TYCOONS GROUP ENTERPRISE CO., LTD.

AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

ADD: No.79-1, Sinle St., Gangshan Dist., Kaohsiung City 820,
Taiwan (R.O.C.)

TEL: (07) 621-2191

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

NO.11351062ECA

To the Board of Directors of Tycoons Group Enterprise Co., Ltd.,

We have reviewed the accompanying consolidated balance sheets of Tycoons Group Enterprise Co., Ltd. and its subsidiaries (the "Consolidated Company") as of June 30, 2017 and 2016, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2017 and 2016, and consolidated statements of changes in equity and cash flows for the six months ended June 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews. We did not review the financial statements of TY Steel Co., Ltd. as of and for the three months ended June 30, 2016. Such financial statements reflect total assets of $3,808,172 thousand, were 29% of total consolidated assets and total net operating revenues of $0 for the three months and six months ended June 30, 2016. Those financial statements were reviewed by other auditors whose reports thereon have been furnished to us, and our report provided herein, insofar as it related to the amounts included, is based solely on the reports of the other auditors.

Except as described in the paragraph 3, we conducted our reviews in accordance with Statement of Accounting Standards No. 36 "Review of Financial Statements" of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in Note 4(3) and 6(9) to the accompanying consolidated financial statements, we did not review these financial statements of non-significant subsidiaries and investments accounted for using equity method. Such financial statements reflect, at June 30, 2017 and 2016, total assets of $1,317,533 thousand and $1,381,921 thousand, constituting 10% and 11% of total consolidated assets, respectively; and total liabilities of $492,919 thousand and $489,064 thousand, constituting 6% and 7% of total consolidated liabilities, respectively. For the three months and six months ended June 30, 2017 and 2016, their comprehensive income amounted to NT$16,109 thousand, $42,555 thousand, $52,994 thousand and $73,820 thousand, constituting (28)%, 95%, (28)% and (1,097)%, of the total consolidated comprehensive income (loss), respectively. These financial statements of subsidiaries and investments accounted for using equity method herein consolidated were not reviewed by independent auditors.

Based on our reviews and the review report of other accountant, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investees companies 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 interim consolidated 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 International Accounting Standard No. 34, "Interim Financial Reporting" which is endorsed and become effective by Financial Supervisory Commission of the Republic of China.

Baker Tilly Clock & Co
August 14, 2017

Notice to Readers

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

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

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2017, December 31, 2016 and June 30, 2016

(June 30, 2017 and 2016 are unaudited)

(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	June 30,2017		December 31,2016		June 30,2016	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	$ 953,230	7	$ 776,855	6	$ 1,182,313	9
Financial assets at fair value through profit or loss-current	6(2)	13,056	—	61,475	—	31,184	—
Debt investments with no active market-current	6(5),8	274,287	2	266,103	2	280,346	2
Notes receivable, net	6(6)	126,291	1	21,274	—	45,725	—
Accounts receivable, net	6(6),7	569,795	4	469,443	4	484,929	4
Other receivables		23,829	—	23,167	—	40,732	—
Current tax assets	6(23)	974	—	908	—	875	—
Inventories	6(7)	2,156,668	16	1,976,662	15	1,826,964	14
Prepayments		294,522	2	236,570	2	156,947	1
Assets held for sale	6(8)	—	—	—	—	28,658	1
Other current assets		26,505	—	26,883	—	9,082	—
Total current assets		4,439,157	32	3,859,340	29	4,087,755	31
NON-CURRENT ASSETS							
Available-for-sale financial assets-noncurrent	6(3)	136,689	1	188,656	1	201,623	2
Held-to-maturity financial assets-noncurrent	6(4)	—	—	—	—	4,000	—
Debt investments with no active market- noncurrent	6(5),8	22,200	—	24,600	—	26,400	—
Investments accounted for using equity method	6(9)	123,430	1	130,949	1	137,069	1
Property, plant and equipment	6(10),8	8,188,714	60	8,137,420	62	8,167,702	62
Intangible assets		6,606	—	8,065	—	9,097	—
Deferred tax assets	6(23)	79,971	1	94,753	1	160,963	1
Prepayments for equipment		626,385	4	564,993	5	267,610	2
Refundable deposits		5,118	—	3,115	—	2,247	—
Long-term prepayments for lease	6(11)	84,413	1	89,498	1	72,152	1
Other noncurrent assets-other		4,971	—	5,329	—	6,532	—
Total non-current assets		9,278,497	68	9,247,378	71	9,055,395	69
TOTAL		$ 13,717,654	100	$ 13,106,718	100	$ 13,143,150	100

(Continued)

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2017, December 31, 2016 and June 30, 2016

(June 30, 2017 and 2016 are unaudited)

(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	June 30,2017		December 31,2016		June 30,2016	
		Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES							
Short-term borrowings	6(12),8	$ 3,362,352	25	$ 3,190,598	24	$ 2,982,223	23
Short-term bills payable	6(13)	—	—	—	—	239,735	2
Financial liabilities at fair value through profit or loss- current	6(2)	85,147	1	4,283	—	27,048	—
Notes payable		187,094	1	158,975	1	129,990	1
Accounts payable		570,831	4	432,049	3	506,594	4
Other payables		234,453	2	203,196	2	220,354	2
Current tax liabilities	6(23)	8,415	—	9,057	—	8,040	—
Receipts in advance		240,903	2	244,529	2	181,102	1
Current portion of long-term borrowings	6(15),8	323,751	2	788,504	6	383,238	3
Other current liabilities-other		1,199	—	7,232	—	26,538	—
Total current liabilities		5,014,145	37	5,038,423	38	4,704,862	36
NON-CURRENT LIABILITIES							
Bonds Payable	6(14)	300,000	2	300,000	2	300,000	2
Long-term borrowings	6(15),8	2,863,467	21	2,023,555	15	2,220,648	17
Deferred tax liabilities	6(23)	47,021	—	54,009	1	72,659	1
Long-term account payable		1,903	—	1,945	—	5,683	—
Net defined benefit liabilities-noncurrent	6(16)	25,285	—	24,030	—	26,726	—
Guarantee deposits		5,281	—	7,072	—	5,138	—
Other noncurrent liabilities-other		—	—	134	—	—	—
Total noncurrent liabilities		3,242,957	23	2,410,745	18	2,630,854	20
Total liabilities		8,257,102	60	7,449,168	56	7,335,716	56
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY							
Capital stock	6(17)	5,470,911	40	5,470,911	42	5,470,911	42
Capital surplus	6(17)	66,683	—	76,760	1	94,186	1
Retained earnings							
Legal reserve	6(17)	16,248	—	16,248	—	16,248	—
Accumulated deficit	6(17)	(1,704,316)	(12)	(1,581,836)	(12)	(1,481,478)	(11)
Other equity		204,198	2	279,006	2	330,351	2
Total equity attributable to owners of the parent company		4,053,724	30	4,261,089	33	4,430,218	34
NON-CONTROLLING INTERESTS		1,406,828	10	1,396,461	11	1,377,216	10
Total equity		5,460,552	40	5,657,550	44	5,807,434	44
TOTAL		$ 13,717,654	100	$ 13,106,718	100	$ 13,143,150	100

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

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(Reviewed, Not Audited)

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	NOTE	For the Three Months Ended June 30				For the Six Months Ended June 30			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES	6(19),7	$ 1,756,763	100	$ 1,877,974	100	$ 3,463,765	100	$ 3,685,808	100
OPERATING COSTS	6(24)	(1,670,697)	(95)	(1,662,286)	(89)	(3,193,967)	(92)	(3,304,383)	(90)
GROSS PROFIT		86,066	5	215,688	11	269,798	8	381,425	10
OPERATING EXPENSES	6(24)								
Selling and marketing expenses		(51,471)	(3)	(54,770)	(3)	(102,707)	(3)	(108,972)	(3)
General and administrative expenses		(85,389)	(5)	(74,709)	(3)	(163,788)	(5)	(156,717)	(4)
Total operating expenses		(136,860)	(8)	(129,479)	(6)	(266,495)	(8)	(265,689)	(7)
PROFIT (LOSS) FROM OPERATIONS		(50,794)	(3)	86,209	5	3,303	—	115,736	3
NON-OPERATING INCOME AND EXPENSES									
Other income	6(20)	1,496	—	1,261	—	2,216	—	2,061	—
Other gains and losses	6(21)	4,498	—	4,913	—	14,688	—	10,259	—
Financial costs	6(22)	(50,525)	(2)	(43,666)	(2)	(97,718)	(2)	(86,660)	(2)
Share of the profit of associates and joint ventures	6(9)	1,103	—	7,375	—	6,055	—	17,825	1
Total non-operating income and expenses		(43,428)	(2)	(30,117)	(2)	(74,759)	(2)	(56,515)	(1)
INCOME (LOSS) BEFORE INCOME TAX		(94,222)	(5)	56,092	3	(71,456)	(2)	59,221	2
INCOME TAX EXPENSE	6(23)	(14,280)	(1)	(6,106)	—	(29,995)	(1)	(19,277)	(1)
NET INCOME (LOSS)		(108,502)	(6)	49,986	3	(101,451)	(3)	39,944	1
OTHER COMPREHENSIVE (LOSS) INCOME									
Items that may be reclassified subsequently to profit or loss									
Exchange differences arising from the translation of the foreign operations		72,798	4	(28,332)	(2)	(42,743)	(1)	(56,680)	(2)
Unrealized gain (loss) on available-for-sale financial assets		(10,262)	—	23,091	1	(48,181)	(1)	13,398	1
Income tax related to the components of other comprehensive income (loss)	6(23)	(12,169)	(1)	(57)	—	5,454	—	(3,393)	—
Other comprehensive (loss) income for the period, net of income tax		50,367	3	(5,298)	(1)	(85,470)	(2)	(46,675)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		$ (58,135)	(3)	$ 44,688	2	$ (186,921)	(5)	$ (6,731)	—
NET INCOME (LOSS) ATTRIBUTABLE TO：									
Shareholders of the parent company		$ (110,623)	(6)	$ 34,067	2	$ (122,480)	(4)	$ 13,144	—
Non-controlling interests		2,121	—	15,919	1	21,029	1	26,800	1
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO：									
Shareholders of the parent company		$ (61,470)	(3)	$ 56,764	3	$ (197,288)	(5)	$ 42,434	1
Non-controlling interests		3,335	—	(12,076)	(1)	10,367	—	(49,165)	(1)
EARNING (LOSS) PER SHARE	6(18)								
Basic		$ (0.20)		$ 0.06		$(0.22)		$ 0.02	

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

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(Reviewed, Not Audited)

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Equity attributable to Shareholders of the Parent Company							Non-controlling interests	Total equity
	Capital Stock		Retained earnings		Other equity				
	Common stock	Capital surplus	Legal reserve	Accumulated deficit	Exchange differences arising from the translation of the foreign operations	Unrealized gain (loss) on available-for-sale financial assets	Subtotal		
BALANCE, JANUARY 1, 2016	$ 5,470,911	$ 39,824	$ 16,248	$ (1,494,622)	$ 331,952	$ (30,891)	$ 4,333,422	$ 1,426,381	$ 5,759,803
Actual disposal or acquisition of interest in subsidiaries	–	54,362	–	–	–	–	54,362	–	54,362
Net income for the six months ended June 30, 2016	–	–	–	13,144	–	–	13,144	26,800	39,944
Other comprehensive income for the six months ended June 30, 2016, net of income tax	–	–	–	–	15,891	13,399	29,290	(75,965)	(46,675)
Total comprehensive income for the period	–	–	–	13,144	15,891	13,399	42,434	(49,165)	(6,731)
BALANCE, JUNE 30, 2016	$ 5,470,911	$ 94,186	$ 16,248	$ (1,481,478)	$ 347,843	$ (17,492)	$ 4,430,218	$ 1,377,216	$ 5,807,434
BALANCE, JANUARY 1, 2017	$ 5,470,911	$ 76,760	$ 16,248	$ (1,581,836)	$ 256,183	$ 22,823	$ 4,261,089	$ 1,396,461	$ 5,657,550
Actual disposal or acquisition of interest in subsidiaries	–	(10,077)	–	–	–	–	(10,077)	–	(10,077)
Net loss for the six months ended June 30, 2017	–	–	–	(122,480)	–	–	(122,480)	21,029	(101,451)
Other comprehensive loss for the six months ended June 30, 2017, net of income tax	–	–	–	–	(26,627)	(48,181)	(74,808)	(10,662)	(85,470)
Total comprehensive loss for the period	–	–	–	(122,480)	(26,627)	(48,181)	(197,288)	10,367	(186,921)
BALANCE, JUNE 30, 2017	$ 5,470,911	$ 66,683	$ 16,248	$ (1,704,316)	$ 229,556	$ (25,358)	$ 4,053,724	$ 1,406,828	$ 5,460,552

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

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(Reviewed, Not Audited)

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	For the Six Months Ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) Income before income tax	$ (71,456)	$ 59,221
Adjustments for:		
Depreciation expense	240,601	242,285
Amortization expense	14,702	11,337
Reversal or recognization of impairment loss on accounts receivable	(3,177)	(1,333)
Reversal of decrease of inventory to net realizable value	3,109	(43,026)
Impairment loss	—	5,588
Gain on disposal of investments	(267)	—
Valuation loss on financial instruments at fair value through profit or loss, net	8,816	36,617
Interest expense	89,939	82,492
Interest income	(2,216)	(2,061)
Share of the profit of associates and joint ventures	(6,055)	(17,825)
Loss on disposal and write-off of property, plant and equipment	11,380	3,046
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	39,603	(12,593)
Notes receivable	(105,017)	(25,539)
Accounts receivable	(96,809)	65,966
Other receivables	(787)	51,550
Inventories	(180,891)	164,885
Prepayments	(57,952)	(33,516)
Other current assets	378	839
Other noncurrent assets-other	358	330
Financial liabilities at fair value through profit or loss	80,864	25,869
Notes payable	28,119	180
Accounts payable	138,782	39,362
Other payables	(86,115)	33,884
Receipts in advance	(3,626)	59,667
Other current liabilities-other	(6,033)	13,465
Net defined benefit liabilities-noncurrent	1,255	1,134

(Continued)

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(Reviewed, Not Audited)

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	For the Six Months Ended June 30	
	2017	2016
Cash generated from operations	$ 37,505	$ 761,824
Interest received	2,340	2,225
Interest paid	(97,005)	(81,254)
Income taxes paid	(17,732)	(3,663)
Net cash (used in) generated from operating activities	(74,892)	679,132
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in debt instrument investments with no active market	(5,784)	(6,873)
Payments for property, plant and equipment	(237,409)	(187,622)
Proceeds from disposal of property, plant and equipment	511	19,686
Disposal available-for-sale financial assets	78,694	—
Acquisition of intangible assets	—	(903)
Increase in prepayments for equipment	(63,186)	(189,503)
(Increase) decrease in refundable deposits	(2,003)	685
Increase in long-term prepayments for lease	(748)	(52)
Net cash used in investing activities	(229,925)	(364,582)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bills payable	—	169,915
Increase in short-term borrowings	171,754	286,211
Increase (decrease) in long-term borrowings	375,159	(462,462)
Decrease in guarantee deposits	(1,791)	(818)
Decrease in long-term account payable	(42)	(874)
Decrease in other noncurrent liabilities	(134)	—
Decrease in non-controlling interests	(10,662)	(75,965)
Net Cash provided by (used in) Financing Activities	534,284	(83,993)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(53,092)	19,002
NET INCREASE IN CASH AND CASH EQUIVALENTS	176,375	249,559
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	776,855	932,754
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 953,230	$ 1,182,313

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

TYCOONS GROUP ENTERPRISE CO., LTD. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(Amounts in thousands of New Taiwan dollars, unless otherwise stated)

(Reviewed, Not Audited)

1. HISTORY AND ORGANIZATION

Tycoons Group Enterprises Co., Ltd. (the "Company") was incorporated under the Company Law on November 20, 1980. The main business of the Company and its subsidiaries (the "Group") is to produce, process, commerce, export or lease screws, screw nuts, washer, steel thread, heat-processing of metal-blazed, mechanical parts, press-modeling machines as well as heat-processing equipment, and to manufacture, process and export various metal-models, and general international trade business excluding futures transactions.

In January 1995, the Company's stocks were approved by the Financial Supervisory Commission, Executive Yuan, R.O.C for listing on the Taiwan Stock Exchange.

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

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 14, 2017.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

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 "Presentation of Financial Statements-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 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

Based on the Group's assessment, the above standards and interpretations have no significant impact to the Group's financial statements.

(2) The impact of IFRSs endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

A. IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement” which contains classification and measurement of financial instruments, impairment and hedge accounting. The actual impact of adopting IFRS 9 on the Group’s consolidated financial statements in 2018 can only be determined and reliably estimated depending on the financial instruments that the Group holds and economic conditions at that time, as well as the accounting elections and judgments that it will make in the future. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments. However, the Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 based on its positions at June 30, 2017 and hedging relationships designated under during the first half of 2017 under IAS 39.

(A) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

Based on its preliminary assessment, the Group does not believe that the new classification requirements, if applied at June 30, 2017, would have had a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. At June 30, 2017, the Group had equity investments classified as available-for-sale that are held for long-term strategic purposes. If these investments continue to be held for the same purpose at initial application of IFRS 9, the Group may elect then to classify them as FVOCI or FVTPL. The Group has not yet made a decision in this regard. In the former case, all fair value gains and losses would be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses would be reclassified to profit or loss on disposal. In the later case, all fair value gains and losses would be recognized in profit or loss as they arise, increasing volatility in the Group's profits.

(B) Impairment-Financial assets and contact assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

a. 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and

b. lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Group's preliminary assessment indicated that would not have material impacts on its consolidated financial statements under IFRS 9.

(C) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group's preliminary assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the requited data.

(D) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

a. The Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at 1 January, 2018.

b. The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

(a) The determination of the business model within which a financial asset is held.

(b) The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

(c) The designation of certain investments in equity instruments not held for trading as at FVOCI.

B. IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”.

(A) Sales of goods

For the sale of the products, revenue is currently recognized when the goods are delivered to the customers’ premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. The Group’s preliminary assessment indicated that there is no significant difference in the previous policy and IFRS 15.

(B) Transition

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as the contracts that are completed contracts at the beginning of the earliest period presented, are not restated.

C. Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Loss"

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments. So far, the Group does not expect any significant impact.

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
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 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Except for the following item, the Group believe that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of significant changes is as follow:

A. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) 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.

(2) Basis of Preparation

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

(3) Basis of Consolidation

A. The basis for the consolidated financial statements

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 the consolidated financial statements for the year ended December 31, 2016.

B. Subsidiaries included in the consolidated financial statements:

Investing Company	The name of subsidiary	Nature of operations	
Tycoons Group Enterprise Co., Ltd.	Tycoons Group International Co., Ltd.	Investing industry	British Cayman Island
〃	Yuan Zhen Investment Co., Ltd.	Investing industry	Taiwan
〃	Tycoons Worldwide Group (Thailand) Public Co., Ltd.	Manufacturing industry	Thailand
Tycoons Group International Co., Ltd.	Tycoons Worldwide Group (Thailand) Public Co., Ltd.	Manufacturing industry	Thailand
〃	Baw-Heng Steel (Vietnam) Co., Ltd.	Manufacturing industry	Vietnam
〃	Kingford International Limited	Investing industry	Samoa
〃	TY Steel Co., Ltd.	Manufacturing industry	Thailand
〃	Tycoons Group (Brunei) Holding Ltd.	Investing industry	Brunei
Tycoons Worldwide Group (Thailand) Public Co., Ltd.	All Manage International Limited	Investing industry	BVI
〃	TY Steel Co., Ltd.	Manufacturing industry	Thailand
Kingford International Limited	Huanghua Jujin Hardware Products Co., Ltd.	Manufacturing industry	China
Huanghua Jujin Hardware Products Co., Ltd.	Huanghua Jujin Trading Co., Ltd.	Trade	China
Tycoons Group (Brunei) Holding Ltd.	Tycoons Vietnam Co., Ltd.	Manufacturing industry	Vietnam

The name of subsidiary	Shareholding %			Note
	June 30, 2017	December 31, 2016	June 30, 2016	
Tycoons Group International Co., Ltd.	100%	100%	100%	
Yuan Zhen Investment Co., Ltd.	100%	100%	100%	1
Tycoons Worldwide Group (Thailand) Public Co., Ltd.	74.34%	75.24%	75.24%	
Baw-Heng Steel (Vietnam) Co., Ltd.	71.43%	71.43%	71.43%	1
Kingford International Limited	100%	100%	100%	1
TY Steel Co., Ltd.	92.15%	92.43%	92.43%	2
All Manage International Limited	75.34%	75.24%	75.24%	
Huanghua Jujin Hardware Products Co., Ltd.	60%	60%	60%	1
Huanghua Jujin Trading Co., Ltd.	60%	60%	60%	1
Tycoons Group (Brunei) Holding Ltd.	100%	100%	100%	1
Tycoons Vietnam Co., Ltd.	100%	100%	100%	1

Note 1: The financial statements for those subsidiaries identified as non-significant subsidiaries are not reviewed.

Note 2: The financial statements as of June 30, 2016 are reviewed by other auditors.

C. Details of subsidiaries that have material non-controlling interests :

Name of subsidiary	Principal place of business	Proportion of Ownership Interests and Voting Rights Held by Non-controlling Interests		
		June 30,2017	December 31,2016	June 30,2016
Tycoons Worldwide Group (Thailand) Public Co., Ltd.	Thailand	25.66%	24.76%	24.76%
TY Steel Co., Ltd.	Thailand	7.85%	7.57%	7.57%

Name of subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated non-controlling interest		
	Six Months Ended June 30,2017	Six Months Ended June 30,2016	June 30,2017	December 31,2016	June 30,2016
Tycoons Worldwide Group (Thailand) Public Co., Ltd.	$ 3,210	$ 15,724	$1,192,029	$1,159,874	$1,167,957
TY Steel Co., Ltd.	$ (10,463)	$ (9,775)	$ 112,518	$ 119,298	$ 101,448

The summarized financial information below represents amounts before intracompany eliminations.

<u>Tycoons Worldwide Group (Thailand) Public Co., Ltd.</u>

	June 30,2017	December 31,2016	June 30,2016
Current asset	$ 2,101,685	$ 1,692,181	$ 2,071,908
Noncurrent asset	4,433,193	4,653,972	4,790,410
Current liabilities	(1,752,350)	(1,474,693)	(1,986,170)
Noncurrent liabilities	(137,054)	(186,995)	(159,036)
Equity	$ 4,645,474	$ 4,684,465	$ 4,717,112
Equity attributable to:			
Shareholders of the company	$ 3,453,445	$ 3,524,591	$ 3,549,155
Non-controlling interest of the company	1,192,029	1,159,874	1,167,957
	$ 4,645,474	$ 4,684,465	$ 4,717,112

	For the Three Months Ended June 30	
	2017	2016
Operating Revenues	$ 1,484,643	$ 1,524,625
Net (loss) income	(19,866)	33,725
Other comprehensive income	—	—
Total comprehensive (loss) income	$ (19,866)	$ 33,725
(Loss) income attributable to:		
Shareholders of the company	$ (14,768)	$ 25,845
Non-controlling interests of the company	(5,098)	7,880
	$ (19,866)	$ 33,725
Total comprehensive (loss) income attributable to:		
Shareholders of the company	$ (14,768)	$ 25,845
Non-controlling interests of the company	(5,098)	7,880
	$ (19,866)	$ 33,725

	For the Six Months Ended June 30	
	2017	2016
Operating Revenues	$ 2,973,090	$ 3,092,807
Net income	12,510	63,505
Other comprehensive income	—	—
Total comprehensive income	$ 12,510	$ 63,505
Income attributable to:		
Shareholders of the company	$ 9,300	$ 47,781
Non-controlling interests of the company	3,210	15,724
	$ 12,510	$ 63,505
Total comprehensive income (loss) attributable to：		
Shareholders of the company	$ 9,300	$ 47,781
Non-controlling interests of the company	3,210	15,724
	$ 12,510	$ 63,505

	For the Six Months Ended June 30	
	2017	2016
Cash flow		
Operating activities	$ 144,863	$ 446,047
Investing activities	(9,169)	(132,662)
Financing activities	(31,111)	(125,362)
Net increase in cash and cash equivalents	$ 104,583	$ 188,023

TY Steel Co., Ltd.

	June 30,2017	December 31,2016	June 30,2016
Current asset	$ 1,103,212	$ 851,721	$ 627,559
Noncurrent asset	4,133,935	3,865,825	3,361,244
Current liabilities	(1,949,730)	(1,974,618)	(1,308,796)
Noncurrent liabilities	(1,854,071)	(1,166,991)	(1,339,877)
Equity	$ 1,433,346	$ 1,575,937	$ 1,340,130
Equity attributable to:			
Shareholders of the company	$ 1,320,828	$ 1,456,639	$ 1,238,682
Non-controlling interest of the company	112,518	119,298	101,448
	$ 1,433,346	$ 1,575,937	$ 1,340,130

	For the Three Months Ended June 30	
	2017	2016
Operating Revenues	$ 894,760	$ 444,021
Net loss	(88,473)	(52,289)
Other comprehensive income	—	—
Total comprehensive loss	$ (88,473)	$ (52,289)
Loss attributable to:		
Shareholders of the company	$ (81,528)	$ (47,985)
Non-controlling interests of the company	(6,945)	(4,304)
	$ (88,473)	$ (52,289)
Total comprehensive loss attributable to:		
Shareholders of the company	$ (81,528)	$ (47,985)
Non-controlling interests of the company	(6,945)	(4,304)
	$ (88,473)	$ (52,289)

	For the Six Months Ended June 30	
	2017	2016
Operating Revenues	$ 1,471,450	$ 775,669
Net loss	(133,288)	(129,129)
Other comprehensive income	—	—
Total comprehensive loss	$ (133,288)	$ (129,129)
Loss attributable to:		
Shareholders of the company	$ (122,825)	$ (119,354)
Non-controlling interests of the company	(10,463)	(9,775)
	$ (133,288)	$ (129,129)
Total comprehensive loss attributable：		
Shareholders of the company	$ (122,825)	$ (119,354)
Non-controlling interests of the company	(10,463)	(9,775)
	$ (133,288)	$ (129,129)

(4) Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use are reclassified as held for sale or held for distribution to owners. Immediately before classification as held for sale or held for distribution to owners, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

When the assets classified as held for sale are intangible assets or property, plant and equipment, they are no longer amortized or depreciated.

(5) Defined Benefit Retirement Plan

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

(6) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand	$ 1,415	$ 1,670	$ 1,053
Bank deposits	908,177	734,713	1,157,257
Cash equivalent			
Fixed deposits	43,638	40,472	24,003
Total	$ 953,230	$ 776,855	$ 1,182,313

(2) FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS-CURRENT

A. Financial assets

	June 30, 2017	December 31, 2016	June 30, 2016
Derivative financial assets			
Forward exchange contracts	$ 78	$ 47,054	$ 6,973
Non-derivative financial assets			
Mutual funds	12,978	14,421	24,211
	$ 13,056	$ 61,475	$ 31,184

B. Financial liabilities

	June 30, 2017	December 31, 2016	June 30, 2016
Derivative financial liabilities			
Forward exchange contracts	$ 85,147	$ 4,283	$ 26,682
Foreign currency option	—	—	366
	$ 85,147	$ 4,283	$ 27,048

The main purpose for the Group to engage in forward exchange contracts transactions is to evade the risk resulting from the fluctuation of currency exchange rate. However, those derivative assets and liabilities did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

The undue derivative financial products were as follows:

June 30, 2017	Currency	Maturity Period	Contracted Amount (in thousand)	
Buy forward exchange	United States dollars	2017.06.28 ~ 2017.12.29	EUR	220
〃	〃	2017.05.03 ~ 2017.11.03	USD	1,130
〃	〃	2017.05.16 ~ 2017.11.16	USD	2,000
〃	〃	2017.06.20 ~ 2017.12.22	USD	313
〃	〃	2017.03.07 ~ 2017.09.11	USD	1,515
〃	〃	2017.04.25 ~ 2017.10.27	USD	1,000
〃	〃	2017.05.16 ~ 2017.11.20	USD	2,000
〃	〃	2017.06.23 ~ 2017.12.27	USD	600
〃	〃	2017.01.04 ~ 2017.07.05	USD	1,000
〃	〃	2017.01.04 ~ 2017.07.03	USD	1,000
〃	〃	2017.01.04 ~ 2017.07.03	USD	1,000
〃	〃	2017.01.04 ~ 2017.07.03	USD	1,000
〃	〃	2017.01.05 ~ 2017.07.05	USD	425
〃	〃	2017.01.05 ~ 2017.07.05	USD	1,000
〃	〃	2017.01.05 ~ 2017.07.05	USD	500
〃	〃	2017.01.04 ~ 2017.07.03	USD	2,756
〃	〃	2017.01.06 ~ 2017.07.06	USD	3,100
〃	〃	2017.01.10 ~ 2017.07.11	USD	1,000
〃	〃	2017.01.09 ~ 2017.07.07	USD	2,000
〃	〃	2017.01.09 ~ 2017.07.07	USD	409
〃	〃	2017.01.12 ~ 2017.07.12	USD	1,700
〃	〃	2017.01.12 ~ 2017.07.12	USD	1,000
〃	〃	2017.01.17 ~ 2017.07.17	USD	1,000
〃	〃	2017.01.17 ~ 2017.07.17	USD	1,000
〃	〃	2017.01.17 ~ 2017.07.17	USD	398
〃	〃	2017.01.23 ~ 2017.07.24	USD	500
〃	〃	2017.01.26 ~ 2017.07.26	USD	1,000
〃	〃	2017.01.30 ~ 2017.07.26	USD	2,000
〃	〃	2017.01.30 ~ 2017.07.26	USD	600
〃	〃	2017.01.31 ~ 2017.07.31	USD	550
〃	〃	2017.01.27 ~ 2017.07.26	USD	8,821

June 30, 2017	Currency	Maturity Period	Contracted Amount (in thousand)	
Buy forward exchange	United States dollars	2017.01.24 ~ 2017.07.24	USD	3,400
〃	〃	2017.01.20 ~ 2017.07.19	USD	214
〃	〃	2017.02.15 ~ 2017.08.15	USD	2,000
〃	〃	2017.02.24 ~ 2017.08.24	USD	2,000
〃	〃	2017.02.28 ~ 2017.08.31	USD	3,000
〃	〃	2017.03.14 ~ 2017.09.08	USD	579
〃	〃	2017.03.15 ~ 2017.09.18	USD	3,000
〃	〃	2017.03.20 ~ 2017.09.20	USD	500
〃	〃	2017.03.20 ~ 2017.09.20	USD	500
〃	〃	2017.03.20 ~ 2017.09.20	USD	2,000
〃	〃	2017.03.22 ~ 2017.09.22	USD	1,000
〃	〃	2017.03.22 ~ 2017.09.18	USD	5,027
〃	〃	2017.03.27 ~ 2017.09.27	USD	500
〃	〃	2017.03.29 ~ 2017.09.29	USD	1,500
〃	〃	2017.03.29 ~ 2017.09.29	USD	660
〃	Japanese yen	2017.04.11 ~ 2017.10.11	JPY	5,500
〃	United States dollars	2017.04.17 ~ 2017.10.16	USD	4,756
〃	〃	2017.04.20 ~ 2017.10.24	USD	752
〃	〃	2017.04.26 ~ 2017.10.26	USD	580
〃	〃	2017.04.28 ~ 2017.10.31	USD	1,000
〃	〃	2017.05.18 ~ 2017.11.20	USD	500
〃	〃	2017.05.18 ~ 2017.11.20	USD	1,300
〃	〃	2017.05.19 ~ 2017.11.20	USD	700
〃	〃	2017.05.23 ~ 2017.11.24	USD	500
〃	〃	2017.05.22 ~ 2017.11.20	USD	767
〃	〃	2017.05.22 ~ 2017.11.20	USD	2,000
〃	〃	2017.05.30 ~ 2017.11.30	USD	500
〃	〃	2017.05.30 ~ 2017.11.30	USD	500
〃	〃	2017.05.26 ~ 2017.11.27	USD	1,000
〃	〃	2017.05.26 ~ 2017.11.27	USD	1,000
〃	〃	2017.05.30 ~ 2017.11.30	USD	500
〃	〃	2017.06.02 ~ 2017.12.04	USD	580
〃	〃	2017.06.02 ~ 2017.11.29	USD	417
〃	〃	2017.06.07 ~ 2017.12.07	USD	500
〃	〃	2017.06.07 ~ 2017.12.07	USD	1,000
〃	〃	2017.06.07 ~ 2017.12.07	USD	500
〃	〃	2017.06.13 ~ 2017.12.12	USD	800
〃	〃	2017.06.13 ~ 2017.12.13	USD	1,000
〃	〃	2017.06.16 ~ 2017.12.18	USD	1,000

June 30, 2017	Currency	Maturity Period	Contracted Amount (in thousand)	
Buy forward exchange	United States dollars	2017.06.27 ~ 2017.12.27	USD	431
〃	〃	2017.06.29 ~ 2017.12.29	USD	6,000
〃	〃	2017.06.30 ~ 2017.12.28	USD	301
〃	〃	2017.02.14 ~ 2017.08.11	USD	2,000
〃	〃	2017.03.02 ~ 2017.08.21	USD	2,500

December 31, 2015	Currency	Maturity Period	Contracted Amount (in thousand)	
Buy forward exchange	United States dollars	2016.06.30～2017.01.05	USD	2
〃	〃	2016.10.17～2017.04.17	USD	500
〃	〃	2016.10.19～2017.04.19	USD	500
〃	〃	2016.11.02～2017.05.03	USD	500
〃	〃	2016.12.23～2017.06.27	USD	1,307
〃	〃	2016.12.26～2017.06.26	USD	500
〃	〃	2016.12.29～2017.07.05	USD	1,000
〃	〃	2016.12.29～2017.07.05	USD	5,596
〃	〃	2016.12.29～2017.07.05	USD	900
〃	〃	2016.12.30～2017.07.05	USD	1,000
〃	〃	2016.12.30～2017.07.05	USD	500
〃	〃	2016.12.30～2017.07.03	USD	500
Sell foreign currency option	Euro	2016.12.30～2017.07.05	EUR	300
Buy forward exchange	United States dollars	2016.07.08～2017.01.04	USD	5,523
〃	〃	2016.07.11～2017.01.06	USD	2,000
〃	〃	2016.07.11～2017.01.06	USD	409
〃	〃	2016.07.20～2017.01.20	USD	500
〃	〃	2016.07.20～2017.07.17	USD	404
〃	〃	2016.07.21～2017.01.23	USD	500
〃	〃	2016.07.27～2017.01.27	USD	8,932
〃	〃	2016.08.02～2017.02.02	USD	500
〃	〃	2016.08.26～2017.02.27	USD	239
〃	〃	2016.09.01～2017.03.01	USD	1,495
〃	〃	2016.09.07～2017.03.07	USD	500
〃	〃	2016.09.12～2017.03.10	USD	999
〃	〃	2016.09.15～2017.03.14	USD	3,000
〃	〃	2016.09.16～2017.03.15	USD	3,000
〃	〃	2016.09.20～2017.03.20	USD	1,000
〃	〃	2016.09.23～2017.03.22	USD	5,131

December 31, 2015	Currency	Maturity Period	Contracted Amount (in thousand)	
Buy forward exchange	United States dollars	2016.09.28～2017.03.28	USD	1,500
〃	〃	2016.10.14～2017.04.17	USD	500
〃	〃	2016.10.17～2017.04.17	USD	500
〃	〃	2016.10.17～2017.04.17	USD	500
〃	〃	2016.10.18～2017.04.18	USD	500
〃	〃	2016.10.19～2017.04.17	USD	500
〃	〃	2016.10.19～2017.04.19	USD	500
〃	〃	2016.10.19～2017.04.19	USD	5,994
〃	〃	2016.10.20～2017.04.20	USD	1,000
〃	〃	2016.10.20～2017.04.20	USD	1,000
〃	〃	2016.10.20～2017.04.20	USD	1,000
〃	〃	2016.10.20～2017.04.20	USD	1,000
〃	〃	2016.10.27～2017.04.27	USD	1,500
〃	〃	2016.11.08～2017.05.08	USD	1,000
〃	〃	2016.11.08～2017.05.08	USD	730
〃	〃	2016.11.14～2017.05.15	USD	1,000
〃	〃	2016.11.22～2017.05.19	USD	2,409
〃	〃	2016.11.22～2017.05.19	USD	2,000
〃	〃	2016.11.22～2017.05.22	USD	2,000
〃	〃	2016.11.30～2017.06.02	USD	1,954
〃	〃	2016.12.07～2017.06.07	USD	2,000
〃	〃	2016.12.08～2017.06.08	USD	2,000
〃	〃	2016.12.14～2017.06.14	USD	2,000
〃	〃	2016.12.27～2017.06.27	USD	1,600
〃	〃	2016.12.28～2017.06.28	USD	1,000
〃	〃	2017.01.04～2017.07.03	USD	1,000
〃	〃	2017.01.04～2017.07.03	USD	1,000
〃	〃	2017.01.04～2017.07.03	USD	1,000
〃	〃	2017.01.04～2017.07.05	USD	1,000
〃	〃	2017.01.05～2017.07.05	USD	1,000
〃	〃	2017.01.05～2017.07.05	USD	1,000
〃	〃	2017.01.05～2017.07.05	USD	500
〃	Japanese yen	2016.09.02～2017.03.02	JPY	20,000
〃	〃	2016.10.11～2017.04.11	JPY	20,000
〃	〃	2016.09.06～2017.03.06	JPY	20,000
〃	United States dollars	2016.08.11～2017.01.16	USD	2,000
〃	〃	2016.09.06～2017.01.16	USD	1,000
〃	〃	2016.09.07～2017.01.16	USD	1,000
〃	〃	2016.11.15～2017.04.13	USD	1,000
〃	〃	2016.12.08～2017.04.13	USD	1,700

June 30, 2016	Currency	Maturity Period	Contracted Amount (in thousand)	
Buy forward exchange	United States dollars	2016.03.16 ~ 2016.09.19	USD	112
〃	〃	2016.03.22 ~ 2016.09.20	USD	263
〃	〃	2016.04.28 ~ 2016.11.03	USD	1,303
〃	〃	2016.04.20 ~ 2016.10.25	USD	500
〃	〃	2016.05.03 ~ 2016.11.09	USD	500
〃	〃	2016.05.25 ~ 2016.11.28	USD	1,000
〃	〃	2016.05.25 ~ 2016.11.28	USD	1,000
〃	〃	2016.05.25 ~ 2016.11.28	USD	1,000
〃	〃	2016.05.26 ~ 2016.11.22	USD	751
〃	〃	2016.05.27 ~ 2016.11.30	USD	1,000
〃	〃	2016.05.27 ~ 2016.11.30	USD	1,726
〃	〃	2016.05.31 ~ 2016.12.02	USD	2,000
〃	〃	2016.06.03 ~ 2016.12.07	USD	500
〃	〃	2016.06.03 ~ 2016.12.07	USD	1,000
〃	〃	2016.06.06 ~ 2016.12.08	USD	1,000
〃	〃	2016.06.06 ~ 2016.12.02	USD	500
〃	〃	2016.06.06 ~ 2016.12.02	USD	500
〃	〃	2016.06.07 ~ 2016.12.06	USD	500
〃	〃	2016.06.09 ~ 2016.12.13	USD	500
〃	〃	2016.06.13 ~ 2016.12.15	USD	500
〃	〃	2016.06.29 ~ 2017.01.05	USD	500
〃	〃	2016.06.30 ~ 2017.01.05	USD	3,000
〃	〃	2016.06.30 ~ 2017.01.05	USD	900
〃	〃	2016.06.30 ~ 2017.01.05	USD	1,000
〃	〃	2016.01.07 ~ 2016.07.08	USD	5,527
〃	〃	2016.01.11 ~ 2016.07.11	USD	2,000
〃	〃	2016.01.11 ~ 2016.07.11	USD	476
〃	〃	2016.01.14 ~ 2016.07.20	USD	410
〃	〃	2016.01.28 ~ 2016.07.28	USD	73
〃	〃	2016.01.29 ~ 2016.07.29	USD	500
〃	〃	2016.02.09 ~ 2016.08.09	USD	500
〃	〃	2016.03.07 ~ 2016.09.07	USD	500
〃	〃	2016.03.04 ~ 2016.09.06	USD	900
〃	〃	2016.03.08 ~ 2016.09.09	USD	2,749
〃	〃	2016.03.14 ~ 2016.09.14	USD	2,600
〃	〃	2016.03.11 ~ 2016.09.09	USD	2,000
〃	〃	2016.03.15 ~ 2016.09.15	USD	3,000

June 30, 2016	Currency	Maturity Period	Contracted Amount (in thousand)	
Buy forward exchange	United States dollars	2016.03.17 ~ 2016.09.16	USD	3,000
〃	〃	2016.03.18 ~ 2016.09.19	USD	1,000
〃	〃	2016.03.23 ~ 2016.09.23	USD	5,134
〃	〃	2016.04.08 ~ 2016.10.11	USD	1,500
〃	〃	2016.04.22 ~ 2016.10.19	USD	6,000
〃	〃	2016.05.03 ~ 2016.11.03	USD	500
〃	〃	2016.05.09 ~ 2016.11.09	USD	500
〃	〃	2016.05.19 ~ 2016.11.21	USD	2,500
〃	〃	2016.05.25 ~ 2016.11.25	USD	500
〃	〃	2016.05.24 ~ 2016.11.28	USD	1,518
〃	〃	2016.05.27 ~ 2016.11.28	USD	1,000
〃	〃	2016.05.26 ~ 2016.11.22	USD	2,000
〃	〃	2016.05.26 ~ 2016.11.22	USD	2,662
〃	〃	2016.06.01 ~ 2016.12.01	USD	1,000
〃	〃	2016.06.03 ~ 2016.12.06	USD	1,000
〃	〃	2016.06.02 ~ 2016.11.30	USD	2,000
〃	〃	2016.06.07 ~ 2016.12.07	USD	1,000
〃	〃	2016.06.08 ~ 2016.12.08	USD	1,000
〃	〃	2016.06.13 ~ 2016.12.13	USD	2,000
〃	〃	2016.06.27 ~ 2016.12.27	USD	1,000
〃	〃	2016.06.27 ~ 2016.12.27	USD	500
〃	〃	2016.07.05 ~ 2017.01.05	USD	1,300
〃	〃	2016.02.03 ~ 2016.07.11	USD	700
〃	〃	2016.03.08 ~ 2016.08.23	USD	1,500
〃	〃	2014.03.30 ~ 2016.09.20	USD	900
〃	〃	2016.05.31 ~ 2016.10.20	USD	1,300
〃	〃	2016.05.31 ~ 2016.11.21	USD	700
〃	〃	2016.06.08 ~ 2016.11.21	USD	1,600
〃	〃	2016.06.23 ~ 2016.12.15	USD	1,000
Buy forward exchange	Japanese yen	2016.02.02 ~ 2016.08.02	JPY	50,000
〃	〃	2016.02.03 ~ 2016.08.03	JPY	50,000
〃	〃	2016.04.28 ~ 2016.11.10	JPY	20,000
Sell foreign currency option	United States dollars	2016.03.31 ~ 2016.08.08	USD	1,000
〃	〃	2016.03.31 ~ 2016.09.06	USD	1,000
〃	〃	2016.03.31 ~ 2016.10.06	USD	1,000

(3) AVAILABLE-FOR-SALE FINANCIAL ASSETS – NONCURRENT

	June 30, 2017	December 31, 2016	June 30, 2016
Listed shares	$ 93,249	$ 146,516	$ 159,532
Unlisted shares	43,440	42,140	42,091
Total	$ 136,689	$ 188,656	$ 201,623

(4) HELD-TO-MATURITY FINANCIAL ASSETS – NONCURRENT

	June 30, 2017	December 31, 2016	June 30, 2016
Subordinated Debt of Taichung Bank	$ －	$ －	$ 4,000

(5) DEBT INVESTMENTS WITH NO ACTIVE MARKETS

	June 30, 2017	December 31, 2016	June 30, 2016
Pledge fixed deposits	$ 196,050	$ 70,352	$ 90,147
Certificate deposits	4,000	3,591	－
Restricted deposits	96,437	216,760	216,599
Total	$ 296,487	$ 290,703	$ 306,746
Current	$ 274,287	$ 266,103	$ 280,346
Noncurrent	$ 22,200	$ 24,600	$ 26,400
Rate	0.08%～1.40%	0.05%～1.75%	0.05%～1.75%

Refer to note 8 for information relating to debt investments with no active markets pledged as security.

(6) NOTES AND ACCOUNTS RECEIVABLE- NET

	June 30, 2017	December 31, 2016	June 30, 2016
Notes and accounts receivable	$ 760,941	$ 559,115	$ 608,545
Less: Allowance for doubtful accounts	(64,855)	(68,398)	(77,891)
Net	$ 696,086	$ 490,717	$ 530,654

A. The Group's sale agreements typically provide that the payment is due 30 days from the invoice date for a majority of the customers and 30 to 45 days after the end of the month in which sales occur for some customers. The allowance for doubtful receivables is assessed by reference to the collectability of receivables by performing the account aging analysis, historical experience and current financial condition of customers.

B. Notes and accounts receivable include amounts that are past due but for which the Group has not recognized an allowance for doubtful receivables after the assessment since there has not been a significant change in the credit quality of its customers and the amounts are still considered recoverable.

C. Aging analysis of notes and accounts receivable:

	June 30, 2017	December 31, 2016	June 30, 2016
Past due but not impaired			
Less than 90 days	$ 87,938	$ 41,035	$ 25,919
91-180 days	1,489	22,812	15,750
181-365 days	219	—	—
More than 365 days	—	—	—
Total	$ 89,646	$ 63,847	$ 41,669

D. Movements of the allowance for doubtful accounts were as follows:

	For the Six Months Ended June 30	
	2017	2016
	Collectively Assessed for Impairment	Collectively Assessed for Impairment
Balance, beginning of the period	$ 68,398	$ 78,533
Impairment losses reversed	(3,177)	(1,333)
Effect of exchange rate changes	(366)	691
Balance, end of the period	$ 64,855	$ 77,891

(7) <u>INVENTORIES</u>

	June 30, 2017	December 31, 2016	June 30, 2016
Goods	$ —	$ —	$ 43,639
Finished goods	416,704	493,355	370,948
Work in process	202,785	178,280	166,673
Raw materials	871,164	761,570	574,689
Supplies	390,539	371,397	410,490
Goods in transit	275,476	172,060	260,525
Total	$ 2,156,668	$ 1,976,662	$ 1,826,964

A. The operating cost of the Group includes unallocated overhead amounted to $309 thousand, $900 thousand, $1,490 thousand and $2,056 thousand for the three-months and six-months periods ended June 30, 2017 and 2016, respectively.

Write-down of inventories to net realizable value was included in operating cost, which was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Inventory recovery (impairment)	$ (7,159)	$ 6,022	$ (3,109)	$ 43,206

B. The insurance coverage as of June 30, 2017, December 31, 2016 and June 30, 2016 were all $310,000 thousand.

C. During the current period, there are no changes in status of the advance payments by Tycoons Worldwide Group (Thailand) Public Co., Ltd. for goods and services which have not been received from the counterparty as discussed in the financial statements for the year 2016.

(8) Assets held for sale

	June 30, 2016
Land	$ 23,020
Machinery equipment	136,774
Less: Accumulated depreciation	(69,857)
Less: Accumulated impairment	(61,279)
Net book value as at 30 June 2016	$ 28,658

In 2016, Tycoons Worldwide Group (Thailand) Public Co., Ltd. has reclassified certain land and machines and equipment, with net book values amounting to 28,658 thousand, as assets held for sale since these assets were idle and the Company has plan to sell them in near future.

(9) INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

A. Investments in associates consisted of the following.

Investor	Carrying Amount June 30, 2017	Carrying Amount December 31, 2016	Carrying Amount June 30, 2016	% of Ownership and Voting Rights Held by the Group June 30, 2017	% of Ownership and Voting Rights Held by the Group December 31, 2016	% of Ownership and Voting Rights Held by the Group June 30, 2016
Hurco Automation Co., Ltd.	$105,882	$114,497	$121,002	35%	35%	35%
Joint Force International Company Limited	17,548	16,452	16,067	30%	30%	30%
	$123,430	$130,949	$137,069			

B. Financial information of the Group's associates was summarized as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Total assets	$ 591,692	$ 525,631	$ 582,004
Total liabilities	(230,680)	(143,657)	(179,375)
Net assets	$ 361,012	$ 381,974	$ 402,629
The Group's share of net assets of associate	$ 123,430	$ 130,949	$ 137,069

	For the Three Months Ended June 30 2017	For the Three Months Ended June 30 2016
Net income	$ 3,757	$ 21,007
The Group's share of the profit of associate	$ 1,103	$ 7,375

	For the Six Months Ended June 30 2017	For the Six Months Ended June 30 2016
Net income	$ 18,274	$ 51,570
The Group's share of the profit of associates	$ 6,055	$ 17,825

The investments accounted for using equity method and the share of profit or loss and other comprehensive income of investment in these associates were calculated based on the financial statements that have not been reviewed.

(10) PROPERTY, PLANT AND EQUIPMENT

Item	For the Six Months Ended June 30, 2017					
	Balance, Beginning of Period	Additions	Disposals	Reclassification	Effect of Exchange Rate changes	Balance, End of Period
Cost						
Land	$ 835,680	$ —	$ —	$ 92	$ (2,375)	$ 833,397
Land improvements	163,337	63	—	31	(774)	162,657
Buildings	2,959,888	6,150	(9,075)	577	(20,084)	2,937,456
Machinery and equipment	7,138,398	199,135	(17,308)	95,352	(39,164)	7,376,413
Transportation equipment	322,907	4,056	(2,504)	50	(1,790)	322,719
Furniture and fixtures	128,731	4,112	(574)	12	(1,793)	130,488
Leasehold improvements	77,799	—	(2,434)	24	(359)	75,030
Other equipments	480,202	2,625	(10,309)	87	(3,101)	469,504
Construction in progress	428,351	138,748	—	(98,347)	(2,425)	466,327
Total	12,535,293	354,889	(42,204)	(2,122)	(71,865)	12,773,991
Accumulated depreciation and impairment						
Land improvements	67,485	2,663	—	—	(283)	69,865
Buildings	1,222,364	46,779	(3,932)	—	(7,924)	1,257,287
Machinery and equipment	2,366,513	163,667	(11,979)	403	(10,423)	2,508,181
Transportation equipment	279,977	9,847	(2,474)	—	(1,315)	286,035
Furniture and fixtures	98,437	4,814	(450)	—	(1,233)	101,568
Leasehold improvements	7,817	1,398	(1,766)	—	(10)	7,439
Other equipments	355,280	11,433	(9,712)	—	(2,099)	354,902
Total	4,397,873	240,601	(30,313)	403	(23,287)	4,585,277
Net	$ 8,137,420	$ 114,288	$ (11,891)	$ (2,525)	$ (48,578)	$ 8,188,714

Item	For the Six Months Ended June 30, 2016					
	Balance, Beginning of Period	Additions	Disposals	Reclassification	Effect of Exchange Rate changes	Balance, End of Period
Cost						
Land	$ 864,198	$ —	$ —	$ (23,457)	$ 4,627	$ 845,368
Land improvements	164,637	454	—	(10)	1,443	166,524
Buildings	2,916,607	20,217	(1,012)	(167)	16,723	2,952,368
Machinery and equipment	7,520,681	132,014	(155,073)	(138,112)	55,413	7,414,923
Transportation equipment	324,790	4,524	(2,976)	64	2,001	328,403
Furniture and fixtures	141,493	1,204	(2,052)	82	(748)	139,979
Leasehold improvements	78,186	431	—	(23)	663	79,257
Other equipments	479,901	3,202	(36,537)	3,135	3,247	452,948
Construction in progress	201,801	25,576	(27,888)	—	1,645	201,134
Total	12,692,294	187,622	(225,538)	(158,488)	85,014	12,580,904
Accumulated depreciation and impairment						
Land improvements	62,679	2,798	—	—	529	66,006
Buildings	1,140,394	49,076	(473)	—	5,945	1,194,942
Machinery and equipment	2,371,254	161,850	(133,163)	(2,367)	14,390	2,411,964
Transportation equipment	268,277	10,793	(2,953)	—	1,712	277,829
Furniture and fixtures	101,310	5,521	(1,903)	—	(455)	104,473
Leasehold improvements	4,939	1,482	—	—	18	6,439
Other equipments	374,478	10,765	(36,335)	—	2,641	351,549
Total	4,323,331	242,285	(174,827)	(2,367)	24,780	4,413,202
Net	$ 8,368,963	$ (54,663)	$ (50,711)	$ (156,121)	$ 60,234	$ 8,167,702

A. The significant part of the Group's buildings include main plants and affiliated equipment and the related depreciation is calculated using the estimated useful lives of 3 to 50 years, and 10 to 15 years, respectively.

B. The insurance coverage as of June 30, 2017, December 31, 2016 and June 30, 2016 were $7,245,476 thousand, $7,997,904 thousand and $8,043,873 thousand, respectively.

C. The capitalized interest of the Group for the six months ended June 30, 2017 and for the year ended December 31, 2016 were $3,534 thousand and $1,690 thousand, respectively. (capitalization rates are between 3.17% ~ 3.2% and 2.52% ~ 3.14%), respectively.

D. Mortgaged or pledged property, plant and equipment, see Note 8.

(11) LONG-TERM PREPAYMENTS FOR LEASE

Movements of the long-term prepayments for lease was as follows:

	For the Six Months Ended June 30	
	2017	2016
Balance, beginning of the period	$ 89,498	$ 73,764
Add: Additions	748	52
Less: Amortization	(1,325)	(1,243)
Effect of exchange rate changes	(4,508)	(421)
Balance, end of the period	$ 84,413	$ 72,152

(12) SHORT-TERM BORROWINGS

	June 30, 2017	December 31, 2016	June 30, 2016
Bank loans for purchasing materials	$ 2,115,957	$ 2,331,063	$ 2,258,300
Unsecured loans	1,075,826	720,797	578,664
Mortgage loan	170,569	138,738	145,259
Total	$ 3,362,352	$ 3,190,598	$ 2,982,223
Rate	1.47%～6.09%	1.47%～7.40%	1.54%～7.40%

The mortgaged asset relating to short-term borrowings, see Note 8.

(13) SHORT-TERM BILLS PAYABLE

	June 30, 2016
Commercial paper	$ 240,000
Less: Discount on short-term bills payable	(265)
Net	$ 239,735
Interest Rate	1.55%
Period	105.6.27~105.7.27

(14) BONDS PAYABLE

On November 20, 2015, the Company issued secured, domestic bonds with a face value of $300,000 thousand. The details of the convertible bonds payable are as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Bonds payable	$ 300,000	$ 300,000	$ 300,000

The main terms of the secured domestic bonds are as follow:

a. Total price: $ 300,000.

b. Face value: $1,000.

c. Issue price: Issue at 100% of principal amount.

d. Issue period: Three years.

e. Coupon interest rate: 0.9%

f. Payment of interest and principal:

The interest is paid once a year and the principal is paid on Maturity day.

g. Secured

The bonds were secured by First Commercial Bank.

(15) LONG-TERM BORROWINGS

	June 30, 2017				
Creditors	Due Date	Interest Rate (%)	Amount	Payable Within One Year	Description No.
Bank					
First Commercial Bank	06/10/2020	2.65	$ 740,000	$ 95,000	A
Taiwan Business Bank	03/02/2020	2.55	264,000	42,000	B
Hwatai Bank	08/18/2019	2.36	41,600	16,800	C
Kasikornbank Public Company Limited	01/31/2019	5.75	136,357	86,120	D
Kasikornbank Public Company Limited	09/30/2021	5.5	81,634	10,765	E
First Commercial Bank	06/26/2022	2.55～2.79	1,445,914	—	H
First Commercial Bank	11/01/2023	3.18～3.3	441,433	36,786	G
Other					
Jigan Hong Kong Holding Co., Ltd.	09/11/2017	4	36,280	36,280	I
Total			3,187,218	$ 323,751	
Less: amounts payable within one year			(323,751)		
Net			$ 2,863,467		

	December 31, 2016				
Creditors	Due Date	Interest Rate (%)	Amount	Payable Within One Year	Description No.
Bank					
First Commercial Bank	06/10/2020	2.65	$ 470,000	$ 60,000	A
Taiwan Business Bank	03/02/2020	2.55	282,000	36,000	B
Hwatai Bank	08/18/2019	2.36	50,000	16,800	C
Kasikorn Bank Public Company Limited	01/31/2019	5.5 ~ 6.13	177,565	83,825	D
Kasikorn Bank Public Company Limited	09/30/2021	5.5 ~ 6.13	87,430	10,816	E
First Commercial Bank	08/22/2019	2.12 ~ 2.36	1,445,996	542,573	F
First Commercial Bank	11/01/2023	3.01 ~ 3.10	260,578	—	G
Other					
Jigan Hong Kong Holding Co., Ltd.	09/11/2017	4	38,490	38,490	I
Total			2,812,059	$ 788,504	
Less: amounts payable within one year			(788,504)		
Net			$ 2,023,555		

	June 30, 2016				
Creditors	Due Date	Interest Rate (%)	Amount	Payable Within One Year	Description No.
Bank					
First Commercial Bank	06/10/2020	2.72 ~ 2.87	$ 500,000	$ 60,000	A
Taiwan Business Bank	03/02/2020	2.58 ~ 2.65	300,000	36,000	B
Kaikorn bank Public Company Limited	01/31/2019	6.13	208,644	68,935	D
First Commercial Bank	08/22/2019	2.11 ~ 2.52	1,556,706	218,303	F
Other					
Jigan Hong Kong Holding Co., Ltd.	09/11/2017	4	38,536	—	I
Total			2,603,886	$ 383,238	
Less: amounts payable within one year			(383,238)		
Net			$ 2,220,648		

Description of bank borrowings:

A. In the duration of the loan contract, repayable starting on the 18th month after the date of credit drawing in six-monthly installments for a total of 8 installments, repayments of 6% of the principal are due on the first to the third installments, 13% of the principal are due on the fourth to the seventh installments and 30% of the principal for the final installment.

In the duration of the loan contract, the consolidated financial statements, audited by independent auditors, of the borrower are to satisfy the covenants set out below.

a. Current ratio: The ratio of current assets to current liabilities shall not be lower than 100%.

b. Debt ratio: The ratio of debts to total assets shall not be higher than 150%.

c. Interest Protection Multiples: The ratio of the sum of earnings before interest and tax, depreciation and amortization expenses (EBITDA) to the interest of the current period shall be more than 200%.

d. Net tangible asset value: It shall not be lower than $6 billion.

The company was unable to maintain financial ratios stipulated in an agreement and has received a confirmation from the lender to waive as of the first half in 2017.

The company was unable to maintain financial ratios stipulated in an agreement and has received a confirmation from the lender to waive in 2016.

B. Repayable starting after the date of credit drawing in six-monthly installments for a total of 8 installments, repayments of 6% of the principal are due on the first to the third installments, 8% of the principal are due on the fourth to the seventh installments and 50% of the principal for the final installment.

C. Repayable starting on the 6th month after the date of credit drawing in three-monthly installments for a total of 11 installments, repayments of NTD 4,200 thousand per three months, rest of all for the final installment.

D. 48 annual repayments started from 28 Feb., 2015. Repayments of THB 4,000 thousand per month of the principal are due on the first year, THB 5,000 thousand per month on the second year and THB 8,000 thousand per month for the third to the fourth years. A syndication loan arranged by Kasikornbank Public Limited Company for Tycoons Worldwide Group (Thailand) Public Company Limited ("TWGPCL"), a consolidated subsidiary. The loan contract stipulated that the reviewed/ audited financial statements of TWGPCL must satisfy the following financial ratio covenants throughout the term of the contract.

a. Quick Ratio: ratio of the quick assets divided by total current liabilities not lower than 105%;

b. Debt to Equity Ratio: ratio of the sum of interest bearing debt and all outstanding contingent liability to the total equity not higher than 125%;

c. Debt Service Coverage Ratio: the ratio of EBITDA to the sum of scheduled debt service of principal and interest not lower than 125%.

TWGPCL was unable to maintain financial ratios stipulated in an agreement and has received a confirmation from the lender to waive in 2016 and 2015.

E. 60 annual repayments started from 31 Oct, 2016. Repayments of THB 1,000 thousand per month of the principal are due on the first two years, THB 2,000 thousand per month on the third year until to the last two months pay THB 4,000 thousand per month.

A syndication loan arranged by Kasikornbank Public Limited Company for TWGPCL, a consolidated subsidiary. The loan contract stipulated that the reviewed/audited financial statements of TWGPCL must satisfy the following financial ratio covenants throughout the term of the contract.

a. Quick Ratio: ratio of the quick assets divided by total current liabilities not lower than 110%;

b. Debt to Equity Ratio: ratio of the sum of interest bearing debt and all outstanding contingent liability to total equity not higher than 125%;

c. Debt Service Coverage Ratio: for the first two years, the ratio of the EBITDA to the sum of scheduled debt service of principal and interest not lower than 110% in the first two years and after that not lower than 125%.

TWGPCL was unable to maintain financial ratios stipulated in an agreement and has received a confirmation from the lender to waive in 2016.

F. A syndication loan arranged by First Commercial Bank for TY Steel Co., Ltd. ("TY"), a consolidated subsidiary. In the duration of the loan contract, repayable starting on the 30th month after the date of credit drawing in six-monthly installments for a total of 10 installments, repayments of 7% of the principal are due on the first to the sixth installments, 12% of the principal are due on the seventh to the ninth installments, rest of all for the final installment. The loan contract stipulated that the reviewed/audited financial statements of TY must satisfy the following financial ratio covenants throughout the term of the contract.

a. Current ratio: The ratio of current assets to current liabilities shall not be lower than 100%.

b. Debt ratio: The ratio of debts to tangible net value shall not be higher than 120%.

c. Interest and current liability cover: The ratio of the sum of earnings before interest and tax (EBIT), depreciation and amortization expenses to the sum of the liabilities of the current period which shall be repaid in one year plus interest expenses shall not be lower than 400%.

d. Net tangible asset value: It shall not be lower than $6 billion.

TY was unable to maintain consolidated financial ratios required by loan agreement and has received a confirmation from the lender to waive as the first half in 2016 and the year, 2016.

G. The loan arranged by First Commercial Bank for TY, a consolidated subsidiary. Repayable starting on the 12th month after the date of credit drawing in three-monthly installments for a total of 24 installments, repayments of USD$708,333.33 per three months, rest of all for the final installment.

H. A syndication loan arranged by First Commercial Bank for TY, a consolidated subsidiary. In the duration of the loan contract, repayable starting on the 18th month after the date of credit drawing in six-monthly installments for a total of 8 installments, repayments of 5% of the principal are due on the first to the fifth installments, 10% of the principal are due on the sixth to the seventh installments, rest of all for the final installment. The loan contract stipulated that the reviewed/audited financial statements of TY must satisfy the following financial ratio covenants throughout the term of the contract.

a. Current ratio: The ratio of current assets to current liabilities shall not be lower than 100%.

b. Debt ratio: The ratio of debts to tangible net value shall not be higher than 150%.

c. Interest and current liability cover: The ratio of the sum of earnings before interest and tax (EBIT), depreciation and amortization expenses to the sum of the liabilities of the current period which shall be repaid in one year plus interest expenses shall not be lower than 200%.

d. Net tangible asset value: It shall not be lower than $5 billion.

I. The loan arranged by Jigan Hong Kong Holding Co., and the interest rate is 4%, expired in September, 2017.

J. Mortgaged or pledged property, plant and equipment, see Note 8.

(16) RETIRED BENEFIT PLANS

A. Defined contribution plans

The Company adopted a pension plan according to the Labor Pension Act (the "LPA"), which is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Accordingly, the Company recognized expenses of $1,236 thousand and $962 thousand in the consolidated statements of comprehensive income for the three months ended June 30, 2017 and 2016, respectively; and of $2,208 thousand and $1,851 thousand in the consolidated statements of comprehensive income for the six months ended June 30, 2017 and 2016, respectively.

B. Defined benefit plans

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

Tycoons Worldwide Group (Thailand) Public Company Limited adopted the defined benefit plans for qualified employees.

The relating pension expenses under defined benefit plans were calculated using actuarially determined pension cost discount rate as of December 31, 2015 and 2016, and recognized in respective periods in the following line items:

	For the Three Months Ended June 30	
	2017	2016
General and administrative expenses	$ 481	$ 526

	For the Six Months Ended June 30	
	2017	2016
General and administrative expenses	$ 963	$ 1,057

(17) EQUITY

A. Capital stock

	June 30, 2017	December 31, 2016	June 30, 2016
Numbers of shares authorized (in thousands)	640,000	640,000	640,000
Shares issued (in thousands)	547,091	547,091	547,091

The movement of shares for the six months ended June 30, 2017 and 2016 were as follows:

	Numbers of shares issued (in thousands)	Capital	Capital surplus
December 31, 2016	547,091	$ 5,470,911	$ 76,760
Actual disposal or acquisition of interest in subsidiaries	—	—	(10,077)
June 30, 2017	547,091	$ 5,470,911	$ 66,683

	Numbers of shares issued (in thousands)	Capital	Capital surplus
December 31, 2015	547,091	$ 5,470,911	$ 39,824
Actual disposal or acquisition of interest in subsidiaries	—	—	54,362
June 30, 2016	547,091	$ 5,470,911	$ 94,186

B. Capital surplus

	June 30, 2017	December 31, 2016	June 30, 2016
Adjusting of resell bonds	$ 7,722	$ 7,722	$ 7,722
Actual disposal or acquisition of interest in subsidiaries	58,961	69,038	86,464
Total	$ 66,683	$ 76,760	$ 94,186

The capital surplus from share issued in excess of par(additional paid-in capital from issuance of common shares etc.) and the part of accepted donation is able to offset the deficit; in addition, when the company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of Company’s paid-in capital.

C. RETAINED EARNINGS AND DIVIDEND POLICY

	Legal reserve	Unappropriated earnings	Total
December 31, 2016	$ 16,248	$ (1,581,836)	$ (1,565,588)
Net income attributable to shareholders of the Company	—	(122,480)	(122,480)
June 30, 2017	$ 16,248	$ (1,704,316)	$ (1,688,068)

	Legal reserve	Unappropriated earnings	Total
January 1, 2016	$ 16,248	$ (1,494,622)	$ (1,478,374)
Net loss attributable to the shareholders of the Company	—	13,144	13,144
June 30, 2016	$ 16,248	$ (1,481,478)	$ (1,465,230)

a. Based on the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

(a) Payment of all taxes.

(b) Making up loss for preceding years.

(c) Setting aside 10% for legal reserve, except for when accumulated legal reserve has reached the Company’s paid-in capital.

(d) Appropriating or reversing special reserve by government officials or other regulations.

(e) The remaining, plus the previous year’s unappropriated earnings, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the stockholders’ meeting for approval. According to the Company's Articles of Incorporation, 50% ~ 100% of the distributable retained earnings shall be distributed as stockholders' bonus, of which at most 10% is payable by cash.

b. The Company appropriates and reverses special reserves under Rule No. 1010012865 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”. Distributions can be made out of any subsequent reversal of the debit to other equity item.

c. The general shareholders' meeting held on June 14, 2016 has approved to offset a deficit of 2015. Information about the meeting is available on the Market Observation Post System website of the TSE.

d. The general shareholders' meeting held on June 13, 2017 has approved to offset a deficit of 2016. Information about the meeting is available on the Market Observation Post System website of the TSE.

D. Other equity items

	Exchange differences arising from the translation of the foreign operations	Unrealized gain (loss) on available-for-sale financial assets	Total
January 1, 2017	$ 256,183	$ 22,823	$ 279,006
Exchange differences arising from the translation of the foreign operations	(32,081)	(3,018)	(35,099)
Changes in fair value of available-for-sale financial assets	—	168	168
Share of other comprehensive income of subsidiaries, associates and joint ventures	—	(45,331)	(45,331)
Income tax effects	5,454	—	5,454
June 30, 2017	$ 229,556	$ (25,358)	$ 204,198

	Exchange differences arising from the translation of the foreign operations	Unrealized gain (loss) on available-for-sale financial assets	Total
January 1, 2016	$ 331,952	$ (30,891)	$ 301,061
Exchange differences arising from the translation of the foreign operations	19,284	(760)	18,524
Changes in fair value of available-for-sale financial assets	—	(19)	(19)
Share of other comprehensive income of subsidiaries, associates and joint ventures	—	14,178	14,178
Income tax effects	(3,393)	—	(3,393)
June 30, 2016	$ 347,843	$ (17,492)	$ 330,351

The exchange differences arising from the translation of foreign operation's net assets from its functional currency to Company's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

Unrealized gain/loss on available-for-sale financial assets represents the cumulative gains or losses arising from the fair value measurement on available-for-sale financial assets that are recognized in other comprehensive income.

E. Non-controlling interests

	For the Six Months Ended June 30	
	2017	2016
Balance, beginning of period	$ 1,396,461	$ 1,426,381
Attributable to noncontrolling interests：		
Share of profit (loss) for the period	21,029	26,800
Exchange differences arising from the translation of the foreign operations	(10,662)	(75,965)
Balance, end of period	$ 1,406,828	$ 1,377,216

(18) EARNINGS (LOSS) PER SHARE

	For the Three Months Ended June 30	
	2017	2016
Basic EPS (NT$)	$ (0.20)	$ 0.06

	For the Six Months Ended June 30	
	2017	2016
Basic EPS (NT$)	$ (0.22)	$ 0.02

Basic EPS

	For the Three Months Ended June 30	
	2017	2016
Profit (Loss) for the period attributable to shareholders of the Company	$ (110,623)	$ 34,067
Weighted average number of ordinary shares outstanding (in thousand shares)	547,091	547,091
Basic EPS	$ (0.20)	$ 0.06

	For the Six Months Ended June 30	
	2017	2016
Profit (Loss) for the period attributable to shareholders of the Company	$ (122,480)	$ 13,144
Weighted average number of ordinary shares outstanding (in thousand shares)	547,091	547,091
Basic EPS	$ (0.22)	$ 0.02

(19) OPERATING REVENUES

The analysis of the Group's operating revenues was as follows:

	For the Three Months Ended June 30	
	2017	2016
Revenue from the sale of goods	$ 1,735,589	$ 1,855,357
Revenue from processing	21,174	22,617
Total	$ 1,756,763	$ 1,877,974

	For the Six Months Ended June 30	
	2017	2016
Revenue from the sale of goods	$ 3,423,512	$ 3,644,157
Revenue from processing	40,253	41,651
Total	$ 3,463,765	$ 3,685,808

(20) OTHER INCOME

	For the Three Months Ended June 30	
	2017	2016
Interest income	$ 1,496	$ 1,261

	For the Six Months Ended June 30	
	2017	2016
Interest income	$ 2,216	$ 2,061

(21) OTHER GAINS AND LOSSES

	For the Three Months Ended June 30	
	2017	2016
(Loss) gain on disposal of property, plant and equipment	$ (6,332)	$ 2,464
Foreign exchange gain (loss)	6,566	(2,638)
Impairment loss	—	(5,588)
Gain on reversal of doubtful debts	1,479	—
Gain on financial assets and liabilities at fair value through profit or loss	472	10,463
Others	2,313	212
Total	$ 4,498	$ 4,913

	For the Six Months Ended June 30	
	2017	2016
Loss on disposal of property, plant and equipment	$ (11,380)	$ (3,046)
Foreign exchange gain	19,151	35,346
Gain on reversal of doubtful debts	3,177	1,333
Impairment loss	—	(5,588)
Loss on financial assets and liabilities at fair value through profit or loss	(8,816)	(36,617)
Gain on disposal financial asset	267	—
Others	12,289	18,831
Total	$ 14,688	$ 10,259

(22) FINANCE COSTS

	For the Three Months Ended June 30	
	2017	2016
Interest expense	$ 46,067	$ 41,480
Other finance expense	4,458	2,186
Total	$ 50,525	$ 43,666

	For the Six Months Ended June 30	
	2017	2016
Interest expense	$ 89,938	$ 82,492
Other finance expense	7,780	4,168
Total	$ 97,718	$ 86,660

(23) INCOME TAX

A. Income tax recognized in profit or loss

	For the Three Months Ended June 30	
	2017	2016
Current tax expenses	$ 8,703	$ 5,906
Deferred tax expenses	5,577	200
Income tax expenses recognized in profit or loss	$ 14,280	$ 6,106

	For the Six Months Ended June 30	
	2017	2016
Current tax expenses	$ 17,024	$ 7,716
Deferred tax expenses	12,971	11,561
Income tax expenses recognized in profit or loss	$ 29,995	$ 19,277

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

B. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30	
	2017	2016
Exchange differences arising from the translation of the foreign operations	$ (12,169)	$ (57)

	For the Six Months Ended June 30	
	2017	2016
Exchange differences arising from the translation of the foreign operations	$ 5,454	$ (3,393)

C. Integrated income tax information：

	June 30, 2017	December 31, 2016	June 30, 2016
Imputation credits accounts	$ 7,342	$ 7,108	$ 7,108

	2016	2015
Estimated/actual creditable ratio for the distribution of earnings	—	—

D. Tycoons Group International Co., Ltd., a consolidated subsidiary of the Company, is registered in British Cayman Islands. Foreign source income is exempt from income tax in British Cayman Islands. The Company has no business activities in British Cayman Island.

Tycoons Worldwide Group (Thailand) Public Co., Ltd. a consolidated subsidiary of the Company, was granted promotional privileges on October 11, 1996, to manufacture steel wire rods and screws under category 2.15 manufacture of steel wire, round bars or steel billets and category 4.7 manufacture of metal wire or wire product. In accordance with promotional privileges, the company must export over 30% of annual gross sales at F.O.B. price. The promotional privileges include exemption of import duty and business tax on machinery imported or manufactured locally, exemption of import duty and business tax on raw materials and supplies imported for its manufacture for a period of 5 years. From the first revenue making year, the company is exempted from corporate income tax for a period of 8 year; and an additional 5% deduction of the taxable export income, for the amount in excess of the taxable export income from the year before, for a period of 10 years.

Tycoons Worldwide Group (Thailand) Public Co., Ltd. was granted promotional privileges on April 9, 2003, to manufacture bolt & nut and screws under category 4.7 manufacture of metal wire or wire product. The promotional privilege entitles the company to exemption of import duty on machinery and raw materials and other essential materials imported for export sale for a period of 5 years. From the first revenue making year, the company is also exempted from corporate income tax on income derived from the business promoted for a period of 8 years, and 50% corporate income tax deduction upon the expiration of the complete corporate income tax exemption for an additional 5 years. The company is also entitled to an additional 5% deduction of the taxable export income, for the amount in excess of the taxable export income from the year before, for a period of 10 years. These privileges are subjected to the regulation set forth by the local government.

Kingford International Limited, a subsidiary of the Company, is registered in Samoa. Foreign source income is exempt from local income tax. The subsidiary has no business activities in Samoa.

Baw-Heng Steel (Vietnam) Co., Ltd., a subsidiary of the Company, has received promotional privilege from the local government. Under such privilege, the subsidiary would be exempt from certain taxes and duties, including 15% corporate income tax for 12 years from the date when revenue is first earned and 20% afterward, exemption of corporate income tax for 3 years from the first profitable year and 50% exemption for the 7 years after. The year 2007 is the first year the subsidiary began business and made profit.

Tycoons Vietnam Co., Ltd., a subsidiary of the Company, has received promotional privilege from the local government. Under such privilege, the subsidiary would be exempt from certain taxes and duties, including 20% (since from 2016, down to 17%) corporate income tax for 10 years from the date when revenue is first earned and 22% (Since from 2016, down to 20%) afterward, exemption of corporate income tax for 2 years from the first profitable year and 50% exemption for the 4 years after. The year 2013 is the first year the subsidiary began business and made profit.

TY Steel Company Limited, a subsidiary of the Parent Company, has received promotional privileges on June 6, 2011. From the first revenue making year, the company is exempted from corporate income tax for a period of 3 years and 50% exemption for the 5 years after. The upper limits for exemption is 100% of the investments, but not including land and liquidity. The year 2014 is the first year that the subsidiary began business.

E. Income tax assessments

The Company’s income tax returns through 2013 have been assessed by the tax authorities.

(24) THE PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES OF THE GROUP

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

	For the Three Months Ended June 30					
	2017			2016		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Personnel expenses						
Payroll expense	$ 74,056	$ 45,938	$ 119,994	$ 70,945	$ 43,073	$ 114,018
Insurance expense	2,681	3,386	6,067	2,478	2,948	5,426
Pension	772	945	1,717	780	708	1,488
Others	2,032	842	2,874	1,904	717	2,621
Depreciation	115,316	6,577	121,893	114,449	6,786	121,235
Amortization	7,342	-	7,342	5,378	1,717	7,095

	For the Six Months Ended June 30					
	2017			2016		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Personnel expenses						
Payroll expense	$ 146,943	$ 91,469	$ 238,412	$ 141,116	$ 84,782	$ 225,898
Insurance expense	5,465	5,932	11,397	5,109	5,297	10,406
Pension	1,552	1,619	3,171	1,594	1,314	2,908
Others	4,267	1,727	5,994	5,723	1,430	7,153
Depreciation	227,464	13,137	240,601	228,675	13,610	242,285
Amortization	14,702	-	14,702	9,120	2,217	11,337

B. Employee benefits

a. The Company shall allocate 2%~5% of profit as employees' compensation and no more than 1% of profit as directors' compensation for each profitable fiscal year after offsetting any cumulative losses. The aforementioned employees' compensation will be distributed in shares or cash. The employees of the Company's subsidiaries who fulfill specific requirements stipulated by the Board of Directors may be granted such compensation.

b. Due to accumulation deficit, there are no allocation as employees' compensation and remuneration to directors for the six months ended June 30, 2017.

c. Due to accumulation deficit, there is no allocation as employees' compensation and remuneration to directors for the years ended December 31, 2016.

Information on the aforementioned employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System on the website of the TWSE.

(25) NON-CASH TRANSACTIONS

For the six months ended June 30, 2017 and 2016, the Group entered into the following non-cash investing and financing activities:

	For the Six Months Ended June 30	
	2017	2016
Unrealized gain (loss) on financial instrument	$ (48,181)	$ 13,399
Exchange difference arising from the translation of the foreign operations	$ (37,289)	$ (60,074)

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship with related parties

The following are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Related parties	Relationships
Huanghua Jinhai Hardware Products Co., Ltd.	An associate
Joint Force International Co., Ltd.	An associate
Jin Hai Hardware Co., Ltd.	An associate

(2) Significant transactions with related parties

A. Sales

	For the Three Months Ended June 30, 2017		For the Three Months Ended June 30, 2016	
	Amount	%	Amount	%
Associates	$ 33,727	2	$ 30,631	2

	For the Six Months Ended June 30, 2017		For the Six Months Ended June 30, 2016	
	Amount	%	Amount	%
Associates	$ 88,840	3	$ 134,717	4

No significant difference in terms of trade with non-human relationship between the associates.

B. Accounts Receivable

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Associates	$ 38,785	7	$ 33,672	7	$ 7,364	2

(3) Compensation of key management

The compensation to directors and other key management personnel were as follows:

	For the Three Months Ended June 30	
	2017	2016
Short-term employee benefits	$ 8,102	$ 6,658

	For the Six Months Ended June 30	
	2017	2016
Short-term employee benefits	$ 12,732	$ 12,637

8. MORTGAGED OR PLEDGED ASSETS

The Group's assets mortgaged or pledged as collateral for long-term borrowings and short-term borrowings were as follows (listed based on their carrying amounts):

	June 30, 2017	December 31, 2016	June 30, 2016
Debt investments with no active market	$ 292,487	$ 287,112	$ 306,746
Property, plant and equipment	$ 7,630,677	$ 7,722,903	$ 7,744,001

9. COMMITMENTS AND CONTINGENT LIABILITIES

(1) As of June 30, 2017, December 31, 2016 and June 30, 2016, the balances of unused letters of credit for the Tycoons Group International Co., Ltd. were USD 897 thousand, USD 0 thousand and USD 50 thousand, respectively.

(2) As of June 30, 2017, December 31, 2016 and June 30, 2016, the Company provided guarantee note deposits were $970,800 thousand, $971,800 thousand and $971,800 thousand, respectively. Due to the banks as securities against credit facilities.

(3) As of June 30, 2017, December 31, 2016 and June 30, 2016, Tycoons Worldwide Group (Thailand) Public had raw material purchase commitments amounting to USD 10 million, USD 1 million and USD 5 million respectively. The materials will be shipped to the company within 90～180 days from the contract date.

(4) As of June 30, 2017 and December 31, 2016 and June 30, 2016 relating to purchase of machine and equipment; TY Steel Co., Ltd. had capital commitments amounting to approximately 323,422 thousand, 484,569 thousand and 810,593 thousand, respectively, relating to purchase of machine and equipment.

(5) As of June 30, 2017, December 31, 2016 and June 30, 2016, Tycoons Worldwide Group (Thailand) Public Co., Ltd. had outstanding bank guarantees amounted to all Baht 57 million, issued by banks on behalf of the company in respect of certain performance bonds for electricity and others.

(6) SIGNIFICANT OPERATING LEASE ARRANGEMENTS

TY Steel Co., Ltd. leased land for operating business and the lease period were 10 years and 30 years.

Future minimum lease payments under the above non-cancellable operating leases are as follows:

	June 30, 2017	December 31, 2016
Less than 1 year	$ 4,486	$ 4,596
1 year to 5 years	11,662	12,867
5 + years	65,488	69,852
Total	$ 81,636	$ 87,315

10. SUBSEQUENT LOSSES: None.

11. SUBSEQUENT EVENTS: None.