Mizuho Corporate Bank Ltd. and Sumitomo Mitsui Banking Corporation on June 11, 2012, and obtained a credit limit in the amount of JPY 11 billion. The entire loan had matured and been fully paid in the first quarter of 2016.

E. On April 18, 2011, the subsidiary, Syntrend Creative Park Co. Ltd., has signed the facility agreement with First Commercial Bank for the borrowing limit of $2.5 billion.

F. On October 19, 2012, the subsidiaries, Altus Technology Inc., Ingrasys Technology Co., Ltd. and Dynamic Computing Technology Co., Ltd., have signed the facility agreements with First Commercial Bank for a total borrowing limit of $1,390,000. The limit has been transferred to Altus Technology Inc. in the second quarter of 2015.

G. Honfujin Precision Electronics (Chengdu) Limited, a subsidiary of the Company, entered into a U.S. dollar regular loan commitment agreement with Citibank (China) Ltd. on September 21, 2012, and obtained a credit limit in the amount of USD 50 million, of which USD 12 million had been repaid in advance and USD 8 million had been due for settlement. The amount of USD 30 million, which will due within one year, has been repaid in advance in June 2015.

H. Throughout the term of Mizuho Corporate Bank Ltd. and ING Bank, N.V. etc. syndicated term loan agreement, the Group shall maintain the agreed financial ratios, to be tested semi-annually and annually on consolidated basis.

(20) Pensions

A. Defined benefit plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows (shown as "Other non-surrent liablities"):

	December 31, 2016	December 31, 2015
Present value of defined benefit obligations	$ 2,332,245	$ 2,401,073
Fair value of plan assets	(622,528)	(631,567)
Net defined benefit liability	$ 1,709,717	$ 1,769,506

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	$ 2,401,073	$ 631,567	$ 1,769,506
Current service cost	22,909	-	22,909
Interest income	-	10,736	(10,736)
Interest expense	40,818	-	40,818
	2,464,800	642,303	1,822,497
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(4,705)	4,705
Change in financial assumptions	32,545	-	32,545
Experience adjustments	(94,955)	-	(94,955)
	(62,410)	(4,705)	(57,705)
Pension fund contribution	-	55,075	(55,075)
Paid pension	(70,145)	(70,145)	-
Balance at December 31	$ 2,332,245	$ 622,528	$ 1,709,717

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	$ 2,240,746	$ 646,426	$ 1,594,320
Current service cost	25,618	-	25,618
Interest income	-	12,928	(12,928)
Interest expense	44,815	-	44,815
	2,311,179	659,354	1,651,825
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,326	(4,326)
Change in financial assumptions	104,580	-	104,580
Experience adjustments	54,320	-	54,320
	158,900	4,326	154,574
Pension fund contribution	-	36,893	(36,893)
Paid pension	(69,006)	(69,006)	-
Balance at December 31	$ 2,401,073	$ 631,567	$ 1,769,506

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

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

	Year ended December 31, 2016	Year ended December 31, 2015
Discount rate	1.60%	1.70%
Future salary increases	3.50%	3.50%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2016				
Effect on present value of defined benefit obligation	($ 80,259)	$ 84,030	$ 76,586	($ 73,705)
	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 326,664)	$ 395,790	$ 358,032	($ 304,634)

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 are $35,608.

(g) As of December 31, 2016, the weighted average duration of that retirement plan is 15 years.

B. Defined contribution plans

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

(b) The subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on 8%~9% of employees' monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.

(c) As of December 31, 2016 and 2015, the subsidiaries which participated in defined contribution pension plans recognized reserve according to the respective local laws for retirement plan in the amount of $63,665 and $67,999, respectively. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2016 and 2015 were $21,129,888 and $22,403,876, respectively.

(21) Share-based payment

As of December 31, 2016 and 2015, the share-based payment transactions of the Company and FIH Mobile Limited, a subsidiary of the Company, are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Other share-based payment plans	December 29, 2006	5,748,145	-	Note (1)(12)
"	July 24, 2007	502,090	-	Note (2)(12)
"	December 28, 2007	20,459,322	-	Note (3)(12)
"	October 29, 2009	26,161,489	-	Note (12)
"	April 27, 2010	9,435,264	-	"
"	November 19, 2010	25,616,428	-	"
"	December 29, 2010	35,573,029	-	"
"	April 29, 2011	3,302,725	-	"
"	July 8, 2011	5,138,266	-	"
"	October 18, 2011	21,948,624	-	"
"	December 29, 2011	62,423,773	-	Note (4)(12)
"	December 28, 2012	135,564,990	-	Note (5)(12)
"	April 22, 2013	10,633,361	-	Note (6)(12)
"	October 17, 2013	92,215,205	-	Note (7)(12)
"	May 8, 2014	138,267,922	-	Note (8)
"	July 3, 2014	10,900,786	-	Note (9)(12)
"	August 19, 2015	114,717,017	-	Note (10)(12)
"	November 1, 2016	101,168,760	-	Note (11)(12)
Employee restricted shares plans	May 28, 2015	355,000,000	3 years	Note (13)

Note 1: Of the shares granted, 2,737,718 shares cannot be sold within 1 to 3 years from the grant date.

Note 2: Of the shares granted, 407,000 shares cannot be sold within 1 to 2 years from the grant date.

Note 3: Of the shares granted, 20,362,078 shares cannot be sold within 1 to 3 years from the grant date.

Note 4: Of the shares granted, 13,939,379 shares cannot be sold within 1 to 2 years from the grant date.

Note 5: Of the shares granted, 14,934,766 shares cannot be sold within 1 to 2 years from the grant date.

Note 6: Of the shares granted, 6,210,640 shares cannot be sold within 1 to 2 years from the grant date.

Note 7: Of the shares granted, 33,957,285 shares cannot be sold within 1 to 2 years from the grant date.

Note 8: Of the shares granted, 138,267,922 shares cannot be sold within 1 to 3 years from the grant date.

Note 9: Of the shares granted, 10,712,895 shares cannot be sold within 1 year from the grant date.

Note 10: Of the shares granted, 108,541,274 shares cannot be sold within 1 year from the grant date.

Note 11: Of the shares granted, 101,168,760 shares cannot be sold within 1 year from the grant date.

Note 12: Vested immediately.

Note 13: Employees do not need to pay to acquire those stocks. Issuance of shares is based on employees' service periods (1 to 3 years). Shares are vested in accordance with the amount of employees' shares at 40%, 30% and 30% in each year over the 3-year period. The following vesting conditions must be met:

A. The Company's average operating performance is greater than competitors' average earnings per share and return on assets for the 3 years prior to the lock-up period of restricted stocks;

B. Employees' performance has reached the Company's performance standard.

C. For restricted stocks where employees do not meet the vesting condition, the Company will collect all the stocks at no consideration. In the third quarter of 2015, the Company collected 355 million shares of restricted stocks to employees not meeting the vesting condition, in accordance with the terms of restricted stocks. The capital reduction is effective on November 16, 2015.

A. Other share-based payment plans

These share-based payments were granted to employees without consideration received. For the years ended December 31, 2016 and 2015, expenses incurred on other share-based payments were \$1,543,841 (US \$47,856 thousand) and \$1,197,663 (US \$37,733 thousand), respectively.

B. Restricted stocks to employees

(a) Movements in the number of the Company's restricted stocks to employees is as follows:

	For the year ended December 31, 2015 (Shares in thousands)
Restricted shares outstanding at beginning of year	-
Issuance of restricted stock	355,000
Restricted stock revoked due to employees not meeting the vesting condition	(355,000)
Restricted shares outstanding at end of year	-

(b) In the third quarter of 2015, the Company collected 355 million shares of restricted stocks to employees not meeting the vesting condition, in accordance with the terms of restricted stocks. The capital reduction is effective on November 16, 2015.

(22) Other non-current liabilities

	December 31, 2016	December 31, 2015
Reserve for retirement pension	\$ 1,773,382	\$ 1,837,505
Government grants	3,736,718	4,409,847
Finance lease payable	1,784,615	3,042,986
Others	1,474,172	905,014
	\$ 8,768,887	\$ 10,195,352

(23) Provisions

	Warranty
At January 1, 2016	$ 2,332,882
Additional provisions	1,437,728
Used during the year	(229,719)
Unused amounts reversed	(505,250)
Exchange differences	(52,605)
At December 31, 2016	$ 2,983,036

Analysis of total provisions:

	December 31, 2016	December 31, 2015
Current	$ 2,983,036	$ 2,332,882

The Group provides warranties on 3C products sold. Provision for warranty is estimated based on historical warranty data of 3C products.

(24) Share capital–common stock

A. As of December 31, 2016, the Company's authorized capital was $180,000,000, consisting of 18 billion shares of ordinary stock, and the paid-in capital was $173,287,383, consisting of 17,328,738 thousand shares with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	For the years ended December 31,	
	2016 (Shares in thousands)	2015 (Shares in thousands)
At January 1	15,638,288	14,793,407
Stock dividends	1,563,829	739,670
Employees' stock bonus	126,621	105,211
Issuance of restricted stock	-	355,000
Restricted stock revoked due to employees not meeting the vesting condition	-	(355,000)
At December 31	17,328,738	15,638,288

B. Pursuant to the resolution adopted at the stockholders' meeting held on June 1, 1999, and after obtaining approval from the SFC, the Company issued 25 million units of global depository receipts (GDRs) in Europe, Asia and the USA. The issuance amounted to USD 347,250 thousand, and the main terms and conditions of the GDRs are as follows:

(a) Voting

Holders of GDRs have no right to directly exercise voting rights or attend the Company's stockholders' meeting, except when a motion is on the election of directors or supervisors.

A holder or holders together holding at least 51% of the GDRs outstanding at the relevant record date of the stockholders' meeting can instruct the Depositary to vote in the same direction in respect of one or more resolutions to be proposed at the meeting.

(b) Sale and withdrawal of GDRs

Under the current R.O.C. law, shares represented by the GDRs may be withdrawn by holders of GDRs commencing three month after the initial issue of GDRs. A holder of a GDR may, provided that the Company has delivered to the custodian physical share certificates in respect of the Deposited Shares, request the Depositary to sell or cause to be sold on behalf of such holder the shares represented by such GDRs.

(c) Dividends

GDR holders are entitled to receive dividends to the same extent as the holders of common stock.

(d) As of December 31, 2016, 138,451 thousand units of GDRs were outstanding, which represents 276,902 thousand shares of common stock.

C. On May 28, 2015, the Company's Board of Directors has resolved to issue restricted stocks of 355 million shares at the approval of the shareholders, and has set May 28, 2015 as the record date of capital increase. The issued ordinary shares restrict the transfer rights, voting rights at the shareholders' meetings, and rights to receive (subscribe) shares and dividends before the employees meet the vesting conditions. As of September 30, 2015, the Company collected 355 million shares of restricted stocks to employees not meeting the vesting condition, in accordance with the terms of restricted stocks. The capital reduction is effective on November 16, 2015.

D. Treasury stocks

The Company's subsidiary, Hon Jin International Investment Co., Ltd., acquired ordinary shares issued by the Company in 1998. As of December 31, 2016 and 2015, the subsidiary owned 1,853,848 and 1,685,317 shares, respectively, of the Company's common stock at a cost of $18,901.

(25) Capital surplus

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

	Share premium	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1, 2016	$ 79,169,050	$ -	$ 2,567,488	$ 81,736,538
Employees' stock bonus	9,331,981	-	-	9,331,981
Adjustments arising from changes in percentage of ownership in subsidiaries	-	1,168,232	-	1,168,232
Changes in equity of associates and joint ventures accounted for under the equity method	-	-	809,860	809,860
At December 31, 2016	$ 88,501,031	$ 1,168,232	$ 3,377,348	$ 93,046,611

	Share premium	Employee restricted shares	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1, 2015	$ 70,822,659	$ -	$ 1,589	$ 835,660	$ 71,659,908
Employees' stock bonus	8,346,391	-	-	-	8,346,391
Adjustments arising from changes in percentage of ownership in subsidiaries	-	-	(1,589)	-	(1,589)
Employee restricted shares	-	17,831,955	-		17,831,955
Restricted stock revoked due to employees not meeting the vesting condition	-	(17,831,955)	-		(17,831,955)
Changes in equity of associates and joint ventures accounted for under the equity method	-	-	-	1,731,828	1,731,828
At December 31, 2015	$ 79,169,050	$ -	$ -	$ 2,567,488	$ 81,736,538

(26) Retained earnings

A. In accordance with the Company's Articles of Incorporation, current year's earnings must be distributed in the following order:

(a) Covering accumulated deficit;

(b) Setting aside as legal reserve equal to 10% of current year's net income.

(c) Setting aside a special reserve in accordance with applicable legal and regulatory requirement;

The remaining earnings along with the unappropriated earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with dividend policy, the proposal of earnings appropriation is prepared by the Board of Directors and resolved by the shareholders.

The Company is at the growing stage. The Company's stock dividend policy shall consider the Company's current and future investment environment, capital needs, local and foreign competition situation and capital budget, along with shareholders' profit and the Company's long-term financial plans. The shareholders' dividends are appropriated based on accumulated distributable earnings, which shall not be lower than 15% of the distributable earnings for the period and the cash dividend shall not be less than 10% of the shareholders' dividends.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

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

D. The appropriations of 2015 and 2014 earnings had been resolved at the stockholders' meeting on June 22, 2016 and June 25, 2015, respectively. Details are summarized below:

	2015		2014	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 14,686,698	$ -	$ 13,053,473	$ -
Stock dividends	15,638,288	1.0	7,396,703	0.5
Cash dividends	62,553,153	4.0	56,214,946	3.8
	$ 92,878,139	$ 5.0	$ 76,665,122	$ 4.3

As of March 31, 2017, the distribution of 2016 earnings had not been approved by the board of directors. The information on distribution of earnings will be posted on the "Market Observation Post System" of the TSEC.

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(34).

(27) Other equity items

	Currency translation adjustments	Available-for-sale investment	Total
At January 1, 2016	$ 52,934,288	$ 7,187,393	$ 60,121,681
- Group	(59,938,105)	28,329,937	(31,608,168)
- Associates	(737,650)	4,732,404	3,994,754
At December 31, 2016	($ 7,741,467)	$ 40,249,734	$ 32,508,267

	Currency translation adjustments	Available-for-sale investment	Unearned employee benefits	Total
At January 1, 2015	$ 59,610,235	$ 23,986,945	$ -	$ 83,597,180
- Group	(6,852,147)	(16,141,335)	-	(22,993,482)
- Associates	176,200	(658,217)	-	(482,017)
Employee restricted shares	-	-	(21,381,955)	(21,381,955)
Restricted stock revoked due to employees not meeting the vesting condition	-	-	21,381,955	21,381,955
At December 31, 2015	$ 52,934,288	$ 7,187,393	$ -	$ 60,121,681

(28) Non-controlling interests

	For the years ended December 31,	
	2016	2015
At January 1	$ 52,761,241	$ 54,445,569
Share attributable to non-controlling interests:		
Gain for the year	2,694,181	3,334,439
Currency translation difference	(4,212,766)	(5,442,046)
Unrealized gains and losses on available-for-sale financial assets	564,064	(26,991)
Changes in non-controlling interests:		
Subsidiaries issued employee share-based payment and issuance of common stock not recognized by shareholding percentage	926,444	450,270
Acquisition of additional equity interest in a subsidiary	2,306,040	-
At December 31	$ 55,039,204	$ 52,761,241

Certain subsidiaries of the Group have issued employee share-based payment and new shares during 2016 and 2015. The Group has not purchased additional shares in proportion to its ownership and thus, the non-controlling interest of the Group increased by $926,444 and $450,270, and equity attributable to owners of the parent increased by $1,168,232 and decreased by $779,960 for the years ended December 31, 2016 and 2015, respectively.

(29) Business combinations, acquisition and collaboration transactions

A. On November 30, 2016, the Group acquired several assets from the feature phone business under Microsoft Mobile OY and cooperation in Nokia’s brand products with HMD Global OY and Nokia Technologies Ltd. (collectively referred as “acquisition and cooperative transaction”) totaling $8,243,112 in cash. The primary reason for the acquisition and cooperative transaction is to leverage the Group’s existing industry expertise, facilities, personnel and manufacturing capabilities in order to maximise synergies with respect to the acquisition and cooperative transaction, thereby enhancing the Group’s overall commercial capabilities (in terms of design, manufacturing, logistics and distribution) as well as businesses with more customers through the development of more global fulfillment services, new markets and new products.

B. In the second half of 2016, the Group acquired 67% equity interest in Smart Technologies, Inc. (hereafter “SMART”) for cash of $1,179,358 and obtained control over it on December 19, 2016. The investee is a technology company focusing on the educational market, and a leading provider of interactive whiteboard for schools. Besides, SMART also engages in the development of educational software and makes itself advantageous in developing hardware and software for educational use.

C. The fair value on acquisition date of the acquisition price, assets acquired and liabilities assumed and the fair value of non-controlling interest on acquisition date are as follows:

	SMART	Acquisition and collaboration (assumed)	Total
Purchase consideration			
Cash	$ 1,179,358	$ 8,243,112	$ 9,422,470
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	186,920	-	186,920
	1,366,278	8,243,112	9,609,390
Fair value of the identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	1,120,423	2,819,284	3,939,707
Other current assets	3,519,792	1,616,797	5,136,589
Property, plant and equipment	995,130	5,346,479	6,341,609
Intangible assets	3,621,340	605,530	4,226,870
Other non-current assets	158,312	-	158,312
Other current liabilities	(7,257,079)	(4,567,640)	(11,824,719)
Other non-currentliabilities	(1,591,493)	(230,038)	(1,821,531)
Total identifiable net assets	566,425	5,590,412	6,156,837
Goodwill	$ 799,853	$ 2,652,700	$ 3,452,553

D. The abovementioned Nokia's acquisition and cooperative transaction generated a tentative amount of goodwill of $2,652,700. The identifiable intangible assets await for final valuation.

E. As a result of the acquisition projects, the Group's operating revenue increased by $388,077, other income increased by $90,090 and profit before tax decreased by $379,225 since the acquisition date. Had the abovementioned acquisition project been consolidated since January 1, 2016, the Group's operating revenue, other income and profit before tax would have been $4,375,421,540, $53,268,457 and $197,150,053, respectively.

F. The abovementioned acquisition and cooperative transaction is in the process of acquisition cost allocation. The Group has assigned experts to assist in identifying and assessing the fair value of assets as well as liabilities assumed. The acquisition cost allocation is expected to be completed within the period (one year within the acquisition date).

(30) Operating revenue

	For the years ended December 31, 2016	For the years ended December 31, 2015
3C products (Contain components and related electronic products)	$ 4,358,733,357	$ 4,482,145,967

(31) Other income

	For the years ended December 31,	
	2016	2015
Interest income	$ 36,236,935	$ 26,024,974
Government grants	5,843,050	409,003
Rental revenue	1,712,825	1,064,501
Dividend income	1,392,767	895,708
Other non-operating income	4,936,756	4,733,864
	$ 50,122,333	$ 33,128,050

(32) Other gains and losses

	For the years ended December 31,	
	2016	2015
Net gain on financial assets at fair value through profit or loss	$ 8,505,332	$ 11,875,460
Net loss on financial liabilities at fair value through profit or loss	(16,821,737)	(15,677,154)
Net currency exchange gain	7,074,859	18,047,098
Gain on disposal of property, plant and equipment	396,486	631,716
(Loss) gain on disposal of investment	(475,050)	4,624,214
Impairment loss (Note)	(321,322)	(2,595,631)
Other losses	272,435	(1,301,812)
	($ 1,368,997)	$ 15,603,891

Note：On June 18, 2014, the Board of Directors has resolved the merger of the subsidiary, Ambit Microsystems Corporation, with Asia Pacific Telecom Co., Ltd. through share swap. The merger was effective on December 31, 2015. The assets and liabilities related to Ambit have been reclassified as disposal group held for sale prior to the effective date of merger. Impairment loss of $2,325,982 was recognised for the year ended December 31, 2015, as a result of the remeasurement of the disposal group held for sale at the lower of its carrying amount or fair value less costs to sell.

(33) Expenses by nature

Additional disclosures related to cost of sales and operating expenses are as follows:

	For the years ended December 31,	
	2016	2015
Royalty expenses	$ 77,771,067	$ 82,191,509
Product warranty costs	42,176,454	42,786,962
Employee benefit expense	311,602,205	335,682,247
Depreciation	62,407,931	70,330,897
Amortisation	878,847	926,227
	$ 494,836,504	$ 531,917,842

(34) Employee benefit expense

	For the years ended December 31,	
	2016	2015
Wages and salaries	$ 263,197,289	$ 280,209,166
Share-based payment	1,543,841	1,197,663
Labor and health insurance fees	12,307,392	13,712,529
Pension costs	21,182,879	22,461,381
Other personnel expenses	13,370,804	18,101,508
	$ 311,602,205	$ 335,682,247

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall between 5% and 7% for employees' compensation.

B. For the years ended December 31, 2016 and 2015, employees' compensation was accrued at $10,497,750 and $10,598,195, respectively; while no directors' and supervisors' remuneration was accrued. The aforementioned amounts were recognized in salary expenses. The expenses recognised for 2016 and 2015 were estimated and accrued based on 6% of profit of current year distributable.

The employees' compensation for 2015 as resolved by the board of directors was in agreement with those amounts recognised in the 2015 financial statements. The employees' compensation was $10,598,195 and will be distributed in the form of shares. Calculation basis of the shares is based on share price of $83.7 (in dollars), which takes into consideration the Company's closing price one day (March 29, 2016) prior to the meeting of board of directors. Actual number of shares distributed as employees' compensation for 2015 was 126,621 thousand shares.

Information about the appropriation of employees' compensation (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(35) Financial costs

	For the years ended December 31,	
	2016	2015
Interest expense:		
Bank borrowings	$ 23,004,138	$ 16,251,730
Corporate bonds	3,545,836	2,612,702
Financing expense from accounts receivable factoring	20,572	6,107
	$ 26,570,546	$ 18,870,539

(36) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2016	2015
Current tax:		
Current tax on profits for the year	$ 48,843,857	$ 44,192,616
Tax on undistributed surplus earnings	5,389,801	5,289,981
Adjustments in respect of prior years	(1,103,393)	944,467
Total current tax	53,130,265	50,427,064
Deferred tax:		
Origination and reversal of temporary differences	(6,537,684)	(1,590,165)
Income tax expense	$ 46,592,581	$ 48,836,899

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

	For the years ended December 31,	
	2016	2015
Fair value gains/losses on available-for-sale financial assets	($ 6,192,134)	$ -
Remeasurement of defined benefit obligations	(9,810)	26,278
	($ 6,201,944)	$ 26,278

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2016	2015
Tax calculated based on profit before tax and statutory tax rate	$ 68,420,863	$ 60,241,405
Effects from items disallowed by tax regulation	(26,257,298)	(17,750,773)
Prior year income tax (over) under estimate	(1,103,393)	944,467
Additional 10% tax on undistributed earnings	5,389,801	5,295,815
Others	142,608	105,985
Income tax expense	46,592,581	48,836,899
Changes in deferred income tax	(6,537,684)	(1,590,165)
Prior year income tax over (under) estimate	1,103,393	(944,467)
Prepaid income tax	(15,186,409)	(16,341,231)
Income tax payable for prior years	4,769,645	2,669,117
Others	(87,824)	53,960
Current income tax liability	$ 30,653,702	$ 32,684,113

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2016			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for sales allowances	$ 407,747	($ 49,034)	$ -	$ 358,713
Reserve for inventory obsolescence and market price decline	2,763,026	(434,681)	-	2,328,345
Deferred income	1,384,757	109,173	-	1,493,930
Unrealized expenses	2,366,260	(1,273,627)	-	1,092,633
Difference between accounting and tax basis due to depreciation	7,262,199	(1,638,045)	-	5,624,154
Reserve for pension cost	301,142	(411)	(9,810)	290,921
Unused compensated absences	604,269	(41,307)	-	562,962
Others	3,214,171	(375,116)	-	2,839,055
	18,303,571	(3,703,048)	(9,810)	14,590,713
-Deferred tax liabilities:				
Foreign investment income using equity method	(6,113,985)	(82,943)	-	(6,196,928)
Unrealised exchange gain	(885,333)	(539,479)	-	(1,424,812)
Interest income	(847,667)	(2,315,219)	-	(3,162,886)
Unrealized gain on financial instruments	(890,618)	484,592	(6,192,134)	(6,598,160)
Others	(843,213)	(381,587)	-	(1,224,800)
	(9,580,816)	(2,834,636)	(6,192,134)	(18,607,586)
	$ 8,722,755	($ 6,537,684)	($ 6,201,944)	($ 4,016,873)

	For the year ended December 31, 2015			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for sales allowances	$ 421,596	($ 13,849)	$ -	$ 407,747
Reserve for inventory obsolescence and market price decline	2,816,419	(53,393)	-	2,763,026
Deferred income	1,107,509	277,248	-	1,384,757
Unrealized expenses	3,387,397	(1,021,137)	-	2,366,260
Difference between accounting and tax basis due to depreciation	5,876,867	1,385,332	-	7,262,199
Reserve for pension cost	271,647	3,217	26,278	301,142
Unused compensated absences	524,327	79,942	-	604,269
Others	2,970,397	243,774	-	3,214,171
	17,376,159	901,134	26,278	18,303,571
-Deferred tax liabilities:				
Foreign investment income using equity method	(4,578,262)	(1,535,723)	-	(6,113,985)
Unrealised exchange gain	(1,587,418)	702,085	-	(885,333)
Interest income	(125,485)	(722,182)	-	(847,667)
Unrealized gain on financial instruments	(218,584)	(672,034)	-	(890,618)
Others	(579,768)	(263,445)	-	(843,213)
	(7,089,517)	(2,491,299)	-	(9,580,816)
	$10,286,642	($ 1,590,165)	$ 26,278	$ 8,722,755

D. The Company did not recognize taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2016 and 2015, the amounts of temporary differences unrecognized as deferred tax liabilities were $759,570,718 and $711,626,570, respectively.

E. The Company's income tax returns through 2014 have been assessed and approved by the Tax Authority.

F. Unappropriated retained earnings:

	December 31, 2016	December 31, 2015
Earnings generated in and before 1997	$ 2,163,509	$ 2,163,509
Earnings generated in and after 1998	669,895,899	614,064,202
	$ 672,059,408	$ 616,227,711

G. The stockholders' deductible tax and expected deductible tax rate are as follows:

	December 31, 2016	December 31, 2015
Balance of stockholders deductible tax account	$ 73,395,653	$ 64,741,067
	2016 (Expected)	2015 (Actual)
Tax deductible rate of earnings distribution	12.43%	12.59%

(37) Earnings per share

	For the year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 148,662,983	17,295,748	$ 8.60
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 148,662,983	17,295,748	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	155,812	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 148,662,983	17,451,560	$ 8.52

	For the year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 146,866,977	17,200,263	$ 8.54
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 146,866,977	17,200,263	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	181,610	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 146,866,977	17,381,873	$ 8.45

The number of shares had retroactively been adjusted by the stock dividends as of December 31, 2016.

(38) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the years ended December 31,	
	2016	2015
Purchase of property, plant and equipment	$ 55,410,689	$ 55,749,749
Add: opening balance of payable on equipment	18,109,912	33,614,650
Less: ending balance of payable on equipment	(18,973,484)	(18,109,912)
Net exchange differences	(1,342,764)	(294,961)
Cash paid during the year	$ 53,204,353	$ 70,959,526

B. Financing activities with no cash flow effects

	For the years ended December 31,	
	2016	2015
Employees' stock dividends	$ 10,598,195	$ 9,398,501

RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales

	For the years ended December 31,	
	2016	2015
Sales of goods:		
Associates	$ 75,684,500	$ 68,982,194
Other related party	10,961,816	7,182,707
	$ 86,646,316	$ 76,164,901

The amounts above include administration and service revenue. Goods are sold based on the price lists in force and terms that would be available to third parties. The Group sold materials to the above related parties for processing and repurchased the finished goods. The sales amount of materials and repurchase price of finished goods were offset against each other and shown at net amount in the financial statements.

B. Purchases

	For the years ended December 31,	
	2016	2015
Purchase of goods:		
Associates	$ 81,134,151	$ 98,354,506
Other related party	22,641,245	18,461,860
	$ 103,775,396	$ 116,816,366

Purchases from related enterprises are based on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2016	December 31, 2015
Accounts receivable:		
Associates	$ 26,817,606	$ 23,927,466
Other related party	5,163,239	2,275,810
	31,980,845	26,203,276
Other receivables - sale of property, plant and equipment:		
Associates	375,044	103,695
Other receivables - purchase of materials on behalf of related parties:		
Associates	426,874	398,850
Other related party	10,998	12,526
	812,916	515,071
	$ 32,793,761	$ 26,718,347

The receivables from related parties arise mainly from sale transactions, sales of property, plant and equipment and purchase of raw materials on behalf of others. The amount is due 30 to 90 days after the transaction date. The receivables are unsecured and non-interest bearing.

D. Payables to related parties

	December 31, 2016	December 31, 2015
Accounts payable:		
Associates	$ 20,480,096	$ 27,915,396
Other related party	10,127,833	2,947,139
	30,607,929	30,862,535
Other payables - acquisition of property, plant and equipment:		
Associates	645,403	127,342
Other related party	120,488	129,209
	765,891	256,551
	$ 31,373,820	$ 31,119,086

Payables to related parties primarily arose from purchase transactions and procurement of raw materials by the related parties on behalf of the Company. The amount is due 30 to 90 days after the transaction date. The payables are non-interest bearing.

E. Prepayments:

	December 31, 2016	December 31, 2015
Associates	$ 123,419	$ 870

F. Property transactions:

(a)Acquisition of property, plant and equipment:

	For the years ended December 31,	
	2016	2015
Acquisition of property, plant and equipment:		
Associates	$ 3,252,764	$ 974,018
Other related party	41,392	5,466
	$ 3,294,156	$ 979,484

(b)Proceeds from sale of property, plant and equipment and gain (loss) on disposal:

	For the years ended December 31,			
	2016		2015	
	Proceeds from sale of property, plant and equipment	Gain	Proceeds from sale of property, plant and equipment	Gain
Sale of property, plant and equipment:				
Associates	$ 862,735	$ 5,169	$ 501,591	$ 116,901

G. Loans to related parties

Receivables from related parties

	December 31, 2016	December 31, 2015
Associates	$ 1,587,592	$ 1,582,754

For the year ended December 31, 2016, the Group recognised allowance for uncollectible accounts at $953,404 due to the unsuccessful operation and unstable financial status of Uer Technology Corporation. Please refer to Table 1 for details about collaterals.

Interest income

	For the years ended December 31,	
	2016	2015
Associates	$ 32,638	$ 17,830

For the years ended December 31, 2016 and 2015, the interest was charged at the rate of 1.70%~4.35% and 1.41%~7.2%, respectively.

(2) Key management compensation

	For the years ended December 31,	
	2016	2015
Salaries and other short-term employee benefits	$ 791,577	$ 731,374
Service execution fees	510	610
Share-based payments	186,175	209,689
	$ 978,262	$ 941,673

PLEDGED ASSETS

As of December 31, 2016 and 2015, the book values of the Group's pledged assets are as follows:

Assets	Nature	December 31, 2016	December 31, 2015
Time deposits and cash (shown as "other current assets")	Customs deposits and short-term loans	$ 700,223	$ 462,246
Time deposits and cash (shown as "other non-current assets")	Security deposit for provisional attachment, bond deposit as security for court proceedings, security deposit for employment of foreign employees and customs deposits	92,224	53,877
Property, plant and equipment and other non-current assets	Long-term loans	5,800,597	917,865
		$ 6,593,044	$ 1,433,988

SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2016	December 31, 2015
Property, plant and equipment	$ 7,513,607	$ 24,482,786

B. Operating lease commitments

The Company's subsidiary leases factory dormitory under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015
Not later than one year	$ 615,747	$ 642,152
Later than one year but not later than five years	2,518,852	1,106,635
Later than five years	1,692,699	18,611
	$ 4,827,298	$ 1,767,398

C. The Group entered into an agreement with Qualcomm Incorporated regarding mobile phone use right. Under the agreement, the Group shall pay royalties based on sales volume of the related products.

SIGNIFICANT DISASTER LOSS

None.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. As resolved by the Board of Directors on February 24, 2017, the Company's subsidiary, Foxconn (Far East) Limited, invested US$600,002 thousand in joint venture with Softbank Group Corporation to set up

Softbank Group Capital Apac Pte. Ltd. and acquired 54.5% equity interest.

B. As resolved by the Board of Directors on March 29, 2017, the Company's subsidiary, Futaihua Industrial (Shenzhen) Co., Ltd., invested RMB1 billion in Contemporary Amperex Technology Co., Ltd. and acquired 1.19% equity interest.

OTHERS

(1) Capital management

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

During 2016, the Group's strategy, which was unchanged from 2015, was to maintain the gearing ratio at 70% or below.

(2) Financial instruments

A. Fair value information of financial instruments

(a) Except those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets measured at fair value through profit or loss, available-for-sale financial assets, notes and accounts receivable inclusive of related parties and other financial assets, short-term loans, financial liabilities measured at fair value through profit or loss, notes and accounts payable inclusive of related parties and current portion of the long-term liabilities) approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	December 31, 2016			
		Fair Value		
	Book Value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 213,920,590	$ -	$ 206,453,849	$ -
Finance lease payable	1,873,085	-	1,513,924	-
	$ 215,793,675	$ -	$ 207,967,773	$ -

	December 31, 2015			
		Fair Value		
	Book Value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 186,504,101	$ -	$ 181,408,402	$ -
Finance lease payable	3,042,986	-	2,510,621	-
	$ 189,547,087	$ -	$ 183,919,023	$ -

(b) The methods and assumptions of fair value measurement are as follows:

Bonds payable: Regarding the bonds issued by the Group, the coupon rate approximates to the current market rate. Therefore, the fair value is estimated using the present value of the expected cash flows and market interest rate.

Finance lease payable: The fair value is estimated using the present value of the expected cash flows of market rates.

A. Financial risk management policies

(a) Risk categories:

The Group employs a comprehensive risk management and control system to clearly identify, measure, and control the various kinds of financial risk it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk.

(b) Management objectives:

i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be controlled internally or removed from business processes. Therefore, the goal in managing each of these risks is to reduce them to zero.

ii. As for market risk, the goal is to optimize its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of a) long-term trends in the external economic/financial environment, b) internal operating conditions, and c) the actual effects of market fluctuations.

iii. The Group's overall risk management policy focuses on the unpredictable item of financial markets and seeks to reduce the risk that potentially pose adverse effects on the Group's financial position and financial performance.

iv. For the information on the derivative financial instruments that the Group enters into, please refer to Note 6(2).

(c) Management system:

i. Risk management is executed by the Group’s finance department by following policies approved by the Board. Through cooperation with the Group's operating units, finance department is responsible for identifying, evaluating and hedging financial risks.

ii. The Board has a written policy covering overall risk management. It also has written policies covering specific issues, such as exchange rate risk, interest rate risk, credit risk, derivative and non-derivative financial instruments used, and the investment of excess working capital.

B. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) Nature:

The Group is a multinational group in the Electronics manufacturing services industry. Most of the exchange rate risk from operating activities come from:

a. Foreign exchange risk arises from different exchange rates to functional currency as the invoice dates of accounts receivable and payable denominated in non-functional foreign currency are different. Due to the characteristics of the subcontracting industry, the Company's revenue and expenditures are mostly denominated in foreign currency. Thus, the remaining net foreign exchange risk is not material after offsetting assets and liabilities. Furthermore, although the variations in currencies of the Company's certain foreign investments in emerging countries (i.e. Brazil, Mexico, etc.) are considered huge, the percentage of the investments is not significant and thus the Company's foreign exchange risk can be maintained in the controllable range. (Note: The Group has several sites in various countries and thus is exposed to various foreign exchange risks. The main risk arises from USD and RMB.)

b. Except for the above transactions (operating activities) recognized in the income statement, assets and liabilities recognized in the balance sheet and the net investment in foreign operations also result in the exchange rate risk.

(ii) Management:

a. For such risks, the Group has set up policies requiring companies in the Group to manage its exchange rate risks.

b. As to the exchange rate risk arising from the difference between various functional currencies and the reporting currency in the consolidated financial statements, it is managed by the Group's finance department.

(iii) The source:

a. U.S. dollar and NT dollar:

Foreign exchange risk arises primarily from U.S. dollar-denominated cash, cash equivalents, accounts receivable and other receivables, other assets, loans, accounts payable and other payables and other liabilities, which results in exchange loss or gain when they are converted into New Taiwan dollars.

b. U.S. dollar and RMB:

Foreign exchange risk arises primarily from U.S. dollar-denominated cash, cash equivalents, accounts receivable and other receivables, other assets, loans, accounts payable and other payables and other liabilities, which results in exchange loss or gain when they are converted into RMB.

c. JPY and NT dollar:

Foreign exchange risk arises primarily from yen-denominated loans, accounts payable and other payables, which results in exchange loss or gain when they are converted into

New Taiwan dollars.

d. JPY and U.S. dollar:

Foreign exchange risk arises primarily from yen-denominated loans, accounts payable and other payables, which results in exchange loss or gain when they are converted into U.S. dollar.

(iv) Extent

The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2016				
				Sensitivity analysis	
(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD : NTD	$ 16,192,949	32.25	$ 522,222,605	1%	$ 5,222,226
USD : RMB	26,514,411	6.9492	855,089,755	1%	8,550,898
JPY : USD	103,864,074	0.0085	28,624,939	1%	286,249
RMB : NTD	7,210,161	4.6408	33,460,915	1%	334,609
Net effect in consolidated entities with foreign currency					
USD : NTD	$ 31,688,835	32.25	$ 1,021,964,929		
Financial liabilities					
Monetary items					
USD : NTD	$ 12,106,122	32.25	$ 390,422,435	1%	$ 3,904,224
USD : RMB	29,092,185	6.9492	938,222,966	1%	9,382,230
JPY : USD	37,023,313	0.0085	10,203,625	1%	102,036
JPY : NTD	3,595,785	0.2756	990,998	1%	9,910

	December 31, 2015				
				Sensitivity analysis	
(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD : NTD	$ 18,757,042	32.83	$ 615,793,689	1%	$ 6,157,937
USD : RMB	18,494,483	6.4935	607,173,877	1%	6,071,739
Net effect in consolidated entities with foreign currency					
USD : NTD	$ 27,239,256	32.83	$ 894,264,774		
Financial liabilities					
Monetary items					
USD : NTD	$ 9,106,324	32.83	$ 298,960,617	1%	$ 2,989,606
USD : RMB	20,294,327	6.4935	666,262,755	1%	6,662,628
JPY : USD	51,213,995	0.0083	13,966,056	1%	139,661
JPY : NTD	15,699,765	0.2727	4,281,326	1%	42,813

(v) Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015 amounted to $7,074,859 and $18,047,098, respectively.

ii. Equity securities

(i) Nature

The Group primarily invests in domestic and foreign publicly traded and unlisted equity instruments, which are accounted for as available-for-sale financial assets and financial assets carried at cost. The price of those equity instruments will be affected by the uncertainty of the future value of the investment.

(ii) Extent

If such equity instruments’ price rise or fall by 1%, with all other factors held constant, the impact on equity due to available-for-sale equity instruments are $1,129,579 and $396,246 for the years ended December 31, 2016 and 2015, respectively.

iii. Futures

(i) Nature

The Group is exposed to commodity price risk because of future commodity price fluctuations.

(ii) Extent

The Group sets stop-loss amount to reduce its futures market risk whenever futures contracts are entered into. As a result, there is no significant futures market risk.

iv. Interest rate risk

The Group's interest rate risk arises from long-term loans or corporate bonds with floating rates.

The Company's long-term corporate bonds with fixed interest rates do not have interest rate risk or fair value interest rate risk. Long-term loans or corporate bonds with floating rates expose the Group to cash flow interest rate risk, but most of the risks are offset by cash and cash equivalents with variable interest rates.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management.

iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments. The counterparties are banks with good credit quality and financial institutions with investment grade or above and government agencies, so there is no significant compliance concerns and credit risk.

iv. The aging analysis of notes receivable and accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2016	December 31, 2015
Up to 30 days	$ 5,784,072	$ 5,713,897
31 to 90 days	1,191,897	2,404,766
91 to 180 days	299,041	91,945
181 to 360 days	193,692	101,446
Over 360 days	77,310	154,083
	$ 7,546,012	$ 8,466,137

v. Movements on the Group's provision for impairment of notes receivable and accounts receivable (including related parties) are as follows:

(i) As of December 31, 2016 and 2015, accounts receivable that had been impaired were $3,259,575 and $3,203,260, respectively.

(ii) Movement in allowance for individual provision for bad debts is as follows:

	2016	2015
At January 1	$ 3,203,260	$ 2,750,491
Provision for impairment	56,315	452,769
At December 31	$ 3,259,575	$ 3,203,260

vi. The credit quality of accounts receivable (including related parties) that were neither past due nor impaired is in the following categories based on the Group's Credit Quality Control Policy:

	December 31, 2016	December 31, 2015
Group 1	$ 505,331,936	$ 340,721,330
Group 2	64,813,806	117,431,308
Group 3	109,030,807	96,012,262
Group 4	44,335,314	28,277,553
	$ 723,511,863	$ 582,442,453

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit policies for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Group's credit policies for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.

Group 4: Rated as other than A, B, or C in accordance with the Group's credit policies for those that have no external credit ratings.

vii. The Group assessed the impairment loss arising from loans to related parties and recognised allowance for uncollectible accounts at $953,404. Please refer to Note 7(1)G for details about related credit risk and collaterals.

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

December 31, 2016	Less than 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term notes and bills payable	$ 13,000,000	$ 3,000,000	$ -	$ -	$ -	$ -	$ 16,000,000
Short-term loans	153,109,071	4,316,378	14,046,694	-	-	-	171,472,143
Accounts payable (including related parties)	699,301,981	9,500,215	860,990	-	-	-	709,663,186
Other payables	187,055,873	26,075,779	5,286,205	-	-	-	218,417,857
Bonds payable	11,050,000	13,210,870	36,356,875	36,552,845	69,650,000	47,100,000	213,920,590
Long-term loans	71,762	845	72,606	16,270,213	4,700,803	3,958,777	25,075,006
Finance lease payable	21,062	22,314	45,094	97,721	324,237	1,362,657	1,873,085
	$1,063,609,749	$56,126,401	$56,668,464	$52,920,779	$74,675,040	$52,421,434	$1,356,421,867
December 31, 2015							
Short-term notes and bills payable	$ 7,000,000	$ -	$ -	$ -	$ -	$ -	$ 7,000,000
Short-term loans	67,928,627	95,696	2,208,886	-	-	-	70,233,209
Accounts payable (including related parties)	626,790,666	16,659,870	607,240	-	-	-	644,057,776
Other payables	164,573,016	32,108,373	343,044	-	-	-	197,024,433
Bonds payable	6,814,847	3,000,000	14,900,000	61,266,248	60,469,977	40,100,000	186,551,072
Long-term loans	2,968,619	750,408	17,236,256	893,116	5,813,159	3,514,900	31,176,458
Finance lease payable	-	-	-	-	-	3,042,986	3,042,986
	$ 876,075,775	$52,614,347	$35,295,426	$62,159,364	$66,283,136	$46,657,886	$1,139,085,934

Derivative financial liabilities:

December 31, 2016	Less than 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Cross currency swap contracts	$ 851,353	$ -	$ 1,807	$ -	$ -	$ -	$ 853,160
Forward exchange contracts	10,697,039	3,547	2,154	-	-	-	10,702,740
	$ 11,548,392	$ 3,547	$ 3,961	$ -	$ -	$ -	$ 11,555,900
December 31, 2015							
Cross currency swap contracts	$ -	$ -	$ 12,727	$ -	$ -	$ -	$ 12,727
Forward exchange contracts	410,972	61,074	-	-	-	-	472,046
	$ 410,972	$ 61,074	$ 12,727	$ -	$ -	$ -	$ 484,773

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(16).

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Financial products	$ -	$ 4,776,461	$ -	$ 4,776,461
Beneficiary certificates	84,749	395,850	-	480,599
Cross currency swap contracts	-	9,303,106	-	9,303,106
Forward exchange contracts	-	1,253,723	-	1,253,723
Convertible bonds payable	-	3,836,811	-	3,836,811
Available-for-sale financial assets				
Equity securities	42,240,522	66,522,635	-	108,763,157
Foreign investment fund	-	4,194,741	-	4,194,741
	$ 42,325,271	$ 90,283,327	$ -	$132,608,598

December 31, 2016	Level 1	Level 2	Level 3	Total
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Cross currency swap contracts	$ -	($ 853,160)	$ -	($ 853,160)
Forward exchange contracts	-	(10,702,740)	-	(10,702,740)
	$ -	($ 11,555,900)	$ -	($ 11,555,900)

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 84,484	$ 319,762	$ -	$ 404,246
Cross currency swap contracts	-	5,280,768	-	5,280,768
Forward exchange contracts	-	429,899	-	429,899
Available-for-sale financial assets				
Equity securities	39,106,595	-	-	39,106,595
Foreign investment fund	-	518,033	-	518,033
	$ 39,191,079	$ 6,548,462	$ -	$ 45,739,541
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Cross currency swap contracts	$ -	($ 12,727)	$ -	($ 12,727)
Forward exchange contracts	-	(472,046)	-	(472,046)
	$ -	($ 484,773)	$ -	($ 484,773)

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

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

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

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

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

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

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

SUPPLEMENTARY DISCLOSURES

(4) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 5.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 6.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 7.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 8.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(5) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 10.

(6) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: The Company appointed Foxconn (Far East) Limited’s Mainland investee to render processing services and to trade. The transactions were eliminated in the consolidated financial statements. For significant transactions of processing services, trading, receivables and payables, endorsements and guarantees or collaterals provided, and financing, please refer to Note 13(1) A, B, G and H.

SEGMENT INFORMATION

(7) General information

The Group has adopted eCMMS (E-enabled Components, Modules, Moves & Services) strategy, and provided a one-stop shop to its customers, which are primarily in the 3C industries, with a total solution for design, development, engineering, procurement, manufacturing, logistics and after-sales service. The Group segregates operating segments from both a customer service and product perspective.

In accordance with IFRS No. 8, “Operating Segments”, the Group has determined the operating segments and reportable operating segments. Operating segments which have met certain quantitative threshold are disclosed individually or aggregately as reportable operating segments; other segments which have not met the quantitative threshold are included in the ‘all other segments’. The Group has identified the electronic manufacturing integrated services department, which provides global 3C production-related one-stop services, as a reportable operating segment.

(8) Measurement of segment information

The chief operating decision maker assesses performance and allocates resources of the operating segments based on each operating segment’s revenue and operating income after adjusting the internal costs and allocated expenses. Except for the recognition of internal costs which shall be in accordance with the Group’s related internal calculation basis, the operating segments’ accounting policies are the same as disclosed in Note 4.

(9) Segment information

The financial information of reportable segments provided to chief operating decision maker is as follows:

	For the years ended December 31,	
	2016	2015
	Electronic Manufacturing Integration Service	Electronic Manufacturing Integration Service
Net external revenue	$ 4,120,149,050	$ 4,241,938,841
Revenue from internal customers	332,858,454	485,824,862
Segment revenue	$ 4,453,007,504	$ 4,727,763,703
Segment profit	$ 202,084,082	$ 174,142,198

(10) Reconciliation for segment income (loss)

Sales between segments are carried out at arm’s length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the income statement.

A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2016 and 2015 is provided as follows:

	For the years ended December 31,	
Operating revenue	2016	2015
Total reported segment revenue	$ 4,453,007,504	$ 4,727,763,703
Other operating segment revenue	55,412,844	53,517,300
Elimination of intersegment revenue	(149,686,991)	(299,135,036)
Total revenue	$ 4,358,733,357	$ 4,482,145,967

	For the years ended December 31,	
Profit and loss	2016	2015
Profit of reported segment	$ 202,084,082	$ 174,142,198
(Loss) profit of other operating segments	(4,926,017)	4,668,036
Elimination of intersegment transactions and internal costs and allocated expenses adjustments	791,680	20,228,081
Profit before income tax	$ 197,949,745	$ 199,038,315

(11) Geographical information

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

	For the years ended December 31,			
	2016		2015	
	Revenue	Non-current assets	Revenue	Non-current assets
Ireland	$ 1,452,187,758	$ 102,744	$ 1,337,438,634	$ 143,624
U.S.A	1,372,076,285	1,239,165	1,479,056,371	987,418
Singapore	374,267,864	1,661,106	398,082,724	84,602
China	318,865,614	243,797,012	318,429,095	277,574,412
Japan	125,052,158	72,235	209,884,007	110,788
Taiwan	32,455,033	40,544,544	45,654,125	32,358,863
Others	683,828,645	65,345,341	693,601,011	55,090,406
	$ 4,358,733,357	$ 352,762,147	$ 4,482,145,967	$ 366,350,113

(12) Major customer information

Major customer information of the Group for the years ended December 31, 2016 and 2015 is as follows:

	For the years ended December 31,	
	2016	2015
	Revenue (in millions)	Revenue (in millions)
Client E	$ 2,362,827	$ 2,405,381
Client C	340,755	340,234

VII. Financial Analysis

A. Comparative Analysis of Financial Position

Unit: NT$000

Item \ Year	2016	2015	Difference		Ratio change analysis and explanation (Note 1)
			Amount	%	
Current assets	1,931,201,379	1,788,218,973	142,982,406	8.00	
Fund and Long-term equity investments	142,527,340	77,634,937	64,892,403	83.59	(Note 2)
Fixed assets	309,202,470	336,738,466	(27,535,996)	(8.18)	
Other assets	209,111,751	105,707,501	103,404,250	97.82	(Note 2)
Total assets	2,592,042,940	2,308,299,877	283,743,063	12.29	
Current liabilities	1,252,645,231	1,056,122,201	196,523,030	18.61	
Other liabilities	205,609,111	191,786,597	13,822,514	7.21	
Total liabilities	1,458,254,342	1,247,908,798	210,345,544	16.86	
Common stock	173,287,383	156,382,881	16,904,502	10.81	
Capital surplus	93,046,611	81,736,538	11,310,073	13.84	
Retained earnings	779,926,034	709,407,639	70,518,395	9.94	
Other Equity	32,508,267	60,121,681	(27,613,414)	(45.93)	(Note 3)
Treasury Stock	(18,901)	(18,901)	-	-	
Equity attributable to owners of the parent	1,078,749,394	1,007,629,838	71,119,556	7.06	
Non-controlling Equity	55,039,204	52,761,241	2,277,963	4.32	
Total stockholders' equity	1,133,788,598	1,060,391,079	73,397,519	6.92	

Note:
1. Analysis and description will be given only if the increase/decrease in ratio reaches 20% or exceeds NT$10mn.
2. Increased strategic investments in Japan and Mainland China to enhance the Company's vertical integration.
3. Other Equity: Influnce by foreign exchange declined significantly due to fluctuation of US dollar.

B. Comparative Analysis of Financial Performance

Unit: NT$000

Item \ Year	2016	2015	Amount changed	Change percentage (%)	Variance analysis
Revenues	4,358,733,357	4,482,145,967	(123,412,610)	(2.75)	-
Cost of revenues	(4,037,148,377)	(4,161,553,998)	(124,405,621)	(2.99)	-
Gross profit	321,584,980	320,591,969	993,011	0.31	-
Operating expenses	(146,645,479)	(156,323,398)	(9,677,919)	(6.19)	-
Operating income	174,939,501	164,268,571	10,670,930	6.50	-
Non-operating income	23,010,244	34,769,744	(11,759,500)	(33.82)	(Note)
Income (loss) before income taxes	197,949,745	199,038,315	(1,088,570)	(0.55)	-
Income tax benefit (expense)	(46,592,581)	(48,836,899)	(2,244,318)	(4.60)	-
Net income (loss)	151,357,164	150,201,416	1,155,748	0.77	-
Other comprehensive income	(31,214,221)	(29,072,832)	2,141,389	7.37	-
Total comprehensive income	120,142,943	121,128,584	(985,641)	(0.81)	-

Note: Fluctuation of currencies resulted in decrease in FX gain of entities with RMB as function currency and FX loss of entities with USD/NTD as function currency.

C. Cash Flow Analysis

(1) Liquidity Analysis of Recent 2 Years

Item \ Year	2016	2015	Ratio Change (%)
Cash flow ratio (%)	13.89%	22.94%	(39.45%)
Cash Flow Adequacy Ratio (%)	120.97%	111.58%	8.42%
Cash reinvestment ratio (%)	6.70%	11.89%	(43.65%)

Variance Analysis (No analysis is required in case the variance is less than 20%.)

1. Cash flow ratio: Rose significantly in 2015 owing to increase in operating cash inflow resulted from early collection of accounts receivable in 2015.
2. Cash reinvestment ratio: Declined in 2016 due to new investments in equity method.

(2) Cash Flow Forecast for the Coming Year

Unit: NT$000

Cash beginning balance (1)	Cash flow from operating activities (2)	Cash flow in/(out) (3)	Cash ending balance/(shortage) (1)+(2)-(3)	Plan for cash ending balance shortage	
				Investment activities	Financing activities
204,020,453	3,651,165,063	3,711,797,122	143,388,394	-	-

Cash flow variance analysis for year 2016:

1. Operating activities: The Company expects revenue and profit to continue to grow.
2. Investment activities: The Company expects expansion of production facilities to meet business demand.
3. Financing activities: The Company expects to distribute cash dividends, borrow short-term loans and issue unsecured bonds.

VIII. Special Notes

A. Affiliates Information

Hon Hai Precision Industry Co., Ltd.

Affiliates Consolidated Financial Statement Announcements

For the fiscal year of 2016, the companies which should be included in the consolidated financial statements of the Company pursuant to the Affiliates Consolidated Business Reports and Consolidated Financial Statements Preparation of Affiliation Reports are the same as those should be included pursuant to the Statement of Financial Accounting Standards No. 27, and also the affiliates consolidated financial statements should be disclosed information on supra parent company have already been disclosed in the consolidated financial statements of the Company. Therefore the Company will not prepare a separate affiliates consolidated financial statements.

Hereby declare

Company Name: Hon Hai Precision Industry Co., Ltd.

Chairman: Gou, Tai-Ming (Terry Gou)

On the Date of: March 31, 2017

B. The most recent fiscal year and up to the date of this Annual Report printed, Private Placement Securities

None.

C. The most recent fiscal year and up to the date of this Annual Report printed, subsidiary companies holding or disposal of the Company's stock list

<table>
<tr><th>Name of subsidiaries</th><th>Paid-in capital</th><th>Source of funds</th><th>The Company's ownership</th><th>The date of the acquisition or disposal</th><th>Number of shares or amount</th><th>Number of shares or amount of disposal</th><th>Investment gains and losses</th><th>Shares as of the date of this Annual Report printed</th><th>Set pledge</th><th>Endorsement amount of the Company</th><th>Loan amount of the Company</th></tr>
<tr><td rowspan="2">Hon Jin International Investment Co., Ltd.</td><td rowspan="2">20,000,000 NT dollars</td><td rowspan="2">Own funds</td><td rowspan="2">100%</td><td>Nov. 22, 2016</td><td>168,531 shares (Note)</td><td>--</td><td>--</td><td rowspan="2">1,853,848 shares 18,901,000 NT dollars</td><td>--</td><td>--</td><td>--</td></tr>
<tr><td>As of the date of this Annual Report printed</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td></tr>
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Note: Shares from surplus to capital increase.

D. Other supplementary information

None.

IX. Matters Affecting Shareholders' Equity or Stock Price

Matters according to the Article 36.3.2 of the Securities and Exchange Act of Taiwan in the most recent year and up to the date of printing of this Annual Report which have significant impact to Shareholders' Equity or stock price: None.

Hon Hai Precision Industry Co., Ltd.

Chairman: Gou, Tai-Ming (Terry Gou)