

CHENG UEI PRECISION INDUSTRY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
SEPTEMBER 30, 2015 AND 2014

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. These English financial statements were translated from the financial statements originally prepared in Chinese. This English translation is solely for the readers' convenience and these financial statements do not include additional disclosures that are required for Chinese-language reports under the Guidelines for Securities Issuers' Financial Reporting promulgated by the Securities and Futures Commission of the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
TRANSLATED FROM CHINESE-LANGUAGE

PWCR1500110

To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries as of September 30, 2015 and 2014, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the statements of changes in stockholders' equity and of cash flows for the nine months then ended, expressed in thousands of New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews. We did not review the financial statements of certain consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets amounting to NT\$6,306,016 thousand and NT\$5,649,363 thousand, representing 7.70% and 8.80% of the consolidated total assets, as of September 30, 2015 and 2014, respectively; total net operating revenue amounting to NT\$1,300,872 thousand, NT\$1,108,770 thousand, NT\$6,585,314 thousand and NT\$4,425,965 thousand, representing 4.06%, 5.32%, 8.76% and 7.12% of the consolidated total operating revenue for the three months and nine months then ended, respectively. Those financial statements were reviewed by independent accountants whose reports thereon have been furnished to us, and our conclusion expressed herein is based solely on the review reports of the other independent accountants.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As explained in Notes 4(3) and 6(7), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method, which statements reflect total assets (including investments accounted for under equity method) of NT\$10,710,048 thousand and NT\$12,946,509 thousand, constituting 13.08% and 20.17% of the consolidated total assets, and total liabilities of NT\$3,342,242 thousand and NT\$1,202,837 thousand, constituting 6.42% and 3.32% of the consolidated total liabilities as of September 30, 2015 and 2014, respectively, and total comprehensive income of NT\$29,279 thousand, NT\$107,571 thousand, NT(\$1,306) thousand and NT(\$38,168) thousand constituting 1.61%, 10.26%, (0.07%) and (2.71%) of the consolidated total comprehensive income for the three months and nine months then ended. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of September 30, 2015 and 2014.

Based on our reviews and the review reports of other independent accountants, except for the effects of any adjustments as might have been necessary had the financial statements of certain non-significant subsidiaries and investments accounted for using the equity method, and the related information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph 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” as endorsed by the Financial Supervisory Commission in the Republic of China.

The consolidated financial statements as of and for the nine months ended September 30, 2015, expressed in United States (US) dollars are presented solely for the convenience of the readers and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of US\$1.00:NT\$32.87 at September 30, 2015. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan

November 13, 2015

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF DOLLARS)
(Consolidated balance sheets as of September 30, 2015 and 2014 were reviewed, not audited)

	September 30, 2015		(Adjusted) December 31, 2014		(Adjusted) September 30, 2014		September 30, 2015	
	Amount	%	Amount	%	Amount	%	Amount	%
	New Taiwan Dollars				US Dollars			
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents (Notes 6(1) and 8)	\$ 6,415,881	8	\$ 7,435,487	11	\$ 7,216,328	11	\$ 195,190	8
Financial assets at fair value through profit or loss - current (Notes 6(2) and 12(3))	-	-	79	-	-	-	-	-
Notes receivable, net	20,369	-	62,366	-	108,826	-	620	-
Accounts receivable, net (Notes 6(5) and (6))	21,749,379	27	16,291,001	25	13,446,285	21	661,679	27
Accounts receivable, net - related parties (Note 7)	609,007	1	687,736	1	827,754	1	18,528	1
Other receivables (Notes 6(6), (8) and 8)	774,476	1	947,185	2	830,726	1	23,562	1
Other receivables- related parties (Note 7)	667,933	1	710,538	1	192,466	-	20,320	1
Current income tax assets (Note 6(28))	3,137	-	3,498	-	14,732	-	95	-
Inventories, net (Note 6(7))	14,062,896	17	7,557,453	11	8,736,800	14	427,834	17
Prepayments	2,005,440	2	849,694	1	667,648	1	61,011	2
Other current assets (Note 8)	412,865	-	222,597	-	231,400	1	12,561	-
	<u>46,721,383</u>	<u>57</u>	<u>34,767,634</u>	<u>52</u>	<u>32,272,965</u>	<u>50</u>	<u>1,421,400</u>	<u>57</u>
NON-CURRENT ASSETS								
Available-for-sale financial assets - non-current (Notes 6(3) and 12(3))	1,845,946	2	1,994,714	3	2,934,150	5	56,159	2
Financial assets carried at cost-non-current (Note 6(4))	600,363	1	534,626	1	533,000	1	18,265	1
Investments accounted for under the equity method (Note 6(8))	4,659,148	6	3,639,732	6	3,503,571	5	141,745	6
Property, plant and equipment, net (Note 6(9))	22,098,431	27	20,246,065	31	19,672,560	31	672,298	27
Investment property, net (Note 6(10))	303,890	-	315,059	-	315,163	1	9,245	-
Intangible assets (Note 6(11))	2,910,784	4	2,810,977	4	2,724,196	4	88,554	4
Deferred income tax assets (Note 6(28))	178,806	-	236,608	-	234,242	-	5,441	-
Other non-current assets (Notes 6(12) and 8)	2,590,882	3	1,744,799	3	1,984,947	3	78,822	3
	<u>35,188,250</u>	<u>43</u>	<u>31,522,580</u>	<u>48</u>	<u>31,901,829</u>	<u>50</u>	<u>1,070,529</u>	<u>43</u>
TOTAL ASSETS	<u>\$ 81,909,633</u>	<u>100</u>	<u>\$ 66,290,214</u>	<u>100</u>	<u>\$ 64,174,794</u>	<u>100</u>	<u>\$ 2,491,929</u>	<u>100</u>
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Short-term borrowings (Note 6(13))	\$ 12,390,175	15	\$ 10,266,779	15	\$ 9,900,263	15	\$ 376,945	15
Financial liabilities at fair value through profit or loss-current (Notes 6(2) and 12(3))	-	-	-	-	530	-	-	-
Notes payable	46,478	-	4,073	-	7,517	-	1,414	-
Accounts payable	21,662,761	26	12,523,506	19	11,807,815	18	659,044	26
Accounts payable - related parties (Note 7)	646,808	1	406,419	1	321,707	1	19,678	1
Other payables (Note 6(14))	5,991,866	7	4,752,329	7	4,682,986	7	182,290	7
Income tax payable (Note 6(28))	412,433	1	477,364	1	242,908	-	12,547	1
Other current liabilities (Notes 6(15) and (16))	603,217	1	491,664	1	993,618	2	18,352	1
	<u>41,753,738</u>	<u>51</u>	<u>28,922,134</u>	<u>44</u>	<u>27,957,344</u>	<u>43</u>	<u>1,270,270</u>	<u>51</u>
NON-CURRENT LIABILITIES								
Long-term borrowings (Notes 6(16) and 8)	7,233,733	9	5,701,497	8	5,698,663	9	220,071	9
Deferred income tax liabilities (Note 6(28))	1,575,937	2	1,329,680	2	1,355,583	2	47,945	2
Other non-current liabilities (Notes 3(1), 6(8) and (17))	1,495,803	2	1,232,509	2	1,177,803	2	45,507	2
	<u>10,305,473</u>	<u>13</u>	<u>8,263,686</u>	<u>12</u>	<u>8,232,049</u>	<u>13</u>	<u>313,523</u>	<u>12</u>
TOTAL LIABILITIES	<u>52,059,211</u>	<u>64</u>	<u>37,185,820</u>	<u>56</u>	<u>36,189,393</u>	<u>56</u>	<u>1,583,793</u>	<u>64</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT								
Common stock (Notes 6(18) and (19))	5,123,269	6	5,123,269	8	5,092,087	8	155,865	6
Capital reserve (Note 6(20))								
Capital reserve	9,417,601	12	9,419,502	14	9,299,551	14	286,511	12
Retained earnings (Note 6(21))								
Legal reserve	2,364,742	3	2,186,163	3	2,186,163	4	71,942	3
Special reserve	665,206	1	665,206	1	665,206	1	20,237	1
Unappropriated earnings (Notes 6(21) and (28))	6,049,093	7	5,853,307	9	5,161,983	8	184,031	7
Other equity (Note 6(22))								
Other equity	2,520,704	3	2,368,359	4	2,485,244	4	76,687	3
Equity attributable to owners of the parent	<u>26,140,615</u>	<u>32</u>	<u>25,615,806</u>	<u>39</u>	<u>24,890,234</u>	<u>39</u>	<u>795,273</u>	<u>32</u>
Non-controlling interests (Note 6(30))	3,709,807	4	3,488,588	5	3,095,167	5	112,863	4
TOTAL EQUITY	<u>29,850,422</u>	<u>36</u>	<u>29,104,394</u>	<u>44</u>	<u>27,985,401</u>	<u>44</u>	<u>908,136</u>	<u>36</u>
Significant contingent liabilities and unrecognised contract commitments (Note 9)								
TOTAL LIABILITIES AND EQUITY	<u>\$ 81,909,633</u>	<u>100</u>	<u>\$ 66,290,214</u>	<u>100</u>	<u>\$ 64,174,794</u>	<u>100</u>	<u>\$ 2,491,929</u>	<u>100</u>

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

See review report of independent accountants dated November 13, 2015.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)
(Unaudited)

	Three months ended September 30,				Nine months ended September 30,					
	2015		2014 (Adjusted)		2015		2014 (Adjusted)		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	New Taiwan Dollars				New Taiwan Dollars				US Dollars	
Operating Revenue (Note 7)	\$ 32,031,138	100	\$ 20,850,223	100	\$ 75,156,641	100	\$ 62,156,157	100	\$ 2,286,481	100
Operating Costs (Notes 6(7), 6(26), 6(27) and 7)	(28,664,757)	(89)	(17,905,829)	(86)	(67,835,328)	(90)	(54,946,257)	(88)	(2,063,746)	(90)
Gross profit	3,366,381	11	2,944,394	14	7,321,313	10	7,209,900	12	222,735	10
Operating expenses (Notes 6(26) and 6(27))										
Sales and marketing expenses	(748,072)	(2)	(622,592)	(3)	(2,116,068)	(3)	(1,907,318)	(3)	(64,377)	(3)
General and administrative expenses (Note 3(1))	(1,162,658)	(4)	(1,087,640)	(5)	(3,165,052)	(4)	(2,921,820)	(5)	(96,290)	(4)
Research and development expenses	(588,042)	(2)	(516,017)	(2)	(1,563,935)	(2)	(1,331,435)	(2)	(47,579)	(2)
Total operating expenses	(2,498,772)	(8)	(2,226,249)	(10)	(6,845,055)	(9)	(6,160,573)	(10)	(208,246)	(9)
Operating income (loss)	867,609	3	718,145	4	476,258	1	1,049,327	2	14,489	1
Non-operating income and expenses										
Other income (Notes 6(10), 6(23) and 7)	43,175	-	114,433	1	236,402	-	389,844	-	7,192	-
Other gains and losses (Note 6(24))	326,490	1	63,881	-	1,645,563	2	(47,932)	-	50,063	2
Finance costs (Note 6(25))	(72,219)	-	(75,402)	-	(218,618)	-	(224,507)	-	(6,651)	-
Share of profit of associates and joint ventures accounted for under equity method (Note 6(8))	160,333	-	92,091	-	315,945	1	226,925	-	9,612	1
Total non-operating income and expenses	457,779	1	195,003	1	1,979,292	3	344,330	-	60,216	3
Income before income tax	1,325,388	4	913,148	5	2,455,550	4	1,393,657	2	74,705	4
Income tax expense (Notes 3(1) and 6(28))	(272,125)	(1)	(338,598)	(2)	(909,557)	(1)	(521,194)	(1)	(27,671)	(1)
Net Income	\$ 1,053,263	\$ 3	\$ 574,550	\$ 3	\$ 1,545,993	\$ 3	\$ 872,463	\$ 1	\$ 47,034	\$ 3
Other comprehensive income, net										
Items may be subsequently reclassified to profit or loss										
Exchange differences arising on translation of foreign operations	\$ 1,150,126	4	578,604	3	505,090	-	155,859	-	15,366	-
Unrealised (loss) gain on valuation of available-for-sale financial assets (Note 6(3))	(273,717)	(1)	(17,996)	-	(115,825)	-	764,765	1	(3,524)	-
Share of other comprehensive income of associates and joint ventures -might be reclassified to profit and loss	46,431	-	32,993	-	16,996	-	(2,039)	-	517	-
Income tax related- might be reclassified to profit and loss (Note 6(28))	(152,899)	-	(119,870)	(1)	(140,962)	-	(384,006)	-	(4,288)	-
Total items may be subsequently reclassified to profit or loss	769,941	3	473,731	2	265,299	-	534,579	1	8,071	-
Other comprehensive income for the period, net of tax	\$ 769,941	3	\$ 473,731	2	\$ 265,299	-	\$ 534,579	1	\$ 8,071	-
Total comprehensive income for the period	\$ 1,823,204	6	\$ 1,048,281	5	\$ 1,811,292	3	\$ 1,407,042	2	\$ 55,105	3
Net income (loss) attributable to:										
Shareholders of the parent	\$ 1,024,600	3	\$ 525,111	3	\$ 1,399,990	3	\$ 929,206	1	\$ 42,592	3
Non-controlling interests	28,663	-	49,439	-	146,003	-	(56,743)	-	4,442	-
Total	\$ 1,053,263	3	\$ 574,550	3	\$ 1,545,993	3	\$ 872,463	1	\$ 47,034	3
Total comprehensive income (loss) attributable to:										
Shareholders of the parent	1,608,754	5	949,790	5	1,552,335	3	1,417,330	2	47,227	3
Non-controlling interests	214,450	1	98,491	-	258,957	-	(10,288)	-	7,878	-
Total	\$ 1,823,204	6	\$ 1,048,281	5	\$ 1,811,292	3	\$ 1,407,042	2	\$ 55,106	3
Basic earnings per share (in dollars) (Note 6(29))										
Net income attributable to equity holders of the Company	\$ 2.00	\$ 1.02	\$ 2.73	\$ 1.83	\$ 0.08					
Diluted earnings per share (in dollars) (Note 6(29))	\$ 1.99	\$ 1.00	\$ 2.72	\$ 1.79	\$ 0.08					

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

See review report of independent accountants dated November 13, 2015.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(Unaudited)

	Equity attributable to shareholders of the parent										
	Retained earnings					Other equity			Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealised gain or loss from available-for-sale financial assets				
<u>Nine months ended September 30, 2014</u>											
Balance at January 1	\$ 5,020,095	\$ 9,049,199	\$ 1,978,663	\$ 665,206	\$ 5,980,533	431,720	\$ 1,565,400	\$ 24,690,816	\$ 3,056,973	\$ 27,747,789	
Effect of retrospective adoption and adjustment (Note 3(1))	-	-	-	-	(10,646)	-	-	(10,646)	-	(10,646)	
Adjusted balance at January 1	5,020,095	9,049,199	1,978,663	665,206	5,969,887	431,720	1,565,400	24,680,170	3,056,973	27,737,143	
Employee stock option (Notes 6(18) and 6(19))	71,992	248,906	-	-	-	-	-	320,898	-	320,898	
Appropriations of 2013 earnings											
Legal reserve	-	-	207,500	-	(207,500)	-	-	-	-	-	
Cash dividends	-	-	-	-	(1,518,197)	-	-	(1,518,197)	-	(1,518,197)	
Adjustments to share of changes in equity of associates and joint ventures (Note 6(20))	-	1,470	-	-	-	-	-	1,470	-	1,470	
Adjustments arising from changes in percentage of ownership in subsidiaries (Note 6(20))	(24)	-	-	-	(11,413)	-	-	(11,437)	-	(11,437)	
Change in non-controlling interest	-	-	-	-	-	-	-	-	48,482	48,482	
Other comprehensive income for the period (Note 6(22))	-	-	-	-	-	82,135	405,989	488,124	46,455	534,579	
Net income for the period	-	-	-	-	929,206	-	-	929,206	(56,743)	872,463	
Balance at September 30	\$ 5,092,087	\$ 9,299,551	\$ 2,186,163	\$ 665,206	\$ 5,161,983	\$ 513,855	\$ 1,971,389	\$ 24,890,234	\$ 3,095,167	\$ 27,985,401	
<u>Nine months ended September 30, 2015</u>											
Balance at January 1 (Adjusted)	\$ 5,123,269	\$ 9,419,502	\$ 2,186,163	\$ 665,206	\$ 5,853,307	\$ 1,123,014	\$ 1,245,345	\$ 25,615,806	\$ 3,488,588	\$ 29,104,394	
Appropriations of 2014 earnings											
Legal reserve	-	-	178,579	-	(178,579)	-	-	-	-	-	
Cash dividends	-	-	-	-	(1,024,654)	-	-	(1,024,654)	-	(1,024,654)	
Adjustments to share of changes in equity of associates and joint ventures (Note 6(20))	(1,657)	-	-	-	(971)	-	-	(2,628)	-	(2,628)	
Adjustment arising from changes in percentage of ownership in subsidiaries (Note 6(20))	(244)	-	-	-	-	-	-	(244)	-	(244)	
Change in non-controlling interest	-	-	-	-	-	-	-	-	(37,738)	(37,738)	
Other comprehensive income for the period (Note 6(22))	-	-	-	-	-	252,843	(100,498)	152,345	112,954	265,299	
Net income for the period	-	-	-	-	1,399,990	-	-	1,399,990	146,003	1,545,993	
Balance at September 30	\$ 5,123,269	\$ 9,417,601	\$ 2,364,742	\$ 665,206	\$ 6,049,093	\$ 1,375,857	\$ 1,144,847	\$ 26,140,615	\$ 3,709,807	\$ 29,850,422	

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

See review report of independent accountants dated November 13, 2015.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF US DOLLARS)

(Unaudited)

Equity attributable to shareholders of the parent

	<u>Retained earnings</u>					<u>Other equity</u>			Non-controlling interests	Total equity
	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealised gain or loss from available-for-sale financial assets	Total equity attributable to shareholders of the parent		
<u>Nine months ended September 30, 2015</u>										
Balance at January 1 (Adjusted)	\$ 155,865	\$ 286,568	\$ 66,509	\$ 20,237	\$ 178,074	\$ 34,165	\$ 37,887	\$ 779,306	\$ 106,133	\$ 885,439
Appropriations of 2014 earnings										
Legal reserve	-	-	5,433	-	(5,433)	-	-	-	-	-
Cash dividends	-	-	-	-	(31,173)	-	-	(31,173)	-	(31,173)
Adjustments to share of changes in equity of associates and joint ventures (Note 6(20))	-	(50)	-	-	(30)	-	-	(80)	-	(80)
Adjustments arising from changes in percentage of ownership in subsidiaries (Note 6(20))	-	(7)	-	-	-	-	-	(7)	-	(7)
Change in non-controlling interest	-	-	-	-	-	-	-	-	(1,148)	(1,148)
Other comprehensive income for the period (Note 6(22))	-	-	-	-	-	7,692	(3,057)	4,635	3,436	8,071
Net income for the period	-	-	-	-	42,592	-	-	42,592	4,442	47,034
Balance at September 30	<u>\$ 155,865</u>	<u>\$ 286,511</u>	<u>\$ 71,942</u>	<u>\$ 20,237</u>	<u>\$ 184,031</u>	<u>\$ 41,857</u>	<u>\$ 34,830</u>	<u>\$ 795,273</u>	<u>\$ 112,863</u>	<u>\$ 908,136</u>

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

See review report of independent accountants dated November 13, 2015.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF DOLLARS)

(Unaudited)

	Nine months ended September 30,		
	2015	2014 (Adjusted)	2015
	New Taiwan Dollars		US Dollars
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	\$ 2,455,550	\$ 1,393,657	\$ 74,705
Adjustments to reconcile income before income tax to net cash (used in) provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation (including investment property) (Notes 6(9)(10)(26))	2,525,402	2,496,482	76,830
Amortisation (including long-term prepaid rent amortisation) (Notes 6(11)(12)(26))	52,337	53,458	1,592
Bad debts (gains on bad debt recoveries) (Notes 6(5)(23))	115,578 (	60,620)	3,516
Net loss on financial assets at fair value through profit or loss (Note 6(2))	-	530	-
Interest expense (Note 6(25))	218,618	224,507	6,651
Interest income (Note 6(23))	(69,679) (	56,191) (	2,120)
Share of profit or loss of associates accounted for using the equity method	(315,945) (	226,925) (	9,612)
Loss on disposal of property, plant and equipment (Note 6(24))	36,241	10,232	1,103
Gain on disposal of investments (Note 6(24))	(1,322,871) (	27,463) (	40,246)
Loss on impairment of non-financial assets (Notes 6(9)(11)(24))	-	(15)	-
Changes in assets/liabilities relating to operating activities			
Net changes in operating assets			
Financial assets measured at fair value through profit or loss - current	79	-	2
Notes receivable	41,997 (	30,751)	1,278
Accounts receivable	(6,084,255)	5,362,687 (	185,101)
Accounts receivable from related parties	78,729	43,990	2,395
Other receivables	172,709 (	140,349)	5,254
Other receivables from related parties	42,605 (	10,237)	1,296
Inventories	(6,505,443)	1,096,800 (	197,914)
Prepayments	(1,155,746)	109,164 (	35,161)
Other current assets	(190,268) (	15,640) (	5,789)
Other non-current assets	(226,685)	83,907 (	6,896)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current	-	(10,338)	-
Notes payable	42,405	6,791	1,290
Accounts payable	9,139,255 (	5,252,234)	278,042
Accounts payables to related parties	240,389 (	97,732)	7,313
Other payables	968,381 (	638,052)	29,461
Other current liabilities	111,553	68,968	3,394
Other non-current liabilities	263,789 (	4,801)	8,025
Cash generated from operations	634,725	4,379,825	19,308
Interest received	69,679	56,191	2,120
Dividend received	216,667	196,057	6,592
Interest paid	(228,242) (	231,235) (	6,944)
Income tax paid	(974,488) (	953,755) (	29,647)
Net cash (used in) provided by operating activities	(281,659)	3,447,083 (	8,571)

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF DOLLARS)

(Unaudited)

	Nine months ended September 30,		
	2015	2014 (Adjusted)	2015
	New Taiwan Dollars		US Dollars
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of available-for-sale financial assets	\$ 1,567,310	(\$ 1,240)	\$ 47,682
Acquisitions of financial assets measured at cost (Note 6(4))	(65,737)	(500,000)	(2,000)
Acquisitions of investments accounted for using equity method (Note 6(8))	(900,000)	-	(27,381)
Liquidating dividends received	-	43,104	-
Proceeds from investments accounted for using equity method	1,970	-	60
Acquisitions of property, plant and equipment (Note 6(32))	(3,928,391)	(2,678,109)	(119,513)
Proceeds from disposal of property, plant and equipment	146,368	199,814	4,453
Acquisitions of intangible assets (Note 6(11))	(52,120)	(36,646)	(1,586)
Proceeds from disposal of intangible assets (Note 6(11))	113	34	3
(Increase) decrease in prepayments for business facilities	(634,648)	42,458	(19,308)
Net cash used in investing activities	<u>(3,865,135)</u>	<u>(2,930,585)</u>	<u>(117,590)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	2,123,396	(9,599)	64,600
Increase in long-term borrowings	1,637,724	-	49,824
Repayment of long-term borrowings	(45,077)	(66,321)	(1,371)
Cash dividends paid (Note 6(21))	(1,024,654)	(1,518,197)	(31,173)
Proceeds from exercise of employee stock options	-	320,898	-
Acquisition of additional shares of subsidiaries	-	(10,440)	-
Changes in non-controlling interests	-	94,937	-
Net cash provided by (used in) financing activities	<u>2,691,389</u>	<u>(1,188,722)</u>	<u>81,880</u>
Effect of change in exchange rates	435,799	(28,785)	13,258
Net decrease in cash and cash equivalents	(1,019,606)	(701,009)	(31,019)
Cash and cash equivalents, beginning of period (Note 6(1))	<u>7,435,487</u>	<u>7,917,337</u>	<u>226,209</u>
Cash and cash equivalents, end of period (Note 6(1))	<u>\$ 6,415,881</u>	<u>\$ 7,216,328</u>	<u>\$ 195,190</u>

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

See review report of independent accountants dated November 13, 2015.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT AS OTHERWISE INDICATED)

(Unaudited)

1. HISTORY AND ORGANIZATION

Cheng Uei Precision Industry Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on July 14, 1986. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the manufacture of cable assemblies, connectors, battery packs, and power modules. Effective September 1999, the shares of the Company were listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 13, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and the Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as the “2013 version of IFRS”) in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), 'Employee benefits'

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognised immediately in other comprehensive income when incurred. Past service cost will be recognised immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. Additional disclosures are required for defined benefit plans.

The Group recognises previously unrecognised past service cost and as a consequence of elimination of the corridor approach to recognise prior unrecognised actuarial losses by increasing deferred tax assets by \$2,180, decreasing retained earnings by \$10,646 and increasing accrued pension liabilities by \$12,826 at January 1, 2014; deferred tax assets would be increased by \$2,013, retained earnings would be decreased by \$9,827, accrued pension liabilities would be increased by \$11,840 at December 31, 2014, deferred tax assets would be decreased by \$42, accrued pension liabilities would be decreased by \$247, operating expenses would be decreased by \$247 and income tax expenses would be increased by \$42 for the three months ended September 30, 2014, deferred tax assets would be decreased by \$126, accrued pension liabilities would be decreased by \$740, operating expenses would be decreased by \$740, income tax expense would be increased by \$126 for the nine months ended September 30, 2014.

B. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

E. Disclosures - Transfers of financial assets (amendment to IFRS 7)

The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.

Based on the Group's assessment, the adoption of the amendment will require the Group to include qualitative and quantitative disclosures for all transferred financial assets.

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

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016
The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, "Interim financial Reporting" as endorsed by FSC.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Available-for-sale financial assets measured at fair value.
 - c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligations.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. Conversely, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be transferred directly to retained earnings, if such gains or losses would be transferred directly to retained earnings when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main activity	% of shares held			Description
			September 30 ₂ 2015	December 31, 2014	September 30 ₂ 2014	
The Company	CU INTERNATIONAL LTD. (CU)	Manufacture of electronic telecommunication components and holding company	100	100	100	Note 7
The Company	CULINK INTERNATIONAL LTD. (CULINK)	General investments holding	100	100	100	
The Company	Foxlink International Investment Ltd. (FII)	Holding company	100	100	100	Note 7
The Company	Fu Uei International Investment Ltd. (FUII)	Holding company	100	100	100	Note 7
The Company	Darts Technologies Corporation (Darts)	Manufacture of electronic telecommunication and wireless components	97	97	97	
The Company	Foxlink (Vietnam) Inc.	Manufacture of electronic telecommunication components	100	100	100	
The Company	Du Precision Industry Co., Ltd. (Du Precision)	Manufacture of electronic telecommunication components	100	100	100	

Investor	Subsidiary	Main activity	% of shares held			Description
			September 30 ₂ 2015	December 31, 2014	September 30 ₂ 2014	
The Company	Foxlink Technology Ltd. (Foxlink Tech)	Holding company	100	100	100	
The Company	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	47.77	47.77	47.77	
The Company	Suntain Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
CU	Fu Gang Electronics (Dong Guan) Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100	100	100	Note 7
CU	NEW STAR INDUSTRIES LTD. (NEW STAR)	Holding company	100	100	100	
CU	Fu Gang Electronics (Kun Shan) Ltd. (FGEKS)	Manufacture of electronic telecommunication components	100	100	100	Note 7
CU	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Manufacture of electronic telecommunication components	100	100	100	
CU	Foxlink Electronics (Dong Guan) Co., Ltd. (FEDG)	Manufacture of electronic telecommunication components	100	100	100	
CU	Foxlink Electronics (Tian Jin) Ltd. (FETJ)	Manufacture of electronic telecommunication components	25	25	25	
CU	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Manufacture of electronic telecommunication components	81.69	77.58	77.58	Note 5, Note 7
CU	Neosonic Energy Technology (Tianjin) Ltd. (NE)	Manufacture of electronic telecommunication components	100	100	100	
CU	Kunshan Fushijing Electronics Co., Ltd. (KFE)	Manufacture of electronic telecommunication components	100	100	100	
CU	FUTURE VICTORY LTD. (FUTURE VICTORY)	Holding company	100	100	100	

Investor	Subsidiary	Main activity	% of shares held			Description
			September 30 ₂ 2015	December 31, 2014	September 30 ₂ 2014	
CU	SOLTERAS LIMITED	General investments holding	100	100	100	
CU	Fushineng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
CU	Fu Shi Xiang Research & Development Center (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
CU	Fu Gang Electronics (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	100	100	100	
CU	FUGANG ELECTRIC (YANCHENG) CO., LTD.	Manufacture of electronic telecommunication components	80	80	80	
CU	FUQIANG ELECTRIC (YANCHENG) CO., LTD.	Manufacture of electronic telecommunication components	100	100	100	
CU	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	Manufacture of electronic telecommunication components	100	100	100	
CU	Kunshan Fugang Investment Co., Ltd	General investments holding	100	100	100	Note 2
NEW STAR	Fu Gang Electronics (Tian Jin) Ltd. (FGETJ)	Manufacture of electronic telecommunication components	100	100	100	
NEW STAR	Foxlink Electronics(Tian Jin) Ltd.	Manufacture of electronic telecommunication components	75	75	75	
NEW STAR	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	26.64	26.64	26.64	
FGETJ	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	46.93	46.93	46.93	
CULINK	PACIFIC WEALTH LIMITED (PACIFIC WEALTH)	General investments holding	100	100	100	

Investor	Subsidiary	Main activity	% of shares held			Description
			September 30 ₂ 2015	December 31, 2014	September 30 ₂ 2014	
PACIFIC WEALTH	FOXLINK INTERNATIONAL INC. (FOXLINK)	Sales agent	100	100	100	Note 7
Kunshan Fugang Investment Co., Ltd.	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Manufacture of electronic telecommunication components	18.31	22.42	22.42	Note 2, Note 5
Kunshan Fugang Investment Co., Ltd.	FUQIANG ELECTRIC (MAANSHAN) CO., LTD.	Manufacture of electronic telecommunication components	100	-	-	Note 1
FII	Vegamedia Technology Co., Ltd. (VT)	Manufacture of electronic telecommunication components	100	100	100	
FII	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and flexible printed circuit	69.56	69.56	69.56	
FII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	50.03	50.03	50.03	
FII	POWER QUOTIENT INTERNATIONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	9.22	9.22	9.22	Note 6, Note 7
FII	shin ke International Co., Ltd.	Manufacture of electronic telecommunication components	100	-	-	Note 1
WCT	VALUE SUCCESS LIMITED (VALUE SUCCESS)	Holding company	100	100	100	
VALUE SUCCESS	CAPITAL GUARDIAN LIMITED (CAPITAL)	Holding company	100	100	100	
CAPITAL	World Circuit Technology (Hong Kong) Limited (WCTHK)	Holding company	100	100	100	
WCTHK	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	53.07	53.07	53.07	
Darts	BENEFIT RIGHT LTD. (BENEFIT)	Holding company	100	100	100	

Investor	Subsidiary	Main activity	% of shares held			Description
			September 30 ₂ 2015	December 31, 2014	September 30 ₂ 2014	
BENEFIT	POWER CHANNEL LIMITED (POWER)	Holding company	64.25	64.25	-	Note 2
FUTURE VICTORY	Darts Technologies (Shang Hai) Co., Ltd. (DTSH)	Manufacture of electronic telecommunication components	100	100	100	
Du Precision	CE LINK INTERNATIONAL LTD. (CELINK)	Manufacture of electronic telecommunication components	100	100	100	
SOLTERAS LIMITED	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	25.59	25.59	25.59	
FUII	Studio A Inc. (Studio)	Manufacture of electronic telecommunication components	51	51	51	Note 7
FUII	Va Product Inc.	Manufacture of electronic telecommunication components	75.63	75.63	63.25	Note 2
FUII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	1.3	1.3	1.3	
FUII	Zhi De Investment Co., Ltd. (Zhi De Investment)	General investments holding	100	100	100	Note 7
FUII	Shinfox Corporation Ltd. (Shinfox)	Mechanical installation and piping engineering	57.17	57.17	57.17	
Zhi De Investment	POWER QUOTIENT INTERNATIONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	33.34	33.34	33.34	Note 6, Note 7
Shinfox	WORLD WIDE FAMOUS CORP.	Energy service management	100	100	100	
Shinfox	FOXWELL ENERGY CORPORATION LTD.	Energy service management	100	100	100	
Shinfox	SHINFOX ENERGY INTERNATIONAL INC. (SHINFOX ENERGY)	Energy service management	40	40	40	Note 2
Shinfox	KINMEN GAS CO., LTD.	Energy service management	100	100	100	Note 2

Investor	Subsidiary	Main activity	% of shares held			Description
			September 30 ₂ 2015	December 31, 2014	September 30 ₂ 2014	
WORLD WIDE	Kunshan Xing Wei Installation Engineering Co., Ltd.	Mechanical installation and piping engineering	100	100	100	Note 2
PROCONN	Advance Electronic Ltd. (Advance Electronic)	General investments holding	100	100	100	
PROCONN	BYFORD INTERNATIONAL LTD. (BYFORD)	General international trade	100	100	100	
PROCONN	MEDIA UNIVERSE INC. (MEDIA UNIVERSE)	General international trade	100	100	100	
ADVANCE ELECTRONIC	PROCONN TECHNOLOGY CO., LTD. (PROCONN)	General investments holding	100	100	100	
ADVANCE ELECTRONIC	SMART TECHNOLOGY INTERNATIONAL LTD. (SMART)	General investments holding	100	100	100	
PROCONN	Proconn Technology (Shenzhen) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
SMART	Proconn Technology (Suzhou) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
Studio A Inc.	Jing Sheng Technology Co., Ltd.	Sale of electronic telecommunication components	100	100	100	
Studio A Inc.	Studio A Inc. (Hong Kong)	Sale of electronic telecommunication components	51	51	51	Note 7
Studio A Inc.	Ashop Co., Ltd. (ASHOP)	Sale of electronic telecommunication components	51	51	51	
Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	Sale of electronic telecommunication components	100	100	100	
Studio A Inc. (Hong Kong)	Studio A Macau Limited	Sale of electronic telecommunication components	100	100	100	
FGEKS	Kunshan Fugang Electronics Trading Co., Ltd.	Sale of electronic telecommunication components	51	51	51	

Investor	Subsidiary	Main activity	% of shares held			Description
			September 30 ₂ 2015	December 31, 2014	September 30 ₂ 2014	
FGEKS	Kunshan Fugang Investment Management Co., Ltd.	Holding Company	-	-	100	Note 3
Kunshan Fugang Electronics Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	100	100	100	
Kunshan Fugang Electronics Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	Sale of electronic telecommunication components	100	100	100	
PQI	POWER QUOTIENT INTERNATIONAL (H.K.) CO., LTD. (PQI H.K.)	Sale of electronic telecommunication components	100	100	100	
PQI	PQI JAPAN CO., LTD. (PQI JAPAN)	Sale of electronic telecommunication components	100	100	100	Note 2
PQI	SYSCOM DEVELOPMENT CO., LTD. (SYSCOM)	Specialized investments holding	100	100	100	
PQI	APIX LIMITED (APIX)	Specialized investments holding	100	100	100	
PQI	PQI MOBILITY INC. (PQI MOBILITY)	Specialized investments holding	100	100	100	
PQI	POWER QUOTIENT INTERNATIONAL CO., LTD.	Sale of medical instruments	100	100	-	Note 2
SYSCOM	POWER QUOTIENT INTERNATIONAL (SHANGHAI) CO., LTD. (PQI SHANGHAI)	Sale of electronic telecommunication components	100	100	100	
SYSCOM	PQI CORPORATION (PQI USA)	Sale of electronic telecommunication components	100	100	100	
PQI MOBILITY	POWER QUOTIENT TECHNOLOGY (SUZHOU) CO., LTD. (PQI SUZHOU)	Manufacture of electronic telecommunication components	100	100	100	
APIX Limited	SINOCITY INDUSTRIES LTD.	Sale of electronic telecommunication components	100	100	100	Note 4
APIX Limited	Perennial Ace Limited	Specialized investments holding	100	100	100	
SINOCITY INDUSTRIES LTD.	Sinocity Co., Ltd.	Sale of 3C products	100	100	100	Note 4

- Note 1: Investment or incorporation began in 2015.
- Note 2: Investment or incorporation began in 2014.
- Note 3: Dissolved or liquidated in 2014.
- Note 4: Sinocity Industries Ltd. and Sinocity Co., Ltd. are subsidiaries of Power Quotient International Co., Ltd. in Hong Kong and Macao, respectively, with balance sheet date of September 30. For the preparation of consolidated financial statements, Power Quotient International Co., Ltd. had required Sinocity Industries Ltd. and Sinocity Co., Ltd. as consolidated entities to prepare financial statements with balance sheet date on December 31 to conform to the balance sheet date of the consolidated financial statements.
- Note 5: Kunshan Fugang Investment Management Co., Ltd. has participated in Dong Guan Fu Qiang Electronics Ltd.'s capital increase by purchasing 22.42% of shares in Dong Guan Fu Qiang Electronics Ltd. on September 17, 2014. Kunshan Fugang Investment Management Co., Ltd. along with CU hold 100% of shares in Dong Guan Fu Qiang Electronics Ltd. CU has participated in Dong Guan Fu Qiang Electronics Ltd.'s capital increase on February 27, 2015 and March 3, 2015 and held 81.69% shares in Dong Guan Fu Qiang Electronics Ltd. CU along with Kunshan Fugang Investment Management Co., Ltd. hold 100% of shares in Dong Guan Fu Qiang Electronics Ltd.
- Note 6: The Group holds 42.56% of shares in Power Quotient International Co., Ltd., however, the Group has obtained more than half of the seats on the Board of Directors, so the Group is substantively determined as having control over Power Quotient International Co., Ltd.
- Note 7: For the nine months ended September 30, 2015 and 2014, except for financial statements of CU, FII, FUII, Zhi De Investment, Studio A Inc., Studio A Inc. (Hong Kong), Fu Gang Electronics (Dong Guan) Ltd., Fu Gang Electronics (Kun Shan) Ltd., Dong Guan Fu Qiang Electronics Ltd. and FOXLINK which were reviewed by independent accountants, and PQI, APIX and Sinocity Industries Ltd. which were reviewed by other independent accountants, the financial statements of other subsidiaries were not reviewed because they did not meet the definition of significant subsidiaries.

C. Subsidiaries not included in the consolidated financial statements:

Investor	Subsidiary	Main activity	% of shares held			Description
			September 30, 2015	December 31, 2014	September 30, 2014	
Foxlink International Investment Ltd. (FII)	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and electronic machinery equipment	75.00	75.00	75.00	Note 1
Studio A Inc.	Tayih Digital Technology Co., Ltd. (TAYIH)	Manufacture of electronic telecommunication components	60.00	60.00	60.00	Note 2

Note 1: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on October 5, 2004 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

Note 2: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on July 7, 2010 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

D. Adjustments for subsidiaries with different balance sheet dates:

Sinocity Industries Ltd. and Sinocity Co., Ltd. are subsidiaries of Power Quotient International Co., Ltd. in Hong Kong and Macao, respectively, with balance sheet date on March 31. For the preparation of consolidated financial statements, Power Quotient International Co., Ltd. had required Sinocity Industries Ltd. and Sinocity Co., Ltd. as consolidated entities to prepare financial statements with balance sheet date of December 31 to conform with the balance sheet date of the Group.

E. Significant restrictions: None.

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

As of September 30, 2015, December 31, 2014 and September 30, 2014, the non-controlling interest amounted to \$3,709,807, \$3,488,588 and \$3,095,167, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest					
		September 30, 2015		December 31, 2014		September 30, 2014	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
PQI	Taiwan	\$ 2,849,999	57.44	\$ 2,715,755	57.44	\$ 2,541,785	57.44

Summarized financial information of the subsidiaries:

Balance sheets

	PQI			
	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars			US Dollars
Current assets	\$ 2,344,640	\$ 2,494,847	\$ 2,068,741	\$ 71,331
Non-current assets	4,173,131	4,003,454	3,899,319	126,959
Current liabilities	(1,016,832)	(1,717,013)	(1,532,447)	(30,935)
Non-current liabilities	(539,423)	(53,618)	(10,797)	(16,411)
Total net assets	<u>\$ 4,961,516</u>	<u>\$ 4,727,670</u>	<u>\$ 4,424,816</u>	<u>\$ 150,944</u>

Statements of comprehensive income

	PQI	
	Three months ended September 30,	
	2015	2014
Revenue	\$ 1,328,699	\$ 1,109,454
Profit before income tax	39,189	57,024
Income tax expense	5,285	12,634
Profit for the period from continuing operations	33,904	44,390
Profit from non-controlling interest	-	-
Profit for the period	33,904	44,390
Other comprehensive income, net of tax	265,745	79,619
Total comprehensive income for the period	<u>299,649</u>	<u>124,009</u>
Comprehensive income attributable to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	PQI	
	Nine months ended September 30,	
	2015	2014
Revenue	\$ 6,601,035	\$ 4,434,697
Profit before income tax	196,930	25,914
Income tax expense	53,835	19,073
Profit for the period from continuing operations	143,095	6,841
Loss from non-controlling interest	-	(10)
Profit for the period	143,095	6,841
Other comprehensive income, net of tax	156,449	71,348
Total comprehensive income for the period	<u>299,544</u>	<u>78,189</u>
Comprehensive loss attributable to non-controlling interest	<u>\$ -</u>	<u>(\$ 7)</u>

Statements of cash flows

	PQI	
	Nine months ended September 30,	
	2015	2014
Net cash (used in) provided by operating activities	(\$ 288,044)	20,072
Net cash used in investing activities	(9,498)	(446,658)
Net cash provided by financing activities	19,341	244,789
Effect of exchange rates on cash and cash equivalents	27,552	10,300
Decrease in cash and cash equivalents	(250,649)	(171,497)
Cash and cash equivalents, beginning of period	1,240,316	868,977
Cash and cash equivalents, end of period	<u>\$ 989,667</u>	<u>\$ 697,480</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- a) The operating results and financial position of all the group entities associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - b) Assets held mainly for trading purposes;
 - c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - a) Liabilities that are expected to be paid off within the normal operating cycle;
 - b) Liabilities arising mainly from trading activities;
 - c) Liabilities that are to be paid off within twelve months from the balance sheet date;

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

(6) Cash and cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as financial assets held for trading unless they are designated as hedges.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(9) Loans and receivable

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

(10) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
- a) Significant financial difficulty of the issuer or debtor;
 - b) A breach of contract, such as a default or delinquency in interest or principal payments;
 - c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - e) The disappearance of an active market for that financial asset because of financial difficulties;
 - f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
 - g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
or
 - h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

a) Financial assets measured at amortised cost

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

b) Financial assets measured at cost

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

c) Available-for-sale financial assets

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

(11) Derecognition of financial assets

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

A. The contractual rights to receive cash flows from the financial asset expire.

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

(12) Inventories

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

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

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

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

Buildings	20~50 years
Machinery and equipment	1~5 years
Office equipment	3 years
Other equipment	3~8 years

(15) Leased assets/ leases (lessee)

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

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 ~ 50 years.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Trademark right (indefinite useful life)

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

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortised cost where no impairment loss was recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. Goodwill for impairment testing purpose is allocated to cash generating units. This allocation is identified based on operating segments. Goodwill is allocated to a cash generating unit or a group of cash generating units that expects to benefit from business combination that will produce goodwill.

(19) Borrowings

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

(20) Notes and accounts payable

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

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

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Financial liabilities and equity instruments

Bonds payable

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus—stock warrants') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

- a) Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

- b) Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.
- c) Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—stock warrants' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.
- d) Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- e) When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock warrants.

(25) Derivative financial instruments

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

(26) Employee benefits

A. Pensions

a) Defined contribution plans

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

b) Defined benefit plans

- i. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation 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-off events. Also, the related information is disclosed accordingly.

B. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated.

(27) Employee share-based payment

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

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and the related information is disclosed accordingly.

(29) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company's equity holders.

(30) Dividends

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

(31) Revenue recognition

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

B. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised. The volume discounts are estimated based on the anticipated annual sale quantities.

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(33) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

Revenue recognition on a net/gross basis

The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of Group's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Group acts as a principal, the amount of received or receivable from the customer is recognised as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognised representing commissions earned. The revenue is recognised on a gross basis based on the following characteristics:

- a. The Group has primary responsibilities for the goods or services it provides;
- b. The Group bears inventory risk;
- c. The Group has the latitude in establishing prices for the goods or services, either directly or indirectly; and
- d. The Group bears credit risk of customers.

(2) Critical accounting estimates and assumptions

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

A. Revenue recognition

The Group estimates discounts and returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information of goodwill impairment.

C. Impairment assessment of investments accounted for under the equity method

The Group assesses the impairment of an investment accounted for under the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

D. Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industry environment, and laws and regulations might cause material adjustments to deferred income tax assets.

E. Evaluation of inventories

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

F. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars		US Dollars	
Cash on hand and petty cash	\$ 69,323	\$ 14,625	\$ 105,178	\$ 2,109
Checking accounts and demand deposits	3,806,477	5,755,344	4,042,885	115,804
Cash equivalents				-
Time deposits	2,862,834	1,802,927	3,185,329	87,096
Short-term notes and bills	-	59,771	71,946	-
	6,738,634	7,632,667	7,405,338	205,009
Less: Shown as "other current assets"-restricted assets	(322,753)	(197,180)	(189,010)	(9,819)
Total	\$ 6,415,881	\$ 7,435,487	\$ 7,216,328	\$ 195,190

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
Items	New Taiwan Dollars		US Dollars	
Current items:				
Financial assets held for trading				
Non-hedging derivatives	\$ -	\$ 79	\$ -	\$ -
Financial liabilities held for trading				
Non-hedging derivatives	\$ -	\$ -	\$ 530	\$ -

A. The Group recognised net gain (loss) of \$0, (\$18,951), \$9,351 and (\$7,613) on financial assets and liabilities held for trading for the three months and nine months ended September 30, 2015 and 2014, respectively.

B. The non-hedging derivative instrument transactions and contract information are as follows (No non-hedging derivative instrument transactions as of September 30, 2015):

Derivative Instruments	December 31, 2014		September 30, 2014	
	Contract Amount (Notional Principal) (in thousands)	Contract Period	Contract Amount (Notional Principal) (in thousands)	Contract Period
Current items:				
Forward exchange contracts	USD 6,000	2014/12~ 2015/02	USD 1,000	2014/08~ 2014/10

Forward exchange contracts

The Group entered into forward foreign exchange contracts to sell USD and buy NTD to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

(3) Available-for-sale financial assets

Items	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars		US Dollars	
Non-current items				
Listed stocks	\$ 129,292	\$ 194,994	\$ 234,860	\$ 3,933
Emerging stocks	-	-	1,101	-
	129,292	194,994	235,961	3,933
Valuation adjustment of available-for-sale financial assets	1,716,654	1,799,720	2,698,189	52,226
Total	<u>\$ 1,845,946</u>	<u>\$ 1,994,714</u>	<u>\$ 2,934,150</u>	<u>\$ 56,159</u>

A. The Group recognised (\$273,717), (\$17,996), (\$115,825) and \$764,765 in other comprehensive income for fair value change and reclassified \$0, \$2,616, \$1,322,356 and (\$1,485) from equity to profit or loss for the three months and nine months ended September 30, 2015 and 2014, respectively.

B. As of September 30, 2015, December 31, 2014, and September 30, 2014, no available-for-sale financial assets were pledged to others.

(4) Financial assets measured at cost

Items	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars		US Dollars	
Non-current item				
Non-publicly traded company	<u>\$ 600,363</u>	<u>\$ 534,626</u>	<u>\$ 533,000</u>	<u>\$ 18,265</u>

A. Based on the Group's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as the above company stocks are not traded in an active market, and no sufficient industry information of companies similar to the above company or above company's financial information can be obtained, the fair value of the investment in stocks cannot be measured reliably. The Group classified those stocks as "financial assets measured at cost".

B. As of September 30, 2015, December 31, 2014 and September 30, 2014, no financial assets

measured at cost held by the Group were pledged to others.

(5) Accounts receivable

	<u>September 30, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>
	<u>New Taiwan Dollars</u>			<u>US Dollars</u>
Accounts receivable	\$ 22,037,494	\$ 16,463,538	\$ 13,607,933	\$ 670,444
Less: allowance for sales returns and discounts	(64,858)	(44,551)	(53,707)	(1,973)
Less: allowance for bad debts	(223,257)	(127,986)	(107,941)	(6,792)
	<u>\$ 21,749,379</u>	<u>\$ 16,291,001</u>	<u>\$ 13,446,285</u>	<u>\$ 661,679</u>

A. The quality information of accounts receivable is based on customers' credit ranking and recoverable period of receivables in order to calculate the accrual of impairment. The Group's internal credit ranking policy is that the Group's business and management segment assesses periodically or unperiodically whether the credit ranking of existing customers are appropriate and adjusts to obtain the latest information when necessary. Customers' credit ranking assessment is based on industrial operating scale, profitability and ranking assessed by financial insurance institutions. The Group has insured accounts receivable of certain customers and the Group will receive 90% compensation if bad debts occur.

B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>
	<u>New Taiwan Dollars</u>			<u>US Dollars</u>
Up to 30 days	\$ 1,740,525	\$ 986,970	\$ 675,265	\$ 52,952
31 to 120 days	<u>927,020</u>	<u>360,793</u>	<u>87,055</u>	<u>28,203</u>
	<u>\$ 2,667,545</u>	<u>\$ 1,347,763</u>	<u>\$ 762,320</u>	<u>\$ 81,155</u>

The ageing analysis is based on the days past due.

C. Movement analysis of financial assets that were impaired is as follows:

a) As of September 30, 2015, December 31, 2014, and September 30, 2014, the Group's accounts receivable that were impaired amounted to \$223,257, \$127,986 and \$107,941, respectively.

b) Movements on the Group's provision for impairment of accounts receivable are as follows:

	<u>Nine months ended September 30, 2015</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
January 1, 2015	\$ -	\$ 127,986	\$ 127,986
Reversal of impairment	-	<u>95,271</u>	<u>95,271</u>
September 30, 2015	<u>\$ -</u>	<u>\$ 223,257</u>	<u>\$ 223,257</u>

	Nine months ended September 30, 2014		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
January 1, 2014	\$ -	\$ 157,915	\$ 157,915
Reversal of impairment	-	(49,974)	(49,974)
September 30, 2015	<u>\$ -</u>	<u>\$ 107,941</u>	<u>\$ 107,941</u>

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

(6) Transfer of financial assets

A. The Group entered into a factoring agreement with Mega International Commercial Bank and HSBC Bank (Taiwan) Limited to sell its accounts receivable. Under the agreement, the Group is not required to bear uncollectible risk of the underlying accounts receivable, but is liable for the losses incurred on any business dispute. The Group issued a promissory note to the bank as a guarantee for not performing contracts due to any business dispute. These accounts receivable met the derecognition criteria for financial assets.

B. As of September 30, 2015, December 31, 2014 and September 30 2014, the outstanding accounts receivable sold were as follows:

September 30, 2015

Purchaser of accounts receivable	Accounts receivable transferred	Amount		Facilities	Amount advanced	Interest rate of amount advanced	Collaterals
		derecognised					
HSBC Bank (Taiwan) Limited	\$ 172,459 (USD5,247 thousand)	\$ 172,459 (USD5,247 thousand)	\$ 1,643,500 (USD50,000 thousand)	\$ 155,213 (USD4,722 thousand)	0.74%~0.93%	None	

December 31, 2014

Purchaser of accounts receivable	Accounts receivable transferred	Amount		Facilities	Amount advanced	Interest rate of amount advanced	Collaterals
		derecognised					
Mega International Commercial Bank	\$ 2,434 (USD77 thousand)	\$ 2,434 (USD77 thousand)	\$ 1,107,750 (USD35,000 thousand)	\$ 2,191 (USD69 thousand)	1.09%	None	

September 30, 2014

Purchaser of accounts receivable	Accounts receivable transferred	Amount		Facilities	Amount advanced	Interest rate of amount advanced	Collaterals
		derecognised					
Mega International Commercial Bank	\$ 600,251 (USD19,732 thousand)	\$ 600,251 (USD19,732 thousand)	\$ 1,064,700 (USD35,000 thousand)	\$ 540,226 (USD17,759 thousand)	1.09%	None	

(7) Inventories

	September 30, 2015		
	Cost	Allowance for valuation loss	Book value
	New Taiwan Dollars		
Raw materials	\$ 3,773,703	(\$ 219,211)	\$ 3,554,492
Work in process	3,003,830	(84,716)	2,919,114
Finished goods	7,208,288	(305,259)	6,903,029
Inventory in transit	686,261	-	686,261
	<u>\$ 14,672,082</u>	<u>(\$ 609,186)</u>	<u>\$ 14,062,896</u>

	September 30, 2015		
	Cost	Allowance for valuation loss	Book value
	US Dollars		
Raw materials	\$ 114,807	(\$ 6,669)	\$ 108,138
Work in process	91,385	(2,577)	88,808
Finished goods	219,297	(9,287)	210,010
Inventory in transit	20,878	-	20,878
	<u>\$ 446,367</u>	<u>(\$ 18,533)</u>	<u>\$ 427,834</u>

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
	New Taiwan Dollars		
Raw materials	\$ 2,802,065	(\$ 143,276)	\$ 2,658,789
Work in process	281,276	(4,059)	277,217
Finished goods	4,791,469	(291,008)	4,500,461
Inventory in transit	120,986	-	120,986
	<u>\$ 7,995,796</u>	<u>(\$ 438,343)</u>	<u>\$ 7,557,453</u>

	September 30, 2014		
	Cost	Allowance for valuation loss	Book value
	New Taiwan Dollars		
Raw materials	\$ 4,352,092	(\$ 142,167)	\$ 4,209,925
Work in process	1,233,381	(24,605)	1,208,776
Finished goods	3,626,156	(311,053)	3,315,103
Inventory in transit	2,996	-	2,996
	<u>\$ 9,214,625</u>	<u>(\$ 477,825)</u>	<u>\$ 8,736,800</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Cost of inventories sold	\$ 28,626,861	\$ 17,849,418	\$ 870,911
Decline in market value	74,694	77,678	2,272
Others (revenue from sale of scraps)	(36,798)	(21,267)	(1,120)
	<u>\$ 28,664,757</u>	<u>\$ 17,905,829</u>	<u>\$ 872,063</u>
	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Cost of inventories sold	\$ 67,748,866	\$ 55,068,434	\$ 2,061,115
(Gain on reversal of) decline in market value	170,843	(77,801)	5,198
Others (revenue from sale of scraps)	(84,381)	(44,376)	(2,567)
	<u>\$ 67,835,328</u>	<u>\$ 54,946,257</u>	<u>\$ 2,063,746</u>

The portion of inventories that have been provided with allowance have been sold during the nine months ended September 30, 2014. Therefore, the allowance for decline in market value was reversed.

(8) Investments accounted for under the equity method

Investee	September 30, 2015		Ownership percentage (%)
	New Taiwan Dollars	US Dollars	
Well Shin Technology Co., Ltd.	\$ 1,092,434	\$ 33,235	19.25%
Glory Science Co., Ltd.	1,072,418	32,626	41.96%
CENTRAL MOTION PICTURE CORP.	897,452	27,303	13.60%
Foxlink Image Technology Co., Ltd.	882,193	26,839	30.47%
Sharetronic Data Technology Co., LTD. (formerly known as Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.)	349,068	10,620	42.00%
Castles Technology CO., LTD.	223,218	6,791	22.34%
CMPC Cultural & Creative Co., Ltd.	142,365	4,331	42.86%
Xie Xun Electronics (Ji An) Ltd.	-	-	-
Sharetronic Precision Industry (Shen Zhen) Co., Ltd.	-	-	-
Kleine Developments Ltd.	-	-	33.33%
Microlink Communications Inc.	(25,647)	(780)	21.43%
	4,633,501	140,965	
Add : Credit balance of long-term equity investments reclassified to 'other liabilities – others'	<u>25,647</u>	<u>780</u>	
Total	<u>\$ 4,659,148</u>	<u>\$ 141,745</u>	

Investee	December 31, 2014	
	New Taiwan Dollars	Ownership percentage (%)
Well Shin Technology Co., Ltd.	\$ 1,028,566	19.25%
Glory Science Co., Ltd.	1,030,720	42.18%
CENTRAL MOTION PICTURE CORP.	-	-
Foxlink Image Technology Co., Ltd.	915,962	30.47%
Sharetronic Data Technology Co., LTD. (formerly known as Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.)	319,470	42.00%
Castles Technology CO., LTD.	203,273	22.87%
CMPC Cultural & Creative Co., Ltd.	141,741	42.86%
Xie Xun Electronics (Ji An) Ltd.	-	-
Sharetronic Precision Industry (Shen Zhen) Co., Ltd.	-	-
Kleine Developments Ltd.	-	33.33%
Microlink Communications Inc.	(25,150)	21.43%
	3,614,582	
Add : Credit balance of long-term equity investments reclassified to 'other liabilities-others'	25,150	
Total	<u>\$ 3,639,732</u>	
Investee	September 30, 2014	
	New Taiwan Dollars	Ownership percentage (%)
Well Shin Technology Co., Ltd.	\$ 987,591	19.61%
Glory Science Co., Ltd.	534,926	35.50%
CENTRAL MOTION PICTURE CORP.	-	-
Foxlink Image Technology Co., Ltd.	863,394	30.47%
Sharetronic Data Technology Co., LTD. (formerly known as Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.)	-	-
Castles Technology CO., LTD.	197,554	22.75%
CMPC Cultural & Creative Co., Ltd.	145,300	42.86%
Xie Xun Electronics (Ji An) Ltd.	609,177	25.00%
Sharetronic Precision Industry (Shen Zhen) Co., Ltd.	123,566	25.00%
Kleine Developments Ltd.	42,063	33.33%
Microlink Communications Inc.	(22,071)	21.43%
	3,481,500	
Add : Credit balance of long-term equity investments reclassified to 'other liabilities-others'	22,071	
Total	<u>\$ 3,503,571</u>	

A. For the three months and nine months ended September 30, 2015 and 2014, except for Glory Science Co., Ltd., Well Shin Technology Co., Ltd. and Foxlink Image Technology Co., Ltd., which were recognised based on their financial statements reviewed by independent accountants, share of the profit or loss of other associates and joint ventures which were not reviewed by independent accountants was \$137,391, \$74,680, \$256,768 and \$180,711, respectively.

B. Associates

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

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		September 30, 2015	December 31, 2014		
Well Shin Technology Co., Ltd.	Taiwan	19.25%	19.25%	Note 1	Equity method
Glory Science Co., Ltd.	Taiwan	41.96%	42.18%	Hold more than 20% of voting rights	Equity method
CENTRAL MOTION PICTURE CORP.	Taiwan	13.60%	-	Note 2	Equity method
Foxlink Image Technology Co., Ltd.	Taiwan	30.47%	30.47%	Hold more than 20% of voting rights	Equity method

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		September 30, 2014			
Well Shin Technology Co., Ltd.	Taiwan	19.61%		Note 1	Equity method
Glory Science Co., Ltd.	Taiwan	35.50%		Hold more than 20% of voting rights	Equity method
Foxlink Image Technology Co., Ltd.	Taiwan	30.47%		Hold more than 20% of voting rights	Equity method

Note 1: The Group originally held more than 20% of voting shares in Well Shin Technology Co., Ltd. Decrease in the shareholding ratio is caused by employee stock options issued by Well Shin Technology Co., Ltd. The Group's significant influence on the associate is not affected.

Note 2: As the Group's management holds several seats in the Board of Directors of Central Motion Picture Corp., the Group is assessed to have significant influence.

(b) Summarized financial information of the associates that are material to the Group is as follows:

Balance sheet

	Well Shin Technology Co., Ltd.			
	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars		US Dollars	
Current assets	\$ 4,529,371	\$ 4,421,945	\$ 4,079,162	\$ 137,797
Non-current assets	2,634,301	2,356,897	2,213,812	80,143
Current liabilities	(1,381,853)	(1,394,256)	(1,228,112)	(42,040)
Non-current liabilities	(308,990)	(237,862)	(221,306)	(9,400)
Total net assets	<u>\$ 5,472,829</u>	<u>\$ 5,146,724</u>	<u>\$ 4,843,556</u>	<u>\$ 166,500</u>
Share in associate's net assets	\$ 1,055,845	\$ 991,977	\$ 951,002	\$ 32,122
Goodwill	36,589	36,589	36,589	1,113
Carrying amount of the associate	<u>\$ 1,092,434</u>	<u>\$ 1,028,566</u>	<u>\$ 987,591</u>	<u>\$ 33,235</u>

	Glory Science Co., Ltd			
	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars		US Dollars	
Current assets	\$ 1,686,070	\$ 1,529,459	\$ 1,062,668	\$ 51,295
Non-current assets	1,939,224	1,587,209	1,559,168	58,997
Current liabilities	(908,246)	(602,997)	(1,261,879)	(27,631)
Non-current liabilities	(382,387)	(289,657)	(114,369)	(11,633)
Total net assets	<u>\$ 2,334,661</u>	<u>\$ 2,224,014</u>	<u>\$ 1,245,588</u>	<u>\$ 71,028</u>
Share in associate's net assets	\$ 979,699	\$ 938,001	\$ 442,207	\$ 29,805
Goodwill	92,719	92,719	92,719	2,821
Carrying amount of the associate	<u>\$ 1,072,418</u>	<u>\$ 1,030,720</u>	<u>\$ 534,926</u>	<u>\$ 32,626</u>

CENTRAL MOTION PICTURE CORP.

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars			US Dollars
Current assets	\$ 279,264	\$ -	\$ -	\$ 8,496
Non-current assets	8,725,250	-	-	265,447
Current liabilities	(1,515,304)	-	-	(46,100)
Non-current liabilities	(1,400,897)	-	-	(42,619)
Total net assets	<u>\$ 6,088,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,224</u>
Share in associate's net assets	\$ 828,868	\$ -	\$ -	\$ 25,217
Goodwill	68,584	-	-	2,087
Carrying amount of the associate	<u>\$ 897,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,304</u>

Foxlink Image Technology Co., Ltd.

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars			US Dollars
Current assets	\$ 3,002,821	\$ 3,268,605	\$ 3,504,017	\$ 91,354
Non-current assets	2,017,859	78,503	1,040,247	61,389
Current liabilities	(2,083,155)	(1,979,624)	(1,655,958)	(63,376)
Non-current liabilities	(42,259)	(62,173)	(55,594)	(1,286)
Total net assets	<u>\$ 2,895,266</u>	<u>\$ 1,305,311</u>	<u>\$ 2,832,712</u>	<u>\$ 88,081</u>
Share in associate's net assets	\$ 882,193	\$ 915,962	\$ 863,394	\$ 26,839
Goodwill	-	-	-	-
Carrying amount of the associate	<u>\$ 882,193</u>	<u>\$ 915,962</u>	<u>\$ 863,394</u>	<u>\$ 26,839</u>

Statement of comprehensive income

	Well Shin Technology Co., Ltd.		
	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	<u>\$ 1,574,483</u>	<u>\$ 1,401,279</u>	<u>\$ 47,900</u>
Profit for the period from continuing operations	\$ 262,128	\$ 123,916	\$ 7,975
Loss for the period from discontinued operations	-	-	-
Other comprehensive income, net of tax	128,557	83,774	3,911
Total comprehensive income	<u>\$ 390,685</u>	<u>\$ 207,690</u>	<u>\$ 11,886</u>
Dividends from associates	<u>\$ 57,934</u>	<u>\$ 66,847</u>	<u>\$ 1,763</u>

Well Shin Technology Co., Ltd.			
Nine months ended September 30,			
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	\$ 4,119,592	\$ 3,844,922	\$ 125,330
Profit for the period from continuing operations	\$ 567,254	\$ 293,617	\$ 17,257
Loss for the period from discontinued operations	-	-	-
Other comprehensive income, net of tax	59,840	33,873	1,821
Total comprehensive income	\$ 627,094	\$ 327,490	\$ 19,078
Dividends from associates	\$ 57,934	\$ 66,847	\$ 1,763

Glory Science Co., Ltd.			
Three months ended September 30,			
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	\$ 674,107	\$ 366,254	\$ 20,508
Profit for the period from continuing operations	\$ 124,524	\$ 42,761	\$ 3,788
Loss for the period from discontinued operations	-	-	-
Other comprehensive income, net of tax	17,345	9,042	528
Total comprehensive income	\$ 141,869	\$ 51,803	\$ 4,316
Dividends from associates	\$ 39,941	\$ 26,298	\$ 1,215

Nine months ended September 30,			
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	\$ 1,375,441	\$ 1,044,886	\$ 41,845
Profit for the period from continuing operations	\$ 196,513	\$ 135,065	\$ 5,978
Loss for the period from discontinued operations	-	-	-
Other comprehensive income, net of tax	4,246	2,991	129
Total comprehensive income	\$ 200,759	\$ 138,056	\$ 6,107
Dividends from associates	\$ 39,941	\$ 26,298	\$ 1,215

CENTRAL MOTION PICTURE CORP.			
Three months ended September 30,			
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	\$ 142,898	\$ -	\$ 4,347
Profit for the period from continuing operations	\$ 26,604	\$ -	\$ 809
Loss for the period from discontinued operations	-	-	-
Other comprehensive loss, net of tax	-	-	-
Total comprehensive income	\$ 26,604	\$ -	\$ 809
Dividends from associates	\$ 9,000	\$ -	\$ 274

CENTRAL MOTION PICTURE CORP.			
Nine months ended September 30,			
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	\$ 428,443	\$ -	\$ 13,034
Profit for the period from continuing operations	\$ 70,028	\$ -	\$ 2,130
Loss for the period from discontinued operations	-	-	-
Other comprehensive loss, net of tax	-	-	-
Total comprehensive income	\$ 70,028	\$ -	\$ 2,130
Dividends from associates	\$ 9,000	\$ -	\$ 274

Foxlink Image Technology Co., Ltd.			
Three months ended September 30,			
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	\$ 1,393,451	\$ 1,491,026	\$ 42,393
Profit for the period from continuing operations	\$ 110,703	\$ 111,203	\$ 3,368
Profit for the period from discontinued operations	-	3,752	-
Other comprehensive income, net of tax	30,767	30,322	936
Total comprehensive income	\$ 141,470	\$ 145,277	\$ 4,304
Dividends from associates	\$ 102,960	\$ 102,911	\$ 3,132

Foxlink Image Technology Co., Ltd.			
Nine months ended September 30,			
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	\$ 4,003,447	\$ 4,035,533	\$ 121,796
Profit for the period from continuing operations	\$ 211,119	\$ 239,765	\$ 6,423
Profit for the period from discontinued operations	-	2,192	-
Other comprehensive income, net of tax	16,740	18,745	509
Total comprehensive income	\$ 227,859	\$ 260,702	\$ 6,932
Dividends from associates	\$ 102,960	\$ 102,911	\$ 3,132

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

As of September 30, 2015, December 31, 2014 and September 30, 2014, the carrying amount of the Group's individually immaterial associates amounted to \$689,004, \$639,334 and \$1,095,589, respectively.

Three months ended September 30,			
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Profit for the period from continuing operations	\$ 84,593	\$ 91,200	\$ 2,574
Total comprehensive income	\$ 84,593	\$ 91,200	\$ 2,574

Nine months ended September 30,			
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Profit for the period from continuing operations	\$ 183,435	\$ 241,911	\$ 5,581
Total comprehensive income	\$ 183,435	\$ 241,911	\$ 5,581

(d) The fair value of the Group's material associates with quoted market prices is as follows:

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars			US Dollars
Glory Science Co., Ltd.	\$ 1,917,159	\$ 2,276,626	\$ 1,343,841	\$ 58,325
Well Shin Technology Co., Ltd.	1,002,709	1,095,181	1,131,947	30,505
Foxlink Image Technology Co., Ltd.	777,348	1,009,008	1,001,286	23,649
	\$ 3,697,216	\$ 4,380,815	\$ 3,477,074	\$ 112,480

- C. The Group has signed a stock purchase agreement with an individual on May 15, 2014 to purchase all the Company's shares in CMPC using \$150,000 thousand. As of September 30, 2015, uncollected amount was \$147,000 thousand (shown as 'notes receivable'). The Group has assessed there is objective evidence of impairment on December 31, 2014 and September 30, 2015 and accrued impairment loss of \$130,000 thousand and \$17,000 thousand, respectively.
- D. On October 17, 2014, the Boards of Directors of Fu Uei International Investment Ltd. and Foxlink International Investment Ltd. have resolved to participate in the cash capital increase of Glory Science Co., Ltd. The investment increase was \$613,322 thousand, accumulated investment was \$1,048,592, and the shareholding ratio was 42.18%. Decrease in shareholding ratio as of September 30, 2015 is caused by employee stock options issued by Glory Science Co., Ltd.
- E. On April 2, 2015, the Board of Directors of Foxlink International Investment Ltd. has resolved to participate in the cash capital increase of CENTRAL MOTION PICTURE CORP. The investment increase was \$900,000 thousand, and the shareholding ratio was 13.60%.
- F. The Group has acquired POWER CHANNEL LIMITED and completed the stock transfer in December 2014. The Group holds 64.25% of share capital in POWER CHANNEL LIMITED and ultimately holds 42% of share capital in Sharetronic Data Technology Co., LTD. (formerly known as Sharetronic digital Electronics (Shen Zhen) Co., Ltd..
- G. On October 13, 2014, the Board of Directors of Foxlink Technology Limited has resolved to sell 25% of its share capital in Xie Xun Electronics (Ji An) Ltd. to Liantao Electronics Co., Ltd. for RMB\$149,722 thousand. As of September 30, 2015, the uncollected amount was RMB\$74,861 thousand (recorded as 'other receivables') and has been collected on October 30, 2015.
- H. Sharetronic Precision Industry (Shen Zhen) Co., Ltd. is undergoing liquidation procedures starting from 2014. The Company expects to collect proceeds from liquidation of approximately RMB\$22,697 thousand when the liquidation is completed.
- I. Since KLEINE DEVELOPMENTS LIMITED continually generates losses, the Group has assessed that there is objective evidence of impairment as of December 31, 2014 and accrued an impairment loss.

(9) Property, plant and equipment

	Land	Buildings	Machinery	Office equipment	Others	Total
New Taiwan Dollars						
At January 1, 2015						
Cost	\$ 412,428	\$ 13,902,976	\$ 8,396,676	\$ 413,408	\$ 6,473,755	\$ 29,599,243
Accumulated depreciation and impairment	-	(1,962,972)	(3,957,196)	(248,793)	(3,184,217)	(9,353,178)
	<u>\$ 412,428</u>	<u>\$ 11,940,004</u>	<u>\$ 4,439,480</u>	<u>\$ 164,615</u>	<u>\$ 3,289,538</u>	<u>\$ 20,246,065</u>
Nine months ended September 30, 2015						
Opening net book amount	\$ 412,428	\$ 11,940,004	\$ 4,439,480	\$ 164,615	\$ 3,289,538	\$ 20,246,065
Additions	-	1,073,825	2,215,042	101,275	819,029	4,209,171
Disposals	-	(2,721)	(96,240)	(2,175)	(81,473)	(182,609)
Reclassifications	-	(1,711)	-	-	-	(1,711)
Depreciation charge	-	(242,464)	(1,483,634)	(63,651)	(718,015)	(2,507,764)
Impairment loss	-	-	-	-	-	-
Net exchange differences	-	215,765	80,331	3,694	35,489	335,279
Closing net book amount	<u>\$ 412,428</u>	<u>\$ 12,982,698</u>	<u>\$ 5,154,979</u>	<u>\$ 203,758</u>	<u>\$ 3,344,568</u>	<u>\$ 22,098,431</u>
New Taiwan Dollars						
At September 30, 2015						
Cost	\$ 412,428	\$ 15,145,942	\$ 10,721,921	\$ 527,802	\$ 6,551,732	\$ 33,359,825
Accumulated depreciation and impairment	-	(2,163,244)	(5,566,942)	(324,044)	(3,207,164)	(11,261,394)
	<u>\$ 412,428</u>	<u>\$ 12,982,698</u>	<u>\$ 5,154,979</u>	<u>\$ 203,758</u>	<u>\$ 3,344,568</u>	<u>\$ 22,098,431</u>
US Dollars						
At September 30, 2015						
Cost	\$ 12,547	\$ 460,783	\$ 326,192	\$ 16,057	\$ 199,323	\$ 1,014,902
Accumulated depreciation and impairment	-	(65,812)	(169,363)	(9,858)	(97,571)	(342,605)
	<u>\$ 12,547</u>	<u>\$ 394,971</u>	<u>\$ 156,829</u>	<u>\$ 6,199</u>	<u>\$ 101,752</u>	<u>\$ 672,297</u>
New Taiwan Dollars						
At January 1, 2014						
Cost	\$ 416,391	\$ 12,596,514	\$ 8,576,135	\$ 475,083	\$ 6,077,260	\$ 28,141,383
Accumulated depreciation and impairment	-	(1,585,793)	(3,972,841)	(244,080)	(2,482,579)	(8,285,293)
	<u>\$ 416,391</u>	<u>\$ 11,010,721</u>	<u>\$ 4,603,294</u>	<u>\$ 231,003</u>	<u>\$ 3,594,681</u>	<u>\$ 19,856,090</u>
Nine months ended September 30, 2014						
Opening net book amount	\$ 416,391	\$ 11,010,721	\$ 4,603,294	\$ 231,003	\$ 3,594,681	\$ 19,856,090
Additions	-	579,138	1,199,821	91,991	519,469	2,390,419
Disposals	-	-	(85,129)	(3,569)	(121,348)	(210,046)
Reclassifications	-	(23,063)	-	-	-	(23,063)
Depreciation charge	-	(229,307)	(1,506,415)	(89,648)	(654,448)	(2,479,818)
Reversal of impairment loss	-	-	-	15	-	15
Net exchange differences	-	16,810	109,404	200	12,549	138,963
Closing net book amount	<u>\$ 416,391</u>	<u>\$ 11,354,299</u>	<u>\$ 4,320,975</u>	<u>\$ 229,992</u>	<u>\$ 3,350,903</u>	<u>\$ 19,672,560</u>

	Land	Buildings	Machinery	Office equipment	Others	Total
New Taiwan Dollars						
At September 30, 2014						
Cost	\$ 416,391	\$ 13,163,605	\$ 8,655,067	\$ 527,657	\$ 6,437,220	\$ 29,199,940
Accumulated depreciation and impairment	-	(1,809,306)	(4,334,092)	(297,665)	(3,086,317)	(9,527,380)
	<u>\$ 416,391</u>	<u>\$ 11,354,299</u>	<u>\$ 4,320,975</u>	<u>\$ 229,992</u>	<u>\$ 3,350,903</u>	<u>\$ 19,672,560</u>

The property, plant and equipment were not pledged to others as collaterals.

(10) Investment property

	Land	Buildings	Total
New Taiwan Dollars			
At January 1, 2015			
Cost	\$ 65,923	\$ 522,759	\$ 588,682
Accumulated depreciation and impairment	-	(273,623)	(273,623)
	<u>\$ 65,923</u>	<u>\$ 249,136</u>	<u>\$ 315,059</u>
Nine months ended September 30, 2015			
Opening net book amount	\$ 65,923	\$ 249,136	\$ 315,059
Reclassifications	-	1,711	1,711
Depreciation charge	-	(17,638)	(17,638)
Net exchange differences	-	4,758	4,758
Closing net book amount	<u>\$ 65,923</u>	<u>\$ 237,967</u>	<u>\$ 303,890</u>
At September 30, 2015			
Cost	\$ 65,923	\$ 561,303	\$ 627,226
Accumulated depreciation and impairment	-	(323,336)	(323,336)
	<u>\$ 65,923</u>	<u>\$ 237,967</u>	<u>\$ 303,890</u>
US Dollars			
At September 30, 2015			
Cost	\$ 2,006	\$ 17,076	\$ 19,082
Accumulated depreciation and impairment	-	(9,837)	(9,837)
	<u>\$ 2,006</u>	<u>\$ 7,239</u>	<u>\$ 9,245</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
	New Taiwan Dollars		
At January 1, 2014			
Cost	\$ 65,923	\$ 491,335	\$ 557,258
Accumulated depreciation and impairment	-	(251,290)	(251,290)
	<u>\$ 65,923</u>	<u>\$ 240,045</u>	<u>\$ 305,968</u>
Nine months ended September 30, 2014			
Opening net book amount	\$ 65,923	\$ 240,045	\$ 305,968
Reclassifications	-	23,063	23,063
Depreciation charge	-	(16,664)	(16,664)
Net exchange differences	-	2,796	2,796
Closing net book amount	<u>\$ 65,923</u>	<u>\$ 249,240</u>	<u>\$ 315,163</u>
At September 30, 2014			
Cost	\$ 65,923	\$ 526,194	\$ 592,117
Accumulated depreciation and impairment	-	(276,954)	(276,954)
	<u>\$ 65,923</u>	<u>\$ 249,240</u>	<u>\$ 315,163</u>

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

	<u>Three months ended September 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2015</u>
	New Taiwan Dollars		US Dollars
Rental revenue from the lease of the investment property	<u>\$ 8,920</u>	<u>\$ 6,670</u>	<u>\$ 271</u>
Direct operating expenses arising from the investment property that generated rental income in the period	<u>\$ 5,885</u>	<u>\$ 5,604</u>	<u>\$ 179</u>
	<u>Nine months ended September 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2015</u>
	New Taiwan Dollars		US Dollars
Rental revenue from the lease of the investment property	<u>\$ 27,895</u>	<u>\$ 20,894</u>	<u>\$ 849</u>
Direct operating expenses arising from the investment property that generated rental income in the period	<u>\$ 17,638</u>	<u>\$ 16,664</u>	<u>\$ 537</u>

B. Investment property is stated initially at its cost and is depreciated on a straight-line basis over its estimated useful life. The fair value of the investment property held by the Group as at September 30, 2015, December 31, 2014 and September 30, 2014 was \$725,487, \$759,312 and \$756,604, respectively, which was evaluated based on the market prices of similar real estate in the areas nearby. Market prices on September 30, 2015, December 31, 2014 and September 30, 2014 did not change significantly.

C. There was no impairment loss on investment property.

D. The investment property was not pledged to others as collaterals.

(11) Intangible assets

	Trademark Rights	Goodwill	Others	Total
	New Taiwan Dollars			
At January 1, 2015				
Cost	\$ 52,327	\$ 2,698,180	\$ 187,678	\$ 2,938,185
Accumulated amortisation and impairment	-	-	(127,208)	(127,208)
	<u>\$ 52,327</u>	<u>\$ 2,698,180</u>	<u>\$ 60,470</u>	<u>\$ 2,810,977</u>
Nine months ended September 30, 2015				
Opening net book amount	\$ 52,327	\$ 2,698,180	\$ 60,470	\$ 2,810,977
Additions	-	-	52,120	52,120
Disposals	-	-	(113)	(113)
Amortisation charge	-	-	(37,087)	(37,087)
Net exchange differences	2,017	82,418	452	84,887
Closing net book amount	<u>\$ 54,344</u>	<u>\$ 2,780,598</u>	<u>\$ 75,842</u>	<u>\$ 2,910,784</u>
At September 30, 2015				
Cost	\$ 54,344	\$ 2,780,598	\$ 187,631	\$ 3,022,573
Accumulated amortisation and impairment	-	-	(111,789)	(111,789)
At September 30, 2015	<u>\$ 54,344</u>	<u>\$ 2,780,598</u>	<u>\$ 75,842</u>	<u>\$ 2,910,784</u>
	US Dollars			
At September 30, 2015				
Cost	\$ 1,653	\$ 84,594	\$ 5,708	\$ 91,955
Accumulated amortisation and impairment	-	-	(3,401)	(3,401)
	<u>\$ 1,653</u>	<u>\$ 84,594</u>	<u>\$ 2,307</u>	<u>\$ 88,554</u>

	Trademark Rights	Goodwill	Others	Total
	New Taiwan Dollars			
At January 1, 2014				
Cost	\$ 49,277	\$ 2,573,540	\$ 135,871	\$ 2,758,688
Accumulated amortization and impairment	-	-	(75,162)	(75,162)
	<u>\$ 49,277</u>	<u>\$ 2,573,540</u>	<u>\$ 60,709</u>	<u>\$ 2,683,526</u>
Nine months ended September 30, 2014				
Opening net book amount	\$ 49,277	\$ 2,573,540	\$ 60,709	\$ 2,683,526
Additions	-	-	36,646	36,646
Disposals	-	-	(34)	(34)
Amortisation charge	-	-	(38,512)	(38,512)
Net exchange differences	1,017	41,547	6	42,570
Closing net book amount	<u>\$ 50,294</u>	<u>\$ 2,615,087</u>	<u>\$ 58,815</u>	<u>\$ 2,724,196</u>
At September 30, 2014				
Cost	\$ 50,294	\$ 2,615,087	\$ 159,424	\$ 2,824,805
Accumulated amortisation and impairment	-	-	(100,609)	(100,609)
	<u>\$ 50,294</u>	<u>\$ 2,615,087</u>	<u>\$ 58,815</u>	<u>\$ 2,724,196</u>

A. Goodwill is allocated to the Group's cash-generating units identified according to operating segments as follows:

	September 30, 2015			December 31, 2014		
	Retail of computer, communication and consumer electronics	Memory module	Others	Retail of computer, communication and consumer electronics	Memory module	Others
	New Taiwan Dollars					
Taiwan	\$ -	\$ 419,858	\$ -	\$ -	\$ 419,858	\$ -
Hong Kong	2,220,547	-	-	2,138,129	-	-
All other segments	128,585	-	11,608	128,585	-	11,608
	<u>\$ 2,349,132</u>	<u>\$ 419,858</u>	<u>\$ 11,608</u>	<u>\$ 2,266,714</u>	<u>\$ 419,858</u>	<u>\$ 11,608</u>
	September 30, 2014			September 30, 2015		
	Retail of computer, communication and consumer electronics	Memory module	Others	Retail of computer, communication and consumer electronics	Memory module	Others
	New Taiwan Dollars			US Dollars		
Taiwan	\$ -	\$ 419,858	\$ -	\$ -	\$ 12,773	\$ -
Hong Kong	2,055,036	-	-	67,555	-	-
All other segments	128,585	-	11,608	3,912	-	353
	<u>\$ 2,183,621</u>	<u>\$ 419,858</u>	<u>\$ 11,608</u>	<u>\$ 71,467</u>	<u>\$ 12,773</u>	<u>\$ 353</u>

B. Goodwill and trademarks with indefinite useful life are allocated to POWER QUOTIENT INTERNATIONAL CO., LTD. (PQI)'s cash-generating units identified. The recoverable amount of all cash-generating units has been determined based on value-in-use and fair value calculations. These calculations use pre-tax cash flow projections and decisions assisted by independent valuation institutions based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The recoverable amount based on value-in-use calculation is greater than the carrying amount, thus, trademarks and goodwill with uncertain useful life are not impaired. The calculation of value-in-use is mainly based on gross profit margin, growth rate and discount rate. Management determines profit margin based on prior performance and expectation to the market development. Weighted average growth rate adopted is the same as the expectation stated in the industry report. Discount rate adopted is pre-tax ratio and reflects specific risk of related operating segments. Management believes that any reasonable adjustment of key assumptions used to estimate recoverable amounts of each cash generating unit would not result in carrying value exceeding the recoverable amount. Comparing the calculation of recoverable amount in accordance with the aforementioned assumption with PQI's assets available for operation and carrying value of goodwill at assessment date, there was no impairment to assets for the nine months ended September 30, 2015 and 2014.

- A. The Group assesses recoverable amount based on the net fair value for impairment assessment on recoverable amount of memory module. The fair value is assessed to be higher than the carrying amount, thus, goodwill is not impaired.
- B. The intangible assets were not pledged to others as collaterals.

(12) Long-term prepaid rents (Shown in other non-current assets)

	<u>September 30, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>
	New Taiwan Dollars			US Dollars
Land use right	<u>\$ 855,967</u>	<u>\$ 857,928</u>	<u>\$ 836,319</u>	<u>\$ 26,041</u>

Mainly consisting of land access right, the Group signed land access rights contracts for the use of land in China. All rentals had been paid on the contract date. The Group recognised rental expenses of \$5,133, \$4,964, \$15,250 and \$14,946 for the three months and nine months ended September 30, 2015 and 2014, respectively.

(13) Short-term borrowings

Type of borrowings	September 30, 2015		Interest rate range	Collateral
	New Taiwan Dollars	US Dollars		
Bank borrowings				
Credit borrowings	\$ 12,390,175	\$ 376,945	0.92%~6%	-

Type of borrowings	December 31, 2014		Interest rate range	Collateral
	New Taiwan Dollars			
Bank borrowings				
Credit borrowings	\$ 10,266,779		0.9%~4.7%	-

Type of borrowings	September 30, 2014		Interest rate range	Collateral
	New Taiwan Dollars			
Bank borrowings				
Credit borrowings	\$ 9,900,263		0.9%~6%	-

(14) Other payables

	September 30, 2015		December 31, 2014		September 30, 2014		September 30, 2015	
	New Taiwan Dollars				US Dollars			
Payables on conversion fee	\$ 3,961	\$ 137,066	\$ 143,418	\$ 121				
Payables on salary and bonus	1,970,328	1,737,970	1,309,039	59,943				
Employees' bonus and supervisors' and directors' remuneration payable	132,752	197,356	456,472	4,039				
Payables on equipment	1,408,428	1,127,648	580,135	42,848				
Others	2,476,397	1,552,289	2,193,922	75,339				
	\$ 5,991,866	\$ 4,752,329	\$ 4,682,986	\$ 182,290				

(15) Bonds payable (For the nine months ended September 30, 2015: None)

	December 31, 2014		September 30, 2014	
	New Taiwan Dollars			
Unsecured convertible bonds	\$ 475,000	\$ 475,000		
Less: Discount on bonds payable	-	(1,643)		
Accumulated redemption amount	(475,000)	-		
Less: Current portion	-	(473,357)		
	\$ -	\$ -		

The five-year unsecured convertible bonds issued by Power Quotient International Co., Ltd. on November 12, 2009 matured on November 12, 2014. As the bondholders did not exercise the conversion right, Power Quotient International Co., Ltd. has redeemed the bonds for \$475,000 thousand.

As the bonds matured and caused the stock options to expire, Power Quotient International Co., Ltd. reclassified “capital surplus – stock warrants” of \$65,491 thousand to capital surplus – others.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	September 30,	Unused credit line	September 30,	
				2015		2015	
				New Taiwan dollars		US dollars	
Long-term loan borrowings							
Bank credit borrowing	The amount of NTD 655,490 thousand, is payable in installments starting from January 2013 to June 2020	1.75%~2.5%	\$ 325,000	\$ 655,490	\$ 9,887	\$ 19,942	
Bank secured borrowings	The amount of NTD 88,831 thousand is payable in installments starting from July 2014 to July 2024.	2.1%~2.8%	-	88,831	-	2,702	
Medium-term and long-term syndicated loans	The amount of NTD 6,600,000 thousand is payable in installments from March 2013 to March 2018. The Company may issue a drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.60%~1.61%	1,400,000	<u>6,600,000</u>	42,592	<u>200,791</u>	
				7,344,321		223,435	
Less: Current portion				(110,588)		(3,364)	
				<u>\$ 7,233,733</u>		<u>\$ 220,071</u>	

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31,	
				2014	
				New Taiwan dollars	
Long-term loan borrowings					
Bank credit borrowing	The amount of NTD 49,488 thousand is payable in installments starting from January 2013 to July 2019.	0.44%~2.5%	\$ -	\$ -	49,489
Bank secured borrowings	The amount of NTD 102,185 thousand is payable in installments starting from July 2014 to July 2024.	2.1%~2.8%		7,514	102,185
Medium-term and long-term syndicated loans	The amount of NTD 5,600,000 thousand is payable in installments from March 2013 to March 2016. The Company may issue a drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.61%		2,400,000	<u>5,600,000</u>
					5,751,674
Less: Current portion					(50,177)
					<u>\$ 5,701,497</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	September 30, 2014
New Taiwan dollars				
Long-term loan borrowings				
Bank credit borrowing	The amount of NTD 146,665 thousand is payable in installments starting from January 2013 to November 2019.	0.44%~2.8%	\$ -	\$ 146,665
Medium-term and long-term syndicated loans	The amount of NTD 5,600,000 thousand is payable in installments from March 2013 to March 2016. The Company may issue a drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.61%	2,400,000	<u>5,600,000</u>
				5,746,665
Less: Current portion				<u>(48,002)</u>
				<u>\$ 5,698,663</u>

A.

In March 2013, the Company signed a medium-term syndicated revolving NTD credit facility agreement with the consortium-Mega International Commercial Bank as the lead bank. The terms of agreement are summarized below:

- a) Duration of loan: The loan period of the agreement was 3 years from the agreement signing date and extended to 5 years in September 2015.
- b) Credit line and draw-down: The credit line was \$8,000,000, which can be drawn down in installments of at least \$100,000 thousand per draw-down.
- c) Principal repayment: The duration of each loan drawn down is either 90 days or 180 days at the Company's option. The Company, if without any default, may submit an application to the banks to draw down a new loan with principal equal to the old one before its maturity, and the new loan is directly used to repay the original loan. The banks and the Company are not required to make remittances for such draw-down and repayment, which is viewed that the Company has received the new loan on the maturity of original loan.
- d) Commitment: The Company should maintain the following financial ratios during the contract duration for annual non-consolidated and consolidated financial statements and quarterly non-consolidated financial statements:
 - i. Current assets to current liabilities ratio of at least 1:1;
 - ii. Liabilities not exceeding 200% of tangible net equity;
 - iii. Interest coverage of at least 400%; and
 - iv. Tangible net equity of at least NT\$1,500,000,000
- e) The loan period is decided by the borrower. The borrower may choose to early repay the loans during the contract period according to the syndicated loan contract.

(17) Pensions

- A. a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.
- b) For the aforementioned pension plan, the Group recognised pension costs of \$3,174, \$2,228, \$9,442 and \$6,686 for the three months and nine months ended September 30, 2015 and 2014, respectively.
- c) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2016 amounts to \$8,380.
- B. a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- b) The Company's Mainland China subsidiaries have a funded defined contribution plan. Monthly contributions are based on the employees' monthly salaries (the contribution ratio for the nine months periods ended September 30, 2015 and 2014 is between 11%~20%) and wages to an independent fund administered by the government in accordance with the pension regulations. Other than the monthly contributions, the Group has no further obligations.
- c) The pension costs under the defined contribution pension plan for the three months and nine months ended September 30, 2015 and 2014 were \$17,538, \$17,861, \$52,647 and \$55,342, respectively.

(18) Share-based payment

A. As of September 30, 2014, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting Conditions	Actual resignation rate in the current period	Estimated future resignation rate
Employee stock options	2007.12.28	40,000,000	7 years	The stock options may be exercised in installments after two years of issuance of stock options.	0%	0%

B. Details of the share-based payment arrangements are as follows:

	Nine months ended September 30, 2014	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
		New Taiwan Dollars
Options outstanding at beginning of the period	13,558	\$ 45.40
Options exercised	(7,199)	43.10
Options forfeited	-	-
Options outstanding at end of the period	6,359	\$ 43.10
Options exercisable at end of the period	6,359	

(Note): Under the stock-based employee compensation plan, the weighted-average exercise price of the outstanding shares at beginning of the period is subject to adjustments due to changes in the number of common shares.

- C. The Company's share-based payments have expired in December 2014. As of September 30, 2014, the weighted-average exercise price of stock options outstanding was \$43.1 (in dollars), the weighted-average remaining contractual period was 0.25 year.
- D. For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted average parameters used in the estimation of the fair value are as follows:

Grant date	2007.12.28
Dividend rate	0%
Expected price volatility	39.98%
Risk-free interest rate	2.44%
Expected vesting period	5.05 years
Exercise price per share	\$68.8
Fair value per unit	\$26.66

(19) Share capital

A. As of September 30, 2015, the Company's authorized common stock was \$7,000,000 (including 50,000,000 shares reserved for the issuance of employees' warrants), and the issued and outstanding shares were both 512,326,940 shares, with a par value of \$10 (in dollars) per share.

Movement in the number of the Company's ordinary shares outstanding are as follows:

	<u>2015</u>	<u>2014</u>
At January 1	512,326,940	502,009,540
Employee stock options exercised	-	7,199,200
At September 30	<u>512,326,940</u>	<u>509,208,740</u>

B. The common shares issued through the exercise of employee stock option in July 18, 2014 had been registered on a quarterly basis in accordance with relevant regulations.

C. The rules on issuance of limited employee share rights resolved by the Board of Directors on May 15, 2014 were in accordance with Article 60-3-2 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", and were approved to be effective on September 9, 2014 by the Financial Supervisory Commission, Securities and Futures Bureau. However, the Company has not yet issued such employee share rights after one year since the effective date of issuance. For the Company to issue the employee share rights, reapplication for approval is needed.

(20) Capital surplus

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1, 2015	\$ 9,337,850	\$ 3,065	\$ 7,124	\$ 3,281	\$ 68,182	\$ 9,419,502
Employee stock options exercised	-	-	-	-	-	-
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	(244)	(1,657)	(1,901)
Transactions with non-controlling interest	-	-	-	-	-	-
At September 30, 2015	\$ 9,337,850	\$ 3,065	\$ 7,124	\$ 3,037	\$ 66,525	\$ 9,417,601

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1, 2014	\$ 8,985,731	\$ 3,065	\$ 7,142	\$ 3,043	\$ 50,218	\$ 9,049,199
Employee stock options exercised	248,906	-	-	-	-	248,906
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	-	1,470	1,470
Transactions with non-controlling interest	-	-	(24)	-	-	(24)
At September 30, 2014	\$ 9,234,637	\$ 3,065	\$ 7,118	\$ 3,043	\$ 51,688	\$ 9,299,551

(21) Retained earnings

- A. Based on the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of remainder shall be proposed by the Board of Directors and be resolved by the shareholders.
- B. According to the Company's Articles of Incorporation, no more than 90% of the distributable retained earnings shall be distributed as stockholders' bonus, of which a major portion is payable by shares and the balance by cash, which will be defined and approved during the stockholders' meeting. In general, cash dividend distributed in any calendar year shall be at least 20% of the total distributable earnings in that year.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- D. a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. The Company recognised dividends distributed to owners amounting to \$1,024,654 and \$1,518,197 for the nine months ended September 30, 2015 and 2014, respectively. Details of the appropriation of 2014's and 2013's net income which was approved at the stockholders' meeting on June 10, 2015 and June 12, 2014 are as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
	Amount	Dividend per share (NTD)	Amount	Dividend per share (NTD)
Legal reserve	\$ 178,579	\$ -	\$ 207,500	\$ -
Cash dividend	1,024,654	2.00	1,518,197	3.00
Total	<u>\$ 1,203,233</u>	<u>\$ 2.00</u>	<u>\$ 1,725,697</u>	<u>\$ 3.00</u>

- F. For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(27).

(22) Other equity items

	Available-for-sale investments	Currency translation differences	Total
	At January 1, 2015	\$ 1,245,345	\$ 1,123,014	$ 2,368,359
Valuation adjustment of available-for-sale investments	(100,498)	-	(100,498)
Currency translation differences:			
Group	-	235,847	235,847
Associates	-	16,996	16,996
At September 30, 2015 (New Taiwan dollars)	<u>\$ 1,144,847</u>	<u>\$ 1,375,857</u>	<u>\$ 2,520,704</u>
At September 30, 2015 (US Dollars)	<u>\$ 34,830</u>	<u>\$ 41,859</u>	<u>\$ 76,687</u>

	Available-for-sale investments	Currency translation differences	Total
At January 1, 2014	\$ 1,565,400	431,720	\$ 1,997,120
Valuation adjustment of available-for-sale investments	405,989	-	405,989
Currency translation differences:			
Group	-	84,174	84,174
Associates	-	(2,039)	(2,039)
At September 30, 2014 (New Taiwan dollars)	<u>\$ 1,971,389</u>	<u>\$ 513,855</u>	<u>\$ 2,485,244</u>

(23) Other income

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Rental revenue	\$ 8,920	\$ 6,670	\$ 271
Interest income	13,650	15,150	415
Management service income	1,896	8,324	58
Others	18,709	84,289	569
	<u>\$ 43,175</u>	<u>\$ 114,433</u>	<u>\$ 1,313</u>

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Rental revenue	\$ 27,895	\$ 20,894	\$ 849
Interest income	69,679	56,191	2,120
Management service income	8,430	27,209	256
Others	130,398	285,550	3,967
	<u>\$ 236,402</u>	<u>\$ 389,844</u>	<u>\$ 7,192</u>

(24) Other gains and losses

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Net losses on financial assets at fair value through profit or loss	\$ -	(\$ 1,530)	\$ -
Net currency exchange gains	289,493	118,229	8,807
Losses on disposal of property, plant and equipment	(14,125)	(2,950)	(430)
Gains (losses) on disposal of investments	344	(114)	10
Others	50,778	(49,754)	1,545
	<u>\$ 326,490</u>	<u>\$ 63,881</u>	<u>\$ 9,932</u>

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Net gains on financial assets at fair value through profit or loss	\$ -	\$ 9,808	\$ -
Net currency exchange gains (losses)	353,307	(9,041)	10,749
Losses on disposal of property, plant and equipment	(36,241)	(10,232)	(1,103)
Gains on disposal of investments	1,322,871	27,463	40,246
Others	5,626	(65,930)	171
	<u>\$ 1,645,563</u>	<u>(\$ 47,932)</u>	<u>\$ 50,063</u>

(25) Finance costs

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Interest expense:			
Bank borrowings	\$ 72,219	\$ 70,610	\$ 2,197
Bonds	-	4,770	-
Others	-	22	-
	<u>\$ 72,219</u>	<u>\$ 75,402</u>	<u>\$ 2,197</u>

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Interest expense:			
Bank borrowings	\$ 218,618	\$ 208,991	\$ 6,651
Bonds	-	14,201	-
Others	-	1,315	-
	<u>\$ 218,618</u>	<u>\$ 224,507</u>	<u>\$ 6,651</u>

(26) Expenses by nature

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Employee benefit expense	\$ 5,015,638	\$ 3,061,732	\$ 152,590
Depreciation charges on property, plant and equipment and investment property	848,100	824,681	25,802
Amortisation charges on intangible assets	16,073	13,183	489
Transportation expenses	260,513	236,522	7,926
Advertising costs	36,850	35,923	1,121
Operating lease payments	328,553	218,966	9,996
Total	<u>\$ 6,505,727</u>	<u>\$ 4,391,007</u>	<u>\$ 197,924</u>

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Employee benefit expense	\$ 11,975,213	\$ 9,442,893	\$ 364,320
Depreciation charges on property, plant and equipment and investment property	2,525,402	2,496,482	76,830
Amortisation charges on intangible assets	52,337	53,458	1,592
Transportation expenses	659,828	664,661	20,074
Advertising costs	186,224	95,339	5,665
Operating lease payments	755,174	690,920	22,975
Total	<u>\$ 16,154,178</u>	<u>\$ 13,443,753</u>	<u>\$ 491,456</u>

(27) Employee benefit expense

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Wages and salaries	\$ 4,462,345	\$ 2,729,636	\$ 135,758
Labour and health insurance fees	448,099	245,225	13,632
Pension costs	20,712	20,089	630
Other personnel expenses	84,482	66,782	2,570
	<u>\$ 5,015,638</u>	<u>\$ 3,061,732</u>	<u>\$ 152,590</u>

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Wages and salaries	\$ 10,646,067	\$ 8,406,943	\$ 323,883
Labour and health insurance fees	1,046,710	687,325	31,844
Pension costs	62,089	62,028	1,889
Other personnel expenses	220,347	286,597	6,704
	<u>\$ 11,975,213</u>	<u>\$ 9,442,893</u>	<u>\$ 364,320</u>

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors that account for 8% and 0.1% of profit after tax, respectively.

However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Company has not revised its Articles of Incorporation in accordance with the amended Company Act before the issuance of these financial statements; thus, the distribution is based on the unrevised Articles of Incorporation.

- B. For the three months and nine months ended September 30, 2015 and 2014, employees' remuneration (bonus) and directors' and supervisors' remuneration were accrued at \$74,318, \$139,545, \$102,059 and \$169,545, respectively. The aforementioned amounts were recognised in salary expenses. The expenses recognised for the year of 2015 were accrued based on the earnings of current year and the year of 2014 were accrued based on the net income of 2014, and the percentage specified in the Articles of Incorporation of the Company (8% and 0.1% of profit after tax for employees and directors/supervisors, respectively), taking into account other factors such as legal reserve.

Employees' remuneration (bonus) and directors' and supervisors' remuneration of 2014 as resolved by the stockholders were in agreement with those amounts recognised in the 2014 financial statements.

Information about the appropriation of employees' remuneration (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

a) Components of income tax expense:

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Current tax:			
Current tax on profits for the period	\$ 183,077	\$ 235,234	\$ 5,570
Tax on unappropriated surplus earnings	-	-	-
Adjustments in respect of prior years	180	-	5
Total current tax	183,257	235,234	5,575
Deferred tax:			
Origination and reversal of temporary differences	88,868	103,364	2,704
Income tax expense	\$ 272,125	\$ 338,598	\$ 8,279

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Current tax:			
Current tax on profits for the period	\$ 669,018	\$ 343,987	\$ 20,353
Tax on unappropriated surplus earnings	69,287	37,882	2,108
Adjustments in respect of prior years	40,333	(361)	1,227
Total current tax	778,638	381,508	23,688
Deferred tax:			
Origination and reversal of temporary differences	130,919	139,686	3,983
Income tax expense	\$ 909,557	\$ 521,194	\$ 27,671

b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Currency translation differences	(\$ 201,378)	(\$ 103,972)	(\$ 6,126)
Remeasurement of defined benefit obligations	-	-	-
Fair value gains/losses on available-for-sale financial assets	48,479	(15,898)	1,475
	(\$ 152,899)	(\$ 119,870)	(\$ 4,651)

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Currency translation differences	(\$ 156,289)	(\$ 26,150)	(\$ 4,754)
Remeasurement of defined benefit obligations	-	-	-
Fair value gains/losses on available-for-sale financial assets	15,327	(357,856)	466
	<u>(\$ 140,962)</u>	<u>(\$ 384,006)</u>	<u>(\$ 4,288)</u>

B. The latest year of the Company's and its domestic subsidiaries' income tax returns that have been assessed and approved by the Tax Authority is as follows:

	<u>Status of Assessment</u>
The Company and Studio A Inc.	Assessed and approved up to 2012
PQI, PROCONN, FII, WCT, FUII, Zhi De Investment, Shinfox, Du Precision, VT, Dart, Va Product Inc.	Assessed and approved up to 2013

C. Unappropriated retained earnings:

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars			US Dollars
Earnings generated in and before 1998	<u>\$ 6,049,093</u>	<u>\$ 5,853,307</u>	<u>\$ 5,161,983</u>	<u>\$ 184,031</u>

D. As of September 30, 2015, December 31, 2014 and September 30, 2014, the balance of the imputation tax credit account was \$830,769, \$1,009,526 and \$897,201, respectively. The creditable tax rate was 22.42% for 2013 and 17.45% for 2014.

(29) Earnings per share

Three months ended September 30, 2015					
Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)		Earnings per share (in dollars)	
New Taiwan Dollars US Dollars				New Taiwan Dollars US Dollars	
<u>Basic earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 1,024,600	\$ 31,171	512,327	\$ 2.00	\$ 0.06
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 1,024,600	\$ 31,171	512,327		
Assumed conversion of all dilutive potential ordinary shares					
Employees' options	-	-	-		
Employees' bonus	-	-	1,691		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,024,600	\$ 31,171	514,018	\$ 1.99	\$ 0.06
Three months ended September 30, 2014					
Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)		Earnings per share (in dollars)	
New Taiwan Dollars				Dollars	
<u>Basic earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 525,111		514,421	\$ 1.02	
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 525,111		514,421		
Assumed conversion of all dilutive potential ordinary shares					
Employees' options	-		2,133		
Employees' bonus	-		8,703		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 525,111		525,257	\$ 1.00	

Nine months ended September 30, 2015

	Amount after tax		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)	
	New Taiwan Dollars	US Dollars		New Taiwan Dollars	US Dollars
	<u>Basic earnings per share</u>				
Profit attributable to ordinary shareholders of the parent	\$ 1,399,990	\$ 42,592	512,327	\$ 2.73	\$ 0.08
<u>Diluted earnings per share</u>					
Profit attributable to ordinary shareholders of the parent	\$ 1,399,990	\$ 42,592	512,327		
Assumed conversion of all dilutive potential ordinary shares					
Employees' options	-	-	-		
Employees' bonus	-	-	2,322		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,399,990	\$ 42,592	514,649	\$ 2.72	\$ 0.08

Nine months ended September 30, 2014

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share	
			New Taiwan Dollars	Dollars
	<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 929,206	507,566	\$ 1.83	
<u>Diluted earnings per share</u>				
Profit attributable to ordinary shareholders of the parent	\$ 929,206	507,566		
Assumed conversion of all dilutive potential ordinary shares				
Employees' options	-	3,156		
Employees' bonus	-	8,703		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 929,206	519,425	\$ 1.79	

(30) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

A. On January 28, 2014, PQI acquired an additional 6.13% shares of PQI JAPAN CO., LTD. for a total cash consideration of JPY\$40,000 thousand (NT\$11,832 thousand). The carrying amount of non-controlling interest in PQI JAPAN CO., LTD. was (\$7,660) at the acquisition date. This transaction resulted in an increase in the non-controlling interest by \$7,660 and a decrease in the equity attributable to owners of the parent by \$8,295.

B. On April 11, 2014, the Group acquired an additional 12.25% shares in Va Product Inc. for a total cash consideration of \$2,940. The carrying amount of non-controlling interest in Va Product Inc. was \$3,082 at the acquisition date. The transaction resulted in a decrease in the non-controlling interest by \$771 and a decrease in the equity attributable to owners of the parent by \$2,169.

C. The effect of changes in non-controlling interests in PQI JAPAN CO., LTD. and Va Product Inc. on the equity attributable to owners of the parent for the nine months ended September 30, 2014 is shown below:

	<u>Nine months ended September 30, 2014</u>
Carrying amount of non-controlling interest acquired	(\$ 2,489)
Consideration paid to non-controlling interest	(7,975)
	<u>(\$ 10,464)</u>
Capital surplus-difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount	(\$ 24)
Retained earnings-difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount	<u>(\$ 10,440)</u>

D. The Group did not conduct any transaction with non-controlling interest during the nine months ended September 30, 2015.

(31) Operating leases

The Group leases offices, warehouses and branch locations under non-cancellable operating lease agreements. The lease terms are between 1 to 6 years, and all the lease agreements are renewable at the end of the lease period. The Group recognised rental expenses of \$328,553, \$218,996, \$755,174 and \$690,920 and contingent rents of \$6,445, \$4,316, \$26,291 and \$16,850 for these leases in profit or loss for the three months and nine months ended September 30, 2015 and 2014, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>
	New Taiwan Dollars		US Dollars	
No later than one year	\$ 331,714	\$ 368,202	\$ 362,921	\$ 10,092
Later than one year but not later than five years	<u>263,947</u>	<u>290,961</u>	<u>300,203</u>	<u>8,030</u>
	<u>\$ 595,661</u>	<u>\$ 659,163</u>	<u>\$ 663,124</u>	<u>\$ 18,122</u>

(32) Supplemental cash flow information

Investment activities with partial cash payments:

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Purchased property, plant and equipment	\$ 4,209,171	\$ 2,390,419	\$ 128,055
Add: opening balance of payable on equipment	1,127,648	867,825	34,306
Less: ending balance of payable on equipment	(1,408,428)	(580,135)	(42,848)
Cash paid during the period for property, plant and equipment	<u>\$ 3,928,391</u>	<u>\$ 2,678,109</u>	<u>\$ 119,513</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales of goods

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Sales of goods:			
-Associates	<u>\$ 407,303</u>	<u>\$ 568,050</u>	<u>\$ 12,391</u>

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Sales of goods:			
-Associates	<u>\$ 976,992</u>	<u>\$ 1,013,332</u>	<u>\$ 29,723</u>

All the credit terms on sales to related parties were 120 to 180 days after monthly billings. The credit terms on sales to third parties were 30 to 120 days after monthly billing or upon shipment of goods, except for receivables arising from the sales of tooling that are collectible upon acceptance by customers.

B. Purchases of goods

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Purchases of goods:			
-Associates	<u>\$ 619,831</u>	<u>\$ 387,254</u>	<u>\$ 18,857</u>

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Purchases of goods:			
-Associates	\$ 1,285,954	\$ 1,104,951	\$ 39,122

All purchases from related parties are at arm's-length. Payment period was 60 to 120 days after receipt of goods from suppliers.

C. Accounts receivable

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars			US Dollars
Receivables from related parties:				
-Associates	\$ 609,007	\$ 687,736	\$ 827,754	\$ 18,528
Other receivables from related parties:				
-Associates				
Financing	\$ 598,540	\$ 509,200	\$ -	\$ 18,209
Others	69,393	201,338	192,466	2,111
	\$ 667,933	\$ 710,538	\$ 192,466	\$ 20,320

D. Accounts payable

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars			US Dollars
Payables from related parties:				
-Associates	\$ 646,808	\$ 406,419	\$ 321,707	\$ 19,678

E. Loans to related parties:

a) Receivables from related parties

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars			US Dollars
Associates	\$ 598,540	\$ 509,200	\$ -	\$ 18,209

b) Interest income

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Associates	\$ 8,370	\$ -	\$ 255

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Associates	\$ 24,285	\$ -	\$ 739

(2) Key management compensation

	Three months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Salaries and other short-term employee benefits	\$ 25,126	\$ 37,824	\$ 764
Post-employment benefits	327	340	10
Total	<u>\$ 25,453</u>	<u>\$ 38,164</u>	<u>\$ 774</u>

	Nine months ended September 30,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Salaries and other short-term employee benefits	\$ 53,561	\$ 66,319	\$ 1,629
Post-employment benefits	968	1,093	29
Total	<u>\$ 54,529</u>	<u>\$ 67,412</u>	<u>\$ 1,658</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value	Book value	Pledged purpose
	September 30, 2015	December 31, 2014	
Restricted assets - current	\$ 322,753	\$ 197,180	Customs deposit, guarantee for L/C issued for purchases of materials and government grants
	(US\$ 9,819)		
Other receivables	17,246	243	Sale of accounts receivable retention money
	(US\$ 525)		
Refundable deposits	478,376	409,588	Customs deposit and plant deposit
	(US\$ 14,554)		
Other assets - other	2,500	2,500	Litigation deposit
	(US\$ 76)		
	<u>\$ 820,875</u>	<u>\$ 609,511</u>	

Pledged assets	Book value		Pledged purpose
	September 30, 2014		
Restricted assets - current	\$	189,010	Customs deposit, guarantee for L/C issued for purchases of materials and government grants
Other receivables		60,025	Sale of accounts receivable retention money
Refundable deposits		368,784	Customs deposit and plant deposit
Other assets - other		2,500	Litigation deposit
		<u>\$ 620,319</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows :

	September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015
	New Taiwan Dollars		US Dollars	
Property, plant and equipment	<u>\$ 1,638,615</u>	<u>\$ 723,735</u>	<u>\$ 919,168</u>	<u>\$ 49,851</u>

(2) On December 16, 2011, PQI was informed by its US indirect subsidiary that it had a dispute over accounts receivable with a customer in Central and South America. Through the Company's investigation, it was found that this event was caused by one employee of the US indirect subsidiary of PQI, who altered the related delivery documents without permission, which resulted to the delivery of the goods to a location that was not designated by the customer. The related amount was estimated at US\$19,447 thousand (NT\$577,633 thousand). Based on the attorney's opinion, the US indirect subsidiary of PQI has the credit right to the employee on this event. However, based on conservatism principle, the US indirect subsidiary of PQI has recognized bad debts in full for the credit right (shown under non-operating expenses – other expenses). This case has been under the investigation of the courts in ROC and USA. However, actual loss depends on the judgement of the courts. PQI had filed a lawsuit in ROC and USA, respectively, against the employee and applied to Taiwan New Taipei District Court for provisional seizure with a deposit of \$2,500 as security. Based on the attorney's opinion, the collectability of the credit right was uncertain. In addition, the US indirect subsidiary of PQI filed a lawsuit against its client—PRIVATE LABEL PC, INC. (PLPC), seeking compensation. PLPC also filed a counterclaim against the US indirect subsidiary and HK indirect subsidiary of PQI, seeking compensation of US\$3,224 thousand. The US indirect subsidiary has reached an out-of-court settlement with certain defendants and collected compensation of US\$950 thousand and US\$400 thousand in March and September 2015, respectively. On October 7, 2015, PLC withdrew the claim against the Hong Kong subsidiary. The case is still subject to the judgement of the US Court. As of the financial reporting date, the final results of these cases had not been determined.

(3) On March 25, 2014, the shareholders of Studio A Inc. approved to sell its 51% shares in ASHOP CO., LTD. to Dugo Tech (Dugo Tech Co., Ltd.) or the designated person for the amount of US\$ 5,000 thousand over three years. The transaction amount will be collected in full at the end of 2016. In order to protect its right, Studio A Inc. will not transfer its control right until the amount of equity transaction is collected completely. Furthermore, since ASHOP CO. LTD. is still considered as a subsidiary of Studio A Inc., ASHOP CO., LTD. consults and requests the Company to provide capital of US\$7,000 thousand at the maximum (shown as “other receivables-related parties”) and guarantee for material purchase from Apple of US\$3,000 thousand at the maximum. If there is any loss on the loan and the endorsement, Studio A Inc. has joint and several liability and the maximum amount of compensation is US\$10,000 thousand. However, the result is dependent upon the completion of the transaction.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the actual financial condition.

(2) Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amount of financial instruments measured at amortised cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables) is approximate to their fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	September 30, 2015			
	Book value	Fair value	Book value	Fair value
	New Taiwan Dollars		US Dollars	
	New Taiwan Dollars		US Dollars	
Financial assets:				
Financial assets measured at cost	\$ 600,363	\$ -	\$ 18,265	\$ -
Financial liabilities:				
Long-term borrowings (including current portion)	\$ 7,344,321	\$ 7,008,477	\$ 223,435	\$ 213,218
	December 31, 2014		September 30, 2014	
	Book value	Fair value	Book value	Fair value
	New Taiwan Dollars		New Taiwan Dollars	
Financial assets:				
Financial assets measured at cost	\$ 534,626	\$ -	\$ 533,000	\$ -
Financial liabilities:				
Long-term borrowings (including current portion)	\$ 5,751,674	\$ 5,559,230	\$ 5,746,665	\$ 5,562,830

B. Financial risk management policies

- a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Please refer to Note 6(2).
- b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

- i. The Group primarily uses US dollars as the valuation unit in purchases and sales, and the fair value of foreign currency will change as the market exchange rate changes. However, the positions and collection and payment periods of assets and liabilities denominated in foreign currencies are approximately the same and the assets and liabilities have offsetting positions in market risks. If a short-term position gap arises, the Group will enter into foreign exchange forward contracts. Hence, it does not expect to have significant market risk.
- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2015		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 560,491	32.87	\$ 18,423,347
RMB : NTD	10,957	5.18	56,763
HKD : NTD	10,671	4.24	45,244
JPY : NTD	624,221	0.27	168,540
USD : HKD	9,562	7.25	314,303
RMB : HKD	8,989	1.22	46,563
USD : RMB	30,706	6.36	1,009,306
<u>Non-monetary items</u>			
RMB : HKD	\$ 67,422	1.22	\$ 349,505
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 572,354	32.87	\$ 18,813,261
HKD : NTD	2,825	4.24	11,977
JPY : NTD	198,469	0.27	53,587
USD : HKD	27,119	7.75	891,402
RMB : HKD	52,088	1.22	269,816
USD : RMB	83,550	6.36	2,746,289

				December 31, 2014		
				Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$	398,243		31.65	\$	12,604,391
RMB : NTD		4,433		5.09		22,564
HKD : NTD		15,847		4.08		64,656
JPY : NTD		396,631		0.26		103,124
USD : HKD		10,886		7.76		344,542
RMB : HKD		18,163		1.25		92,450
USD : RMB		33,468		6.20		1,059,262
<u>Mon-monetary items</u>						
RMB : HKD	\$	62,771		1.25	\$	319,504
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$	294,591		31.65	\$	9,323,805
HKD : NTD		2,483		4.08		10,131
JPY : NTD		186,195		0.26		48,411
USD : HKD		56,601		7.76		1,791,422
RMB : HKD		68,075		1.25		346,502
USD : RMB		208,754		6.20		6,607,064

September 30, 2014			
Foreign currency			
(Foreign currency: functional currency)	(in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 1,018,236	30.42	\$ 30,974,739
RMB : NTD	1,931	4.93	9,520
HKD : NTD	18,886	3.92	74,033
JPY : NTD	382,054	0.28	106,975
USD : HKD	72	7.76	558
RMB : HKD	9,057	1.26	44,651
USD : RMB	58,479	6.14	1,778,931
<u>Non-monetary items</u>			
RMB : HKD	\$ 130,619	1.26	\$ 643,952
<u>Monetary liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 343,275	30.42	\$ 10,442,426
HKD : NTD	7,833	3.92	30,075
JPY : NTD	182,762	0.28	51,173
USD : HKD	51,895	7.76	1,578,646
RMB : HKD	65,720	1.26	324,000
USD : RMB	205,082	6.14	6,238,594

iii. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2015 and 2014 amounted to \$289,493, \$118,229, \$353,307 and (\$9,041), respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine months ended September 30, 2015			
Sensitivity Analysis			
Extent of variation	Effect on profit or loss before income tax	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	184,233 \$	-
RMB : NTD	1%	568	-
HKD : NTD	1%	452	-
JPY : NTD	1%	1,685	-
USD : HKD	1%	3,143	-
RMB : HKD	1%	466	-
USD : RMB	1%	10,093	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	188,133 \$	-
HKD : NTD	1%	120	-
JPY : NTD	1%	536	-
USD : HKD	1%	8,914	-
RMB : HKD	1%	2,698	-
USD : RMB	1%	27,463	-

Nine months ended September 30, 2014

Sensitivity Analysis				
	Extent of variation	Effect on profit or loss before income tax	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 309,747	\$	-
RMB : NTD	1%	95		-
HKD : NTD	1%	740		-
JPY : NTD	1%	1,070		-
USD : HKD	1%	6		-
RMB : HKD	1%	447		-
USD : RMB	1%	17,789		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 104,424	\$	-
HKD : NTD	1%	307		-
JPY : NTD	1%	512		-
USD : HKD	1%	15,786		-
RMB : HKD	1%	3,240		-
USD : RMB	1%	62,386		-

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss or measured at cost. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The Group has set stop-loss amounts. No significant market risk is expected.
- ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2015 and 2014 would have increased/decreased by \$0 and \$4, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$13,845 and \$24,353, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the nine months ended September 30, 2015 and 2014, the Group's borrowings at variable rate were denominated in the NTD and USD.
- ii. As of September 30, 2015 and 2014, if interest rates on borrowings at that date had been 1% lower/higher with all other variables held constant, post-tax profit for the nine months ended September 30, 2015 and 2014 would have been \$60,958 and \$47,697 lower/higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks and financial institutions, only financial institutions with high credit quality are accepted as counterparties of trade.
- ii. Loan guarantees provided by the Company are in compliance with the Company's "Procedures for Provision of Endorsements and Guarantees" and are only provided to subsidiaries of which the Company owns directly more than 50% ownership or affiliates of which the Company owns directly or indirectly more than 50% ownership and on which the Company has a significant influence. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Company is the total amount of loan guarantees.

- iii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.
- iv. The individual analysis of financial assets that had been impaired is provided in the disclosure for each type of financial asset in Note 6.

c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The equity instruments are traded in active markets and accordingly, are expected to be readily sold at approximately its fair value. Therefore, the Group expects no significant liquidity risk.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

September 30, 2015	Between		Between		Between	
	Less than 1 year	1 and 2 years	2 and 3 years	3 and 5 years	Over 5 years	
New Taiwan Dollars						
Short-term borrowings	\$ 12,390,175	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable	46,478	-	-	-	-	-
Accounts payable	22,309,569	-	-	-	-	-
Other payables	5,991,866	-	-	-	-	-
Bonds payable	-	-	-	-	-	-
Long-term borrowings (including current portion)	110,588	518,776	6,654,228	34,914		25,815

Non-derivative financial liabilities:

September 30, 2015	Between		Between		Between	
	Less than 1 year	1 and 2 years	2 and 3 years	3 and 5 years	Over 5 years	
US Dollars						
Short-term borrowings	\$ 376,945	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable	1,414	-	-	-	-	-
Accounts payable	678,721	-	-	-	-	-
Other payables	182,290	-	-	-	-	-
Bonds payable	-	-	-	-	-	-
Long-term borrowings (including current portion)	3,364	15,783	202,441	1,062		785

Non-derivative financial liabilities:

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	\$ 10,266,779	\$ -	\$ -	\$ -	\$ -
Notes payable	4,073	-	-	-	-
Accounts payable	12,929,925	-	-	-	-
Other payables	4,752,329	-	-	-	-
Bonds payable	-	-	-	-	-
Long-term borrowings (including current portion)	50,177	5,635,231	33,705	22,969	9,592

Non-derivative financial liabilities:

September 30, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	\$ 9,900,263	\$ -	\$ -	\$ -	\$ -
Notes payable	7,517	-	-	-	-
Accounts payable	12,129,522	-	-	-	-
Other payables	4,682,986	-	-	-	-
Bonds payable	475,000	-	-	-	-
Long-term borrowings (including current portion)	48,002	5,631,311	27,833	34,323	5,196

As of September 30, 2015, December 31, 2014 and September 30, 2014, all of the derivative financial liabilities of the Group will be settled in less than 1 year.

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(10).
- B. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in non-hedging derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2015, December 31, 2014 and September 30, 2014 is as follows:

September 30, 2015	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets :				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets	<u>\$ 1,845,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,845,946</u>
December 31, 2014	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets :				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contract	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ -</u>	<u>\$ 79</u>
Available-for-sale financial assets	<u>\$ 1,994,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,994,714</u>
September 30, 2014	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets :				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets	<u>\$ 2,934,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,934,150</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through				
Forward exchange contract	<u>\$ -</u>	<u>\$ 530</u>	<u>\$ -</u>	<u>\$ 530</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the nine months ended September 30, 2015 and 2014, there was no transfer between Level 1 and Level 2.

13. SUPPLEMENTARY DISCLOSURES

1) Significant transactions information

For the investees' information, except for financial statements of CU, FII, FUII, Zhi De Investment, Studio A Inc., Studio A Inc. (Hong Kong), Fu Gang Electronics (Dong Guan) Ltd., Fu Gang Electronics (Kun Shan) Ltd., Dong Guan Fu Qiang Electronics Ltd. and FOXLINK which were reviewed by independent accountants, and PQI, APIX and Sinocity Industries Ltd. which were reviewed by other independent accountants, the financial statements of other subsidiaries were not reviewed because they did not meet the definition of significant subsidiaries. The disclosure information listed below is for reference.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

Cheng Uei Precision Industry Co., Ltd.

Loans to others

Nine months ended September 30, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2015	Balance at September 30, 2015	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	Cheng Uei Precision Industry Co., Ltd.	Fu Gang Electronics (Tian Jin) Ltd.	Other receivables-related parties	Yes	\$ 500,000	\$ 500,000	\$ 93,644	-	2	\$ -	Operations	\$ -	-	\$ -	\$ 5,228,123	\$ 10,456,246	
0	Cheng Uei Precision Industry Co., Ltd.	Suntain Co., Ltd. (Suntain)	"	"	100,000	100,000	10,000	-	2	-	"	-	-	-	5,228,123	10,456,246	
0	Cheng Uei Precision Industry Co., Ltd.	Foxlink Electronics (Tian Jin) Ltd.	"	"	200,000	200,000	189,400	-	2	-	"	-	-	-	5,228,123	10,456,246	
0	Cheng Uei Precision Industry Co., Ltd.	Kuenshan Fugang Electronics Trading Co., Ltd.	"	"	51,760	51,760	-	-	2	-	"	-	-	-	5,228,123	10,456,246	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., LTD.	"	"	328,700	328,700	230,090	4	2	-	"	-	-	-	5,228,123	10,456,246	
0	Cheng Uei Precision Industry Co., Ltd.	Microlink Communications Inc.	"	"	85,000	85,000	80,940	-	2	-	"	-	-	-	5,228,123	10,456,246	
0	Cheng Uei Precision Industry Co., Ltd.	Proconn Technology Co., Ltd.	"	"	46,668	41,800	41,800	-	2	-	"	-	-	-	5,228,123	10,456,246	
1	CU INTERNATIONAL LTD.	Fu Gang Electronics (Kun Shan) Ltd.	"	"	100,000	100,000	53,481	-	2	-	"	-	-	-	5,228,123	10,456,246	
1	CU INTERNATIONAL LTD.	Kuenshan Fushijing Electronics Co., Ltd.	"	"	200,000	200,000	110,738	-	2	-	"	-	-	-	5,228,123	10,456,246	
2	Fu Gang Electronics (Kuen Shan) Ltd.	Darts Technologies (Shang Hai) Co., Ltd.	"	"	179,566	-	-	-	2	-	"	-	-	-	5,228,123	10,456,246	
2	Fu Gang Electronics (Kuen Shan) Ltd.	Kuenshan Fu Shi Yu Trading Co., Ltd.	"	"	25,880	25,880	-	-	2	-	"	-	-	-	5,228,123	10,456,246	
2	Fu Gang Electronics (Kuen Shan) Ltd.	Kuenshan Fugang Electronics Trading Co., Ltd.	"	"	155,280	155,280	-	-	2	-	"	-	-	-	5,228,123	10,456,246	
2	Fu Gang Electronics (Kuen Shan) Ltd.	Sharetronic Data Technology Co., LTD.	Other receivables	No	517,600	517,600	517,600	6.5	2	-	"	-	-	-	5,228,123	10,456,246	
2	Fu Gang Electronics (Kuen Shan) Ltd.	Fu Qiang(Yancheng) Co., Ltd.	Other receivables-related parties	Yes	51,760	51,760	41,408	-	2	-	"	-	-	-	5,228,123	10,456,246	
3	Proconn Technology Co., Ltd.	BYFORD INTERNATIONAL LTD.	"	"	55,784	55,784	55,784	-	2	-	"	-	-	-	5,228,123	10,456,246	
3	Proconn Technology Co., Ltd.	MEDIA UNIVERSE INC.	Other receivables-related parties	Yes	\$ 271,501	\$ 271,501	\$ 271,501	-	2	\$ -	Operations	\$ -	\$ -	\$ -	\$ 5,228,123	\$ 10,456,246	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2015	Balance at September 30, 2015	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
4	MEDIA UNIVERSE INC.	Proconn Technology (Suzhou) Co., Ltd	"	"	367,320	367,320	367,320	-	2	-	"	-	-	-	5,228,123	10,456,246	
5	Studio A Inc.	Jing Sheng Technology Co., Ltd	"	"	100,000	100,000	-	-	2	-	"	-	-	-	5,228,123	10,456,246	
5	Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	"	"	100,000	100,000	-	-	2	-	"	-	-	-	5,228,123	10,456,246	
5	Studio A Inc.	Studio A Inc. (Hong Kong)	"	"	300,000	300,000	-	1.5	2	-	"	-	-	-	5,228,123	10,456,246	
6	World Circuit Technology Co., Ltd.	World Circuit Technology (Hong Kong) Limited	"	"	32,870	32,870	25,859	-	2	-	"	-	-	-	5,228,123	10,456,246	
6	World Circuit Technology Co., Ltd.	Shanghai World Circuit Technology Co., Ltd. (SWCT)	"	"	150,000	150,000	75,170	-	2	-	"	-	-	-	5,228,123	10,456,246	
6	World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	"	"	222,000	222,000	222,000	-	2	-	"	-	-	-	5,228,123	10,456,246	
7	BYFORD INTERNATIONAL LTD.	Proconn Technology (Shenzhen) Co., Ltd.	"	"	173,009	173,009	173,009	-	2	-	"	-	-	-	5,228,123	10,456,246	
8	Jing Jing Technology Co., Ltd.	Studio A Inc.	"	"	100,000	100,000	-	-	2	-	"	-	-	-	5,228,123	10,456,246	
9	Foxlink Electronics (Tian Jin) Ltd.	Fu Gang Electronics (Kun Shan) Ltd.	"	"	258,800	258,800	258,800	-	2	-	"	-	-	-	5,228,123	10,456,246	
10	Neosonic Energy Technology (Tianjin) Ltd.	Fu Gang Electronics (Tian Jin) Ltd.	"	"	204,452	204,452	204,452	-	2	-	"	-	-	-	5,228,123	10,456,246	
11	Kuenshan Fugang Electronics Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	"	"	51,760	51,760	-	-	2	-	"	-	-	-	5,228,123	10,456,246	
12	APIX LIMITED	Power Quotient International Co., Ltd.	"	"	218,768	-	-	-	2	-	Acquisition of plan	-	-	-	774,462	1,548,925	
12	APIX LIMITED	SINOCITY INDUSTRIES LTD.	"	"	\$ 315,000	-	-	-	2	-	"	-	-	-	774,462	1,548,925	
13	Shinfox Corporation Ltd.	CLASSIC LIVING CO., LTD.	Other receivables	No	40,000	40,000	5,900	-	2	-	Operations	-	-	-	5,228,123	10,456,246	
14	FOXWELL ENERGY CORPORATION LTD.	Shinfox Corporation Ltd.	Other receivables-related parties	Yes	35,000	35,000	30,000	-	2	-	"	-	-	-	5,228,123	10,456,246	
15	Power Quotient International Co., Ltd.	SINOCITY INDUSTRIES LTD.	Other receivables-related parties	Yes	\$ 315,000	\$ -	\$ -	-	2	\$ -	Acquisition of plan	\$ -	\$ -	\$ -	\$ 992,303	\$ 1,984,606	
16	Fu Uei International Investment Ltd.	Cheng Uei Precision Industry Co., Ltd.	"	"	450,000	450,000	-	-	2	-	Operations	-	-	-	5,228,123	10,456,246	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2015	Balance at September 30, 2015	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
17	FOXLINK TECHNOLOGY	CU INTERNATIONAL LTD.	"	"	98,610	98,610	-	-	2	-	"	-	-	-	5,228,123	10,456,246	
17	FOXLINK TECHNOLOGY	Cheng Uei Precision Industry Co., Ltd.	"	"	419,093	419,093	386,223	-	2	-	"	-	-	-	5,228,123	10,456,246	
18	Fu Gang Electronics (Tian Jin) Ltd.	Fu Gang Electronics (Kun Shan) Ltd.	"	"	1,552,800	1,552,800	1,552,800	-	2	-	"	-	-	-	5,228,123	10,456,246	
19	Studio A Inc. (Hong Kong)	Kunshan Fugang Electronics Trading Co., Ltd.	"	"	207,040	207,040	-	-	2	-	"	-	-	-	5,228,123	10,456,246	

Note 1: The numbers as follows represent the nature of loan:

- a) Business transaction is labelled as "1".
- b) Short-term financing is labelled as "2".

Note 2: Limit on loans granted to a single party is 20% of the Company's net assets value.

Limit on loans granted by PQI to a single party is 20% of their respective net assets value.

Limit on loans granted by APIX LIMITED Co., Ltd. to a single party is 20% of their respective net assets value.

Note 3: Ceiling on total loans granted to all parties is 40% of the Company's net assets value.

Ceiling on total loans by PQI to all parties is 40% of their respective net assets value.

Ceiling on total loans granted by APIX LIMITED Co., Ltd. to all parties is 40% of their respective net assets value.

Cheng Uei Precision Industry Co., Ltd.
 Provision of endorsements and guarantees to others
 Nine months ended September 30, 2015

Table 2

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2015	Outstanding endorsement/ guarantee amount at September 30, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor											
0	Cheng Uei Precision Industry Co., Ltd.	Jing Sheng Technology Co., Ltd.	An indirect wholly-owned subsidiary	\$ 10,456,246	\$ 131,480	\$ 131,480	\$ 45,582	\$ -	0.50	\$ 13,070,308	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., LTD.	"	10,456,246	98,610	98,610	98,610	-	0.38	13,070,308	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Jing Jing Technology Co., Ltd.	"	10,456,246	130,080	-	-	-	-	13,070,308	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Inc.	"	10,456,246	1,186,980	1,134,015	313,158	-	4.34	13,070,308	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Inc. (Hong Kong)	"	10,456,246	2,300,900	2,300,900	33,856	-	8.80	13,070,308	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electronics Trading Co., Ltd.	"	10,456,246	164,350	164,350	164,350	-	0.63	13,070,308	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electronics Trading Co., Ltd.	"	10,456,246	1,265,495	1,265,495	442,430	-	4.84	13,070,308	Y	N	Y	
1	Proconn Technology Co., Ltd.	MEDIA UNIVERSE INC.	Subsidiary	10,456,246	47,295	-	-	-	-	13,070,308	Y	N	N	
2	Power Quotient International Co., Ltd.	SINOCITY INDUSTRIES LTD.	"	2,480,758	328,700	328,700	328,700	-	6.62	2,480,758	Y	N	N	
3	Studio A Inc.	Jing Jing Technology Co., Ltd.	"	10,456,246	50,000	50,000	-	-	0.19	13,070,308	Y	N	N	
3	Studio A Inc.	ASHOP CO., LTD.	"	10,456,246	427,310	427,310	328,700	-	1.63	13,070,308	Y	N	N	
3	Studio A Inc.	Studio A Inc. (Hong Kong)	Subsidiary	10,456,246	747,960	262,960	98,610	-	1.01	13,070,308	Y	N	N	

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2015	Outstanding endorsement/ guarantee amount at September 30, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor											
4	Fu Gang Electronics (Kun Shan) Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	Affiliates	\$ 10,456,246	\$ 1,420,553	\$ 1,420,553	\$ 1,058,233	\$ -	5.43	\$ 13,070,308	Y	N	Y	

Note 1: For subsidiaries whose shares are 90% or above held by the Company, ceiling on total amount of endorsements and guarantees provided by the Company is 50% of the Company's net assets value; limit on endorsements and guarantees provided by the Company for a single party is 40% of the Company's net assets value.

For PQI, Ceiling on total amount of endorsements and guarantees provided by PQI is 50% of PQI's net assets value.

Note 2: The Company's guarantee to others should not exceed 50% of the Company's net assets.

PQI's guarantee to others should not exceed 50% of PQI's net assets.