Stock Code:3679

NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017 and 2016
(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

To the Board of Directors of Nishoku Technology Inc.:

We have reviewed the consolidated financial statements of Nishoku Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of March 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2017 and 2016.These consolidated financial interim statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

Except as described in paragraphs 3, we conducted our reviews in accordance with Statement on Auditing Standard 36, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Group's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Included in the accompanying consolidated interim financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of $517,161 thousand and $597,651 thousand constituting 7% and 8% of the Group's consolidated total assets as of March 31, 2017 and 2016; total liabilities of $237,026 thousand and $271,202 thousand constituting 9% and 12% of the Group's consolidated total liabilities as of March 31, 2017 and 2016, respectively; comprehensive income of $16,351 thousand and $30,364 thousand constituting 6% and 16% of the Group's consolidated comprehensive income for the three months ended March 31, 2017 and 2016, respectively.

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of some equity method investees as described in paragraphs 3 above been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 " Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditor's report are Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
April 28, 2017

Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2017 and 2016

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2017, December 31, 2016 and March 31, 2016

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2017		December 31, 2016		March 31, 2016	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 3,346,246	46	3,696,294	49	2,704,049	38
1110	Financial assets at fair value through profit or loss (note 6(b))	646,062	9	352,562	5	1,092,917	15
1170	Accounts receivable, net (note 6(c))	1,152,818	16	1,444,595	19	1,218,524	17
130X	Inventories (note 6(d))	445,589	6	403,391	5	415,281	6
1470	Other current assets	45,729	1	45,949	2	55,606	1
1476	Other current financial assets (note 6(c))	7,639	-	7,706	-	2,272	-
		5,644,083	78	5,950,497	80	5,488,649	77
	Non-current assets:						
1600	Property, plant and equipment (note 6(e))	1,375,611	19	1,417,562	19	1,552,928	22
1840	Deferred tax assets (note 6(j))	83,062	1	37,044	-	28,492	-
1985	Long-term prepaid rents	76,931	1	81,878	1	85,877	1
1990	Other non-current assets	30,981	1	26,048	-	34,325	-
		1,566,585	22	1,562,532	20	1,701,622	23
	Total assets	$ 7,210,688	100	7,513,029	100	7,190,271	100

		March 31, 2017		December 31, 2016		March 31, 2016	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(f))	$ 331,980	5	343,500	5	389,703	5
2170	Notes and Accounts payable	463,879	6	539,861	7	417,305	6
2300	Other current liabilities	351,840	6	416,654	6	329,893	5
2320	Long-term liabilities, current portion (note 6(g))	-	-	150,000	2	100,000	1
		1,147,699	17	1,450,015	20	1,236,901	17
	Non-Current liabilities:						
2540	Long-term borrowings (note 6(g))	750,000	10	600,000	8	450,000	6
2570	Deferred tax liabilities and others (note 6(j))	656,621	9	679,648	9	645,440	9
		1,406,621	19	1,279,648	17	1,095,440	15
	Total liabilities	2,554,320	36	2,729,663	37	2,332,341	32
	Equity attributable to owners of parent (note 6(k)):						
3100	Ordinary share	793,033	11	793,033	11	802,653	11
3200	Capital surplus	1,363,943	19	1,363,943	18	1,396,350	19
	Retained earnings:						
3310	Legal reserve	376,396	5	376,396	5	342,453	5
3350	Unappropriated retained earnings	2,396,288	33	2,288,348	30	2,137,735	30
		2,772,684	38	2,664,744	35	2,480,188	35
3400	Other equity interest	(273,312)	(4)	(38,354)	(1)	235,373	3
3500	Treasury shares	-	-	-	-	(56,634)	-
	Total equity	4,,656,348	64	4,783,366	63	4,857,930	68
	Total liabilities and equity	$ 7,210,668	100	7,513,029	100	7,190,271	100

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		Three months ended March 31,			
		2017		2016	
		Amount	%	Amount	%
4110	**Operation Revenues**	$ 881,525	102	920,624	102
4170	Less: Sales returns and allowance	15,950	2	15,531	2
	Net Operating revenues	865,575	100	905,093	100
5000	Operating costs (notes 6(d), (h), (i) and 12)	633,708	73	685,368	76
	Gross profit from operations	231,867	27	219,725	24
	Operating expenses: (notes 6(c), (h), (i) and 12)				
6100	Selling expenses	20,041	2	13,062	1
6200	Administrative expenses	67,730	8	64,426	7
6300	Research and development expenses	18,456	2	20,882	2
		106,227	12	98,370	10
	Net operating income	125,640	15	121,335	14
	Non-operating income and expenses:				
7010	Other income (notes 6(n) and (p))	19,671	2	5,924	-
7020	Other gains and losses, net (notes 6(o) and (p))	(40,878)	(5)	(24,658)	(3)
7050	Finance costs, net	(3,498)	-	(3,950)	-
	Total non-operating income and expenses	(24,705)	(3)	(22,684)	(3)
7900	**Profit from continuing operations before tax**	100,935	12	98,671	11
7950	Less: Tax expense (note 6(j))	(7,005)	(1)	12,971	1
	Profit	107,940	13	85,700	10
8300	**Other comprehensive income:**				
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation	(283,082)	(33)	(43,694)	(5)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(j))	48,124	6	7,428	1
8300	**Other comprehensive income, net**	(234,958)	(27)	(36,266)	(4)
8500	**Total comprehensive income**	**$ (127,018)**	**(14)**	**(49,434)**	**6**
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	**$ 107,940**	**13**	**85,700**	**10**
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	**$ (127,018)**	**(14)**	**49,434**	**6**
	Basic earnings per share				
9750	Basic earnings per share (NT dollars) (note 6(l))	**$**	**1.36**		**1.08**
9850	Diluted earnings per share (NT dollars) (note 6(l))	**$**	**1.36**		**1.07**

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							
	Share capital		Retained earnings					
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Total equity
Balance at January 1, 2016	$ 802,653	1,396,350	342,453	2,052,035	271,639	(56,634)	4,808,496	4,808,496
Profit	-	-	-	85,700	-	-	85,700	85,700
Other comprehensive income (loss)	-	-	-	-	(36,266)	-	(36,266)	(36,266)
Total comprehensive income	-	-	-	85,700	(36,266)	-	49,434	49,434
Balance at March 31, 2016	$ 802,653	1,396,350	342,453	2,137,735	235,373	(56,634)	4,857,930	4,857,930
Balance at January 1, 2017	$ 793,033	1,363,943	376,396	2,288,348	(38,354)		4,783,366	4,783,366
Profit	-	-	-	107,940	-	-	107,940	107,940
Other comprehensive income (loss)	-	-	-	-	(234,958)	-	(234,958)	(234,958)
Total comprehensive income	-	-	-	107,940	(234,958)	-	(127,018)	(127,018)
Balance at March 31, 2017	**$ 793,033**	**1,363,943**	**376,396**	**2,396,288**	**(273,312)**	**-**	**4,656,348**	**4,656,348**

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Three months ended March 31,	
	2017	**2016**
Cash flows from (used in) operating activities:		
Profit before tax	$ 100,935	98,671
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	58,491	68,316
Provision for bad debt expense	5,069	(1,921)
Recognition losses on inventory valuation and obsolescence	(6,062)	19,540
Interest expense	3,498	3,950
Interest income	(11,779)	(4,850)
Net gain on financial assets at fair value through profit	(1,275)	(2,278)
Gain on disposal of property, plant and equipment	13	(1,402)
	47,955	81,355
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(292,225)	(677,990)
Accounts receivable	286,708	277,903
Inventories	(36,136)	(8,087)
Other current assets and other financial assets	481	9,680
	(41,172)	(398,494)
Changes in operating liabilities:		
Accounts payable	(75,982)	(115,173)
Other current liabilities	(37,727)	(44,992)
	(113,709)	(160,165)
Total changes in operating assets and liabilities	(154,881)	(558,659)
Total adjustments	(106,926)	(477,304)
Cash inflow generated from operations	(5,991)	(378,633)
Interest received	11,779	4,850
Interest paid	(3,340)	(3,583)
Income taxes paid	(28,197)	(31,143)
Net cash flows from operating activities	(25,749)	(408,509)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(79,487)	(20,387)
Proceeds from disposal of property, plant and equipment	-	2,410
Increase in other non-current assets	(7,100)	(17,019)
Net cash flows used in investing activities	(86,587)	(34,996)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(11,520)	(54,160)
Increase (decrease) in long-term debt	-	(100,000)
Increase (decrease) in guarantee deposits received	(26)	(103)
Net cash flows used in financing activities	(11,546)	(154,263)
Effect of exchange rate changes on cash and cash equivalents	(226,166)	(33,943)
Net decrease in cash and cash equivalents	(350,048)	(631,711)
Cash and cash equivalents at beginning of period	3,696,294	3,335,760
Cash and cash equivalents at end of period	$ 3,346,246	2,704,409

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

NISHOKU TECHNOLOGY INC. (the “Company”) was incorporated in year 1980, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO on the Taiwan Stock Exchange (TWSE) on October 5, 2011. The Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) primarily are involved in the manufacture and sale of plastic injection mold, tooling manufacturing and general import and export Trade.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated interim financial statements were authorized for issuance by the board of directors on April 28, 2017.

(3) New standards, amendments and interpretations adopted:

(a) Impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already taken effect.

The Group conform to the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC on January 1, 2017 in preparing their consolidated interim financial statements. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014

(Continued)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014
Annual improvements cycle 2012-2014	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

(b) Newly released or amended standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC. The FSC announced that the Group should apply IFRS 9 and IFRS 15 starting January 1, 2018. As of the date the Group's financial statements were issued, the FSC has yet to announce the effective dates of the other IFRSs. As of the end of reporting date is as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IFRS 4 "Insurance Contracts" (Applicable for IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts")	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
IAS 40 "Transfers of Investment Property"	January 1, 2018

(Continued)

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is still currently determining the potential impact of the standards listed below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue," IAS 11 "Construction Contracts," and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: ・Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity’s business model for managing the financial assets and the financial assets’ contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. ・Impairment: The expected credit loss model is used to evaluate impairment. ・Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.

(Continued)

January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Group is evaluating the impact on its financial position and financial performance of the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

(a) Statement of compliance

The consolidated interim financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated interim financial statements, the Chinese version shall prevail.

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2016. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2016.

(b) Basis of consolidation

Principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2016.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “ Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2016.

(6) Explanation of significant accounts:

In addition to the following, there is no significant difference between the notes on the significant accounting items of the consolidated interim financial statements and the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2016.

(a) Cash and cash Equivalents

	March 31, 2017	December 31, 2016	March 31, 2016
Cash, and demand deposits	$ 1,511,018	2,059,225	2,385,503
Time deposits	1,653,608	1,508,464	318,546
Bond acquired under repurchase agreement	181,620	128,605	-
Cash and cash equivalents in the consolidated statement of cash flows	$ 3,346,246	3,696,294	2,704,049

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

	March 31, 2017	December 31, 2016	March 31, 2016
Financial assets at fair value through profit or loss			
Money market fund	$ 177,429	184,728	449,420
Principal guaranteed financial product	462,730	161,637	621,573
Bond of oversea	5,903	6,197	21,924
Total	$ 646,062	352,562	1,092,917

The financial assets of the Group had not been pledged as collateral.

(c) Notes and accounts receivable, and other receivables

	March 31, 2017	December 31, 2016	March 31, 2016
Notes and accounts receivable	$ 1,176,038	1,462,746	1,224,605
Other receivables	7,639	7,706	2,272
Less：allowance for impairment	(23,220)	(18,151)	(6,081)
	$ 1,160,457	1,452,301	1,220,796

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) The aging analysis of accounts receivable and other receivables which were past due but not impaired was as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Past due 0~120 days	$ 74,894	59,618	120,379
Past due 121~270 days	3,627	4,038	2,109
Past due 271~365 days	311	-	15
	$ 78,832	63,656	122,503

Based on the historical payment behavior, the Group believed that the overdue receivables, for which no allowances for uncollectible amounts were provided, are still collectible.

(ii) The Group recognized impairment loss on notes and accounts receivable using individual and collective assessment methods. The movement in the allowance for notes and accounts receivable and other receivables was as follows:

	Three months ended March 31,	
	2017	2016
Beginning balance	$ 18,151	8,002
Recognized of impairment loss	5,069	(1,921)
Ending balance	$ 23,220	6,081

(d) Inventories

	March 31, 2017	December 31, 2016	March 31, 2016
Raw materials	$ 126,508	$ 155,597	138,452
Work in process	228,513	166,280	184,143
Finished goods	90,568	81,514	92,686
	$ 445,589	$ 403,391	415,281

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2017 and 2016, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to $633,708 thousand and $685,368 thousand, respectively. For the three months ended March 31, 2017 and 2016, the Group recognized the losses on inventory valuation and obsolescence as cost of goods sold amounting to $(6,062) thousand and $19,540 thousand, respectively.

As of March 31, 2017, December 31, 2016, and March 31, 2016, the Group did not provide any inventories as collateral.

(e) Property, plant and equipment

		Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:							
Balance on January 1, 2017	$	179,672	734,276	1,826,269	471,709	75,845	3,287,771
Additions		-	-	1,086	1,172	64,216	66,474
Reclassifications		-	-	3,850	7,457	(11,501)	(194)
Disposals		-	-	(13,243)	(1,734)	-	(14,977)
Effect of movements in exchange rates		-	(25,608)	(89,135)	(21,865)	(4,993)	(141,601)
Balance on March 31, 2017	**$**	**179,672**	**708,668**	**1,728,827**	**456,739**	**123,567**	**3,197,473**
Balance on January 1, 2016	$	179,672	763,883	2,116,950	524,235	50,311	3,635,051
Additions		-	546	3,977	5,570	7,639	17,732
Reclassifications		-	-	10,955	39	(13,978)	(2,984)
Disposals		-	-	(18,006)	(3,670)	-	(21,676)
Effect of movements in exchange rates		-	(4,792)	(8,751)	(2,839)	(169)	(16,551)
Balance on March 31, 2016	**$**	**179,672**	**759,637**	**2,105,125**	**523,335**	**43,803**	**3,611,572**

Depreciation and impairments loss:						
Balance on January 1, 2017	$ -	272,753	1,220,239	377,217	-	1,870,209
Depreciation	-	10,725	37,669	7,742	-	56,136
Disposals	-	-	(13,230)	(1,734)	-	(14,964
Effect of movements in exchange rates	-	(11,017)	(60,951)	(17,551)	-	(89,519)
Balance on March 31, 2017	$ -	272,461	1,183,727	365,674	-	1,821,862
Balance on January 1, 2016	$ -	244,912	1,356,747	421,919	-	2,023,578
Depreciation	-	11,175	43,379	9,216	-	63,770
Disposals	-	-	(17,447)	(3,221)	-	(20,668)
Effect of movements in exchange rates	-	(1,635)	(4,062)	(2,339)	-	(8,036)
Balance on March 31, 2016	$ -	254,452	1,378,617	425,575	-	2,058,644
Carrying amounts:						
Balance on March 31, 2017	$ 179,672	436,207	545,100	91,065	123,567	1,375,611
Balance on January 1, 2017	$ 179,672	461,523	606,030	94,492	75,845	1,417,562
Balance on March 31, 2016	$ 179,672	505,185	726,508	97,760	43,803	1,552,928

As of March 31, 2017, December 31, 2016 and March 31, 2016, the property, plant and equipment of the Group had not been pledged as collateral.

(f) Short-term borrowings

The detail were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Credit loans, no pledge	$ 331,980	$ 343,500	389,703
Interest rate range	1.20%~1.60%	1.20%~2.37%	1.05%~1.64%

(g) Long-term borrowings

The detail were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Unsecured loans	$ 750,000	750,000	550,000
Less: current portion	-	(150,000)	(100,000)
Total	**$ 750,000**	**600,000**	**450,000**
Interest rate range	**1.15%~1.43%**	**1.15%~1.435%**	**1.495%~1.61%**

(h) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2017 and 2016. Please refer to Note 6(n) of the consolidated financial statements for the year ended December 31, 2016 for other related information.

(i) Employee benefits

	Three months ended March 31,	
	2017	2016
Operating Costs	$ 7,430	9,543
Operating Expenses	1,477	1,626
Total	**$ 8,907**	**11,169**

(j) Income tax

(i) The components of income tax expense (benefit) as of March 31, 2017, December 31, 2016 and March 31, 2016 amounted to $(7,005) thousand and $12,971 thousand, respectively.

(ii) The amounts of income tax profit under other comprehensive income or loss for the three months ended March 31, 2017 and 2016, were as follows:

	Three months ended March 31,	
	2017	**2016**
Foreign currency translation differences for foreign operations	$ 48,124	7,428

(iii) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2015. However, the Company's 2013 income tax return is still reviewed by the tax authority; and the Company disagreed with the examination of the income tax return for 2011 and requested an administrative remedy. The tax effect of administrative remedy has been recognized by the Company.

(iv) Information related to the unappropriated earnings and tax deduction ratio is summarized as follow:

	March 31, 2017	**December 31, 2016**	**March 31, 2016**
Unappropriated earnings of 1998 and after	$ 2,396,288	$ 2,288,348	2,137,735
Balance of imputation credit account	$ 211,582	$ 209,967	244,937

	2016 (estimated)	**2015 (actual)**
Creditable ratio for earnings distribution to ROC residents stockholders	10.56 %	12.17 %

The above stated information was prepared in accordance with information letter No. 10204562810 issued by the Ministry of Finance of the ROC on October 17, 2013.

(k) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for the three months ended March 31, 2017 and 2016. For the related information, please refer to note 6(xi) of the consolidated financial statements for the year ended December 31, 2016.

(i) Ordinary shares

Reconciliation of shares outstanding were 79,303 thousand shares and 80,265 thousand shares in the three months ended March 31, 2017 and 2016, respectively.

(ii) Capital surplus

The balances of capital surplus as of March 31, 2017 and 2016, were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Additional paid-capital	$ 1,363,943	$ 1,363,943	1,396,350

The Company’s appropriation of capital surplus had been approved in the shareholders’ meeting held on June 7, 2016. The appropriation was $0.2 per share and the total amounts was $15,861 thousand.

(iii) Retained earnings and Earnings distribution

According to the articles of incorporation , current－period earnings should be distributed as follows:

1) Settle all outstanding tax payables;

2) Offset the prior years’ deficits;

3) After the recognition or reversal of special earnings reserves according to statutory requirements, 10% of statutory earning reserves;

4) Amount paid to directors and supervisors is less than 5%;

5) Employee benefits is not less than 1%, if the prior employee benefit are paid in stocks, the target group must include employees of the affiliate companies who satisfied certain qualification.

6) Of the remaining balance may be reserved or distributed by the stockholders’ meeting for approval

The Company’s stockholder benefits and employee benefits can be distributed in cash or stock, directors’ remuneration be distributed in cash, the Company shall first take into consideration its investing environment in current or future, cash demand, and Long-term interest of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be more than 30% of total dividends.

The Company had modified it's article of incorporation that had been approved in the stockholders' meeting held on June 7, 2016. According to the Company's new article of incorporation stipulate that Company's net profit should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be more than 10% of total dividends.

Earnings distribution for 2016 and 2015 were decided via the general meeting of shareholders held on April 28, 2017, and June 7, 2016, respectively. The relevant dividend distributions to shareholders were as follow:

	2016(proposal)		**2015**	
	Payout per share	**Amount**	**Payout per share**	**Amount**
Dividend to shareholders				
Cash	$ 6.0	475,820	3.8	301,352

(iv) Treasury shares

The Company had canceled 962 thousand shares of the Company's shares that for the purpose of transfer to employees in 2013, was decided by the board of directors on July 4, 2016, and decided the canceled dated was on July 15, 2016.

(l) Earnings per share

The calculation of basic earnings per share for the three months ended March 31, 2017 and 2016, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Three months ended March 31,	
Basic earnings per share:	**2017**	**2016**
Profit attributable to ordinary shareholders of the Company	$ 107,940	$ 85,700
Weighted-average number of ordinary shares (thousand shares)	79,303	79,303
Basic earnings per share (NTD)	$ 1.36	$ 1.08
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 107,940	$ 85,700
Weighted-average number of ordinary shares (basic, thousand shares)	79,303	79,303
Effect of employee stock bonuses	329	654
Weighted-average number of ordinary shares (diluted, thousand shares)	79,632	79,957
Diluted earnings per share (NTD)	$ 1.36	1.07

(m) Employee, board of directors', and supervisors' compensation

In accordance with the Articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and not exceed 5% as directors’ and supervisors’ remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company’s affiliated companies who meet certain conditions.

For the three months ended March 31, 2017 and 2016, the Company estimated its employee remuneration amounting $6,255 thousand, and directors’ and supervisors’ remuneration

amounting to $1,650 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company’s articles. These remunerations were expensed under operating costs or operating. If the actual amount of the annual distribution and the estimated amount of differences, according to the changes in accounting estimates, and the difference recognized as the next year annual profit (loss). Such as the resolution of the board of directors to take the stock of employee compensation, the stock of the number of shares based on the calculation of the basis of the board of directors based on the calculation of the day before the calculation.

For the year ended December 31, 2016 and 2015, the Company estimated its employee remuneration amounting to $32,710 thousand and $25,000 thousand, and directors' and supervisors' remuneration amounting to $8,720 thousand and $6,600 thousand, respectively. There is no difference in the actual distribution situation. Information can be found at the public information station.

(n) Other revenue

	Three months ended March 31,	
	2017	**2016**
Interest income	$ 11,779	4,850
Others	7,892	1,074
	$ 19,671	**5,924**

(o) Non-operating gains and losses

	Three months ended March 31,	
	2017	**2016**
Foreign currency exchange gain, net	$ (40,796)	(27,411)
Gain on valuation of financial assets	1,275	2,278
Gain on disposal of property, plant and equipment	(13)	1,402
Others	(1,344)	(927)
	$ (40,878)	**(24,658)**

(p) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group for the three months ended March 31, 2017 and 2016. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2016.

(i) Credit risk

Sales to individual customers constituting over 10% of net revenue for the three months ended March 31, 2017 and 2016, totaled 41% and 47%, respectively. As of March 31, 2017 and 2016, 30% and 32%, respectively, of the Consolidated Company's accounts receivable (including related parties) arose from the top 10 customers. Although there is a potential for concentration of credit risk, the Consolidated Company routinely assesses the collectability of the accounts receivable and provides a corresponding allowance for doubtful accounts.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years
March 31, 2017					
Non-derivative financial liabilities					
Short-term borrowings	$ 331,980	332,490	332,490	-	-
Long-term borrowings	750,000	768,525	9,895	557,812	200,818
Notes and accounts payable	463,879	463,879	463,879	-	-
Other financial liabilities	27,844	27,844	27,844	-	-
	$ 1,573,703	1,592,738	834,108	557,812	200,818
December 31, 2016					
Non-derivative financial liabilities					
Short-term borrowings	$ 343,500	344,363	344,363	-	-
Long-term liabilities, current portion	150,000	150,927	150,927	-	-
Long-term borrowings	600,000	616,376	7,780	407,203	201,393
Notes and accounts payable	539,861	539,861	539,861	-	-
Other financial liabilities	47,431	47,431	47,431	-	-
	$ 1,680,792	1,698,958	1,090,362	407,203	201,393
March 31, 2016					
Non-derivative financial liabilities					
Short-term borrowings	$ 389,703	390,428	390,428	-	-
Long-term liabilities, current portion	100,000	101,511	101,511	-	-
Long-term borrowings	45,000	464,369	10,546	453,823	-
Notes and accounts payable	417,305	417,305	417,305	-	-
Other financial liabilities	31,965	31,965	31,965	-	-
	$ 1,388,973	1,405,578	951,755	453,823	-

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exchange rate risk

The Group significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	March 31, 2017			**December 31, 2016**			**December 31, 2016**		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets									
Monetary Items									
USD	$ 75,637	30.33	2,294,070	71,069	32.250	2,291,603	58,776	32,185	1,891,721
CNY	17,080	4.407	75,272	17,142	4.617	79,143	16,353	4.972	81,306
Financial liabilities									
Monetary Items									
USD	1,464	30.33	44,415	1,601	32.250	51,636	825	32.185	26,545

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the NTD against the USD and CNY at March 31, 2017 and 2016, would have increased or decreased the net profit before tax by $23,249 thousand and $19,465 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2017 and 2016, foreign exchange gain (including realized and unrealized portions) amounted to $40,796 thousand and $27,411 thousand, respectively.

2) Interest rate analysis

The Group's financial liabilities at fixed interest rates are measured using the amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by $475 thousand and $1,580 thousand for the three months ended March 31, 2017 and 2016, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings and bank deposits at variable interest rates.

(iv) Fair value of financial instruments

1) Fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	March 31, 2017				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Held-for-trading financial assets	$ 646,062	177,429	5,903	462,730	646,062
Loans and receivables					
Cash and cash equivalents	$ 3,346,246				
Accounts receivable, net	1,152,818				
Other receivables	7,639				
	$ 4,506,703				
Financial liabilities carried at amortized cost					
Long and short term borrowings	$ 1,081,980				
Accounts payable	463,879				
Other payables	185,353				
	$ 1,731,212				

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2016				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Held-for-trading financial assets	$ 352,562	184,728	6,197	161,637	352,562
Loans and receivables					
Cash and cash equivalents	$ 3,696,294				
Accounts receivable, net	1,444,595				
Other financial assets	7,706				
	$ 5,148,595				
Financial liabilities carried at amortized cost					
Long and short term borrowings	$ 1,093,500				
Accounts payable	539,861				
Other payables	369,411				
	$ 2,002,772				

	March 31, 2016				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Held-for-trading financial assets	$ 1,092,917	455,552	15,792	621,573	1,092,917
Loans and receivables					
Cash and cash equivalents	$ 2,704,049				

Accounts receivable, net	1,218,524
Other receivables	2,272
	$ 3,924,845
Financial liabilities carried at amortized cost	
Long and short term borrowings	$ 939,703
Accounts payable	417,305
Other payables	279,041
	$ 1,636,049

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the consolidated balance sheet date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Reconciliation of Level 3 fair values

The following table shows a reconciliation of the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Beginning balance	$ 161,637	174,859
Recognized in profit or loss	6,904	1,330
Purchase	550,869	696,162
Disposal	(256,680)	(250,778)
Ending balance	**$ 462,730**	**621,573**

The aforementioned total gains and losses were recognized in "other income" and "other gains and losses".

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level inputs to measure fair value include "financial assets measured at fair value through profit or loss – debt investments" and "available-for-sale financial assets – equity investments".

(q) Financial risk management

Structure of risk management

The Group's risk management policies are no material change in financial instruments of the Group for the three months ended March 31, 2017 and 2016. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2016.

(r) Capital management

As of March 31, 2017, there were no changes in the Group's approach to capital management. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2016.

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Three months ended March 31,	
	2017	2016
Short-term employee benefits	$ 11954	11,346
Post-employment benefits	54	54
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 12,008	11,400

(8) Pledged assets: None

(9) Commitments and contingencies:

(a) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Acquisition of property, plant and equipment	$ 141,912	$ 199,252	21,957

(b) The amounts of guarantee notes issued as collateral for bank loans were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Guarantee notes issued	$ 2,132,199	$ 1,961,125	1,973,700
Actual usage amount	$ 197,145	$ 209,625	209,203

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	Three months ended March 31, 2017			Three months ended March 31, 2016		
	Operating cost	**Operating expenses**	**Total**	**Operating cost**	**Operating expenses**	**Total**
Employee benefit expenses						
Salaries	167,007	44,125	211,132	170,677	45,777	216,444
Labor and health insurance	4,817	2,273	7,090	5,582	2,183	7,765
Pension	7,430	1,477	8,907	9,543	1,626	11,169
Others	5,259	2,896	8,155	5,899	1,013	6,912
Depreciation	49,100	7,036	56,136	56,258	7,512	63,770
Amortization	1,171	1,184	2,355	2,700	1,846	4,546

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Financing limit for each borrowing company	Maximum financing limit for the lender
1	SAME START (Anguilla)	NISHOKU VIETNAM	Other accounts receivable	Yes	156,725	151,650	75,825	1.86	Necessary to loan other parties	-	Operating capital	-	-	-	1,139,280 (Note 1)	1,139,280 (Note 1)

Note 1: The individual amount and the total amount for lending to a company shall not exceed 10% and 40% of the lending company’s net worth in the latest financial statement, respectively. The Company for lending to the Company directly or indirectly holds 100% of their shares, with the loan amount not limited and the total amounts not exceeding the lending company’s net worth in the last financial statement.

Note 2: Related transaction have been eliminated during the preparation of the consolidated financial statements.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SAME START (Anguilla)	3	1,396,904 (Note 1)	950,150	940,230	-	-	20.19%	4,656,348	Y	N	N
〃	〃	NISHOKU VIETNAM	2	〃	1,127,920	1,116,144	181,980	-	23.97%	-	〃	〃	〃
〃	〃	NISHOKU BOUEKI	2	〃	61,300	60,660	-	-	1.30%	-	〃	〃	〃
1	NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	1	795,099	15,673	15,165	15,165	-	0.57%	2,650,330	N	〃	〃

Note 1: The amount and the total amount of the guarantee to a company shall not exceed 30% and 100%, respectively, of the Company net worth in the latest financial statements. The total amount of the guarantee that the Company and its subsidiaries to a company shall not exceed 100%, of the Company's net worth in the latest financial statement. The Company directly or indirectly holds 100% of their shares, the guarantee amounts not limited by the Company's net worth in the latest financial statement.

Note 2: The relationship of guarantor and endorsements to related parties were as follows:

1) Business relationship between the Company

2) The Company directly or indirectly holds over 50% of subsidiaries' shares;

3) The parent company and its subsidiaries holds over 50% of investees' shares

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(iii) Securities held as of March 31, 2017 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
SAME START (Anguilla)	Bond of oversea	None	Financial assets at fair value through profit or loss	-	5,903	- %	5,903	
NISHOKU KUNSHAN PLASTIC	Principal guaranteed financial product	〃	〃	-	220,347	- %	220,347	
〃	〃	〃	〃	-	88,140	- %	88,140	
NISHOKU SHENZHEN	Money market fund	〃	〃	-	177,429	- %	177,429	
〃	Principal guaranteed financial product	〃	〃	-	154,243	- %	154,243	

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
NISHOKU KUNSHAN PLASTIC	Principal guaranteed financial product	Financial assets at fair value through profit or loss	China Citic Bank	None	-	-	-	220,347	-	-	-	-	-	220,347
〃	〃	〃	Agricultural Bank of China	〃	-	-	-	176,279	-	88,584	88,139	445	-	88,140
NISHOKU SHENZHEN	〃	〃	GF Asset Management (Guangdong) Co., Ltd	〃	-	161,637	-	154,243	-	168,096	161,637	6,459	-	154,243

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance (Note 1)	Percentage of total notes/accounts receivable (payable)	Note
SAME START (Anguilla)	NISHOKU KUNSHAN PLASTIC	Associate	Sale	(166,092)	73%	Net 90 days	Note 1	Note 1	162,007	72%	Note2
NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	〃	Purchase	166,092	51%	〃	〃	〃	(162,007)	(38)%	〃

Note 1: Payment term given to related parties and third parties were 90 days and 60 to 120 days, respectively. In addition, the Company did not buy same product from third part, so the purchase price can not be compared.

Note 2: The subsidiaries did not purchase or sale same product from third parties, so the purchase (sale) price can not be compared. In addition, the receipt terms of related parties were not significant different to third parties.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
SAME START (Anguilla)	NISHOKU KUNSHAN PLASTIC	The Company indirectly invest through SUNNICE (SAMOA)	162,007	4.00	-	-	65,525	-

Note 1: Until February 20, 2017.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

The following is the information for the three months ended March 31, 2017.

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2017			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	SAME START (Anguilla)	1	Purchase	39,013	Note 3	5%
〃	〃	〃	1	Account Payable	34,486	〃	-%
1	NISHOKU BOUEKI	〃	3	Sales	28,713	〃	3%
〃	〃	〃	3	Account receivable	33,377	〃	-%
2	SAME START (Anguilla)	NISHOKU SHENZHEN	3	Purchase	34,435	〃	4%
〃	〃	〃	3	Account Payable	33,475	〃	-%
〃	〃	〃	3	Sales	22,591	〃	3%
〃	〃	〃	3	Account receivable	19,379	〃	-%
〃	〃	NISHOKU KUNSHAN PLASTIC	3	Purchase	14,337	〃	2%
〃	〃	〃	3	Account Payable	13,912	〃	-%
〃	〃	〃	3	Sales	166,092	〃	19%
〃	〃	〃	3	Account receivable	162,007	〃	2%
2	SAME START (Anguilla)	NISHOKU VIETNAM	3	Other receivable	76,370	Loans and interests	1%

Note 1: “0” represents the parent company, and the others represent the subsidiaries.

Note 2: “1” represents the transactions from parent company to subsidiary.

“2” represents the transactions from subsidiary to parent company.

“3” represents the transactions between subsidiaries.

Note 3: The trading price and product that purchase or sale from related parties that did not purchase or sale from third parties, so can not be compared.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2017 (excluding information on investees in Mainland China):

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2017			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2017	December 31, 2016	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	1,774,490	1,774,490	56,282	100.00%	5,453,549	124,688	124,688	
〃	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raw materials	1,000	1,000	6,300	100.00%	123,942	1,952	950	
〃	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	267,314 (USD 8,500 thousands)	267,314 (USD 8,500 thousands)	-	100.00%	102,142	(14,398)	(14,398)	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	634,278	634,278	21,814	100.00%	1,139,280	50,382	50,382	
〃	NISHOKU HK	HK	Holding	1,800,361 (USD 57,915 thousands)	1,800,361 (USD 57,915 thousands)	62,298	100.00%	3,556,257	49,180	49,180	
〃	SUNNICE (BVI)	BVI	〃	585,292 (USD 17,948 thousands)	585,292 (USD 17,948 thousands)	15,697	100.00%	758,485	24,410	24,410	

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2017	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD23,288 thousands	Indirect investment through third area	703,870 (USD22,939 thousands)	-	-	703,870 (USD22,939 thousands)	(12,171)	100.00%	(12,171)	1,634,158	41,864
NISHOKU KUNSHAN PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousands	〃	1,674,270 (USD52,524 thousands)	-	-	1,674,270 (USD52,524 thousands)	85,818	100.00%	85,818	2,650,330	95,767

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,378,140	2,378,140	(Note 2)

Note 1: The above investment income (loss) in mainland China were based on financial statements audited by the Company's auditors.

Note 2: The Company has received the certificate issue by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start operating of its headquarters.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(14) Segment information:

General information

The Group's identifies its operating segments based on decision of the chief operating decision marker (CODM). The Group's operating segments are in United States, Asia and Europe, etc. Those operating segments are be reportable segments. The Revenue from manufacture and supply electronic parts to clients. Since the strategy of each segment is different, its is necessary to separate them for management.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies".

The Group's product revenues from geographical clients were as follows:

Three months ended March 31, 2017	**United States**	**Asia**	**Europe**	**Elimination**	**Total**
Revenue from external customers	$ 451,433	238,667	175,475	-	865,575
Reportable segment profit or loss	$ 92,534	18,803	14,303	-	125,640

Three months ended March 31, 2016	**United States**	**Asia**	**Europe**	**Elimination**	**Total**
Revenue from external customers	$ 435,921	237,889	231,283	-	905,093
Reportable segment profit or loss	$ 78,380	29,553	13,422	-	121,355