CHENG UEI PRECISION INDUSTRY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 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.

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
TRANSLATED FROM CHINESE-LANGUAGE

PWCR15000491

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

We have audited the accompanying consolidated balance sheets of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income and of changes in equity and of cash flows for the years 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 an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets amounting to NT$6,491,079 thousand and NT$6,643,368 thousand, representing 8.55% and 10.02% of the consolidated total assets as of December 31, 2015 and 2014, respectively, total operating revenue amounting to NT$9,845,116 thousand and NT$9,245,734 thousand, representing 9.10% and 10.15% of the consolidated total operating revenue for the years ended December 31, 2015 and 2014, respectively. We did not audit the financial statements of certain consolidated subsidiaries which statements reflect balance of investments accounted for under equity method of NT$441,267 thousand and NT$915,962 thousand, representing 0.58% and 1.38% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and comprehensive income (including share of profit of associates and joint ventures accounted for under the equity method and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of NT$59,555 thousand and NT$0, representing 4.22% and 0% of comprehensive income for the years ended December 31, 2015 and 2014, respectively. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to certain investments accounted for under the equity method and the information disclosed in Note 13 are based solely on the reports of the other independent accountants.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the “Rules Governing the Preparations of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the non-consolidated financial statements of Cheng Uei Precision Industry Co., Ltd. (not presented herein) as of and for the years ended December 31, 2015 and 2014, on which we have expressed modified unqualified opinions on these non-consolidated financial statements.

The consolidated financial statements as of and for the year ended December 31, 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$32.825 at December 31, 2015. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan

March 31, 2016

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)

	December 31, 2015		(Adjusted) December 31, 2014		December 31, 2015	
	Amount	%	Amount	%	Amount	%
	New Taiwan Dollars				US Dollars	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Notes 6(1) and 8)	$ 7,314,136	10	$ 7,435,487	11	$ 222,822	10
Financial assets at fair value through profit or loss - current (Notes 6(2) and 12(3))	-	-	79	-	-	-
Notes receivable, net	26,163	-	62,366	-	797	-
Accounts receivable, net (Notes 6(5) and (6))	16,882,181	22	16,291,001	25	514,309	22
Accounts receivable, net - related parties (Note 7)	775,771	1	687,736	1	23,634	1
Other receivables (Notes 6(6), (8) and 8)	354,825	-	947,185	2	10,810	0
Other receivables- related parties (Note 7)	687,842	1	710,538	1	20,955	1
Current income tax assets (Note 6(28))	7,461	-	3,498	-	227	-
Inventories, net (Note 6(7))	12,009,342	16	7,557,453	11	365,860	16
Prepayments	1,473,794	2	849,694	1	44,899	2
Other current assets (Note 8)	234,533	-	222,597	-	7,145	-
	39,766,048	52	34,767,634	52	1,211,456	52
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 6(3) and 12(3))	1,922,305	3	1,994,714	3	58,562	3
Financial assets carried at cost-non-current (Note 6(4))	670,846	1	534,626	1	20,437	1
Investments accounted for under the equity method (Note 6(8))	5,537,666	7	3,639,732	6	168,703	7
Property, plant and equipment, net (Note 6(9))	22,093,979	29	20,246,065	31	673,084	29
Investment property, net (Note 6(10))	297,705	-	315,059	-	9,069	-
Intangible assets (Note 6(11))	2,832,260	4	2,810,977	4	86,284	4
Deferred income tax assets (Note 6(28))	197,454	-	236,609	-	6,015	-
Other non-current assets (Notes 6(12) and 8)	2,606,868	4	1,744,799	3	79,417	3
	36,159,083	48	31,522,581	48	1,101,571	48
TOTAL ASSETS	$ 75,925,131	100	$ 66,290,215	100	$ 2,313,028	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 6(13))	$ 11,137,953	15	$ 10,266,779	15	$ 339,313	15
Notes payable	3,307	-	4,073	-	101	-
Accounts payable	16,731,718	22	12,523,506	19	509,725	22
Accounts payable - related parties (Note 7)	646,217	1	406,419	1	19,687	1
Other payables (Note 6(14))	6,654,962	9	4,752,329	7	202,741	9
Income tax payable (Note 6(28))	354,771	-	477,364	1	10,808	0
Other current liabilities (Notes 6(15) and (16))	711,235	1	491,664	1	21,667	1
	36,240,163	48	28,922,134	44	1,104,042	48
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 6(16) and 8)	7,190,214	9	5,701,497	8	219,047	9
Deferred income tax liabilities (Note 6(28))	1,409,451	2	1,329,680	2	42,938	2
Other non-current liabilities (Notes 3(1), 6(8) and (17))	1,643,582	2	1,232,510	2	50,071	2
	10,243,247	13	8,263,687	12	312,056	12
TOTAL LIABILITIES	46,483,410	61	37,185,821	56	1,416,098	61
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Common stock (Notes 6(18) and (19))	5,123,269	7	5,123,269	8	156,078	7
Capital reserve (Note 6(20))						
Capital reserve	9,407,975	12	9,419,502	14	286,610	13
Retained earnings (Note 6(21))						
Legal reserve	2,364,742	3	2,186,163	3	72,041	3
Special reserve	665,206	1	665,206	1	20,265	1
Unappropriated earnings (Notes 6(21) and (28))	6,277,731	8	5,853,307	9	191,248	8
Other equity (Note 6(22))						
Other equity	1,988,291	3	2,368,359	4	60,572	3
Equity attributable to owners of the parent	25,827,214	34	25,615,806	39	786,815	34
Non-controlling interests (Note 6(30))	3,614,507	5	3,488,588	5	110,114	4
TOTAL EQUITY	29,441,721	39	29,104,394	44	896,930	39
Significant contingent liabilities and unrecognised contract commitments (Note 9)						
Significant events after the balance sheet date (Note 11)						
TOTAL LIABILITIES AND EQUITY	$ 75,925,131	100	$ 66,290,215	100	$ 2,313,028	100

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

See report of independent accountants dated March 31, 2016.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	Years ended December 31,					
	2015		2014 (Adjusted)		2015	
	Amount	%	Amount	%	Amount	%
	New Taiwan Dollars				US Dollars	
Operating Revenue (Note 7)	$ 108,233,074	100	$ 91,068,480	100	$ 3,297,276	100
Operating Costs (Notes 6(7), 6(26) ,6(27) and 7)	(98,234,524)	(91)	(80,401,405)	(88)	(2,992,674)	(90)
Gross profit	9,998,550	9	10,667,075	12	304,602	10
Operating expenses (Notes 6(26) and 6(27))						
Sales and marketing expenses	(2,902,740)	(3)	(2,471,951)	(3)	(88,431)	(3)
General and administrative expenses (Note 3(1))	(4,480,777)	(4)	(4,524,928)	(5)	(136,505)	(4)
Research and development expenses	(2,320,960)	(2)	(1,927,015)	(2)	(70,707)	(2)
Total operating expenses	(9,704,477)	(9)	(8,923,894)	(10)	(295,643)	(9)
Operating income (loss)	294,073	-	1,743,181	2	8,959	1
Non-operating income and expenses						
Other income (Notes 6(10), 6(23) and 7)	1,143,610	-	512,109	-	34,840	-
Other gains and losses (Note 6(24))	1,488,430	2	611,119	1	45,344	2
Finance costs (Note 6(25))	(308,279)	-	(298,890)	-	(9,392)	-
Share of profit of associates and joint ventures accounted for under equity method (Note 6(8))	230,833	1	273,139	-	7,032	1
Total non-operating income and expenses	2,554,594	3	1,097,477	1	77,825	3
Income before income tax	2,848,667	3	2,840,658	3	86,783	4
Income tax expense (Notes 3(1) and 6(28))	(1,122,089)	(1)	(949,041)	(1)	(34,184)	(1)
Net Income	$ 1,726,578	$ 2	$ 1,891,617	$ 2	$ 52,599	$ 3
Other comprehensive income, net						
Gains (losses) on remeasurements of defined benefit plans	($ 24,866)	-	9,985	-	(758)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(925)	-	5,676	-	(28)	1
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(28))	4,160	-	(6,447)	-	127	2
Total components of other comprehensive income that will not be reclassified to profit or loss	(21,631)	-	9,214	-	(659)	3
Exchange differences arising on translation of foreign operations	(284,714)	-	945,841	1	(8,674)	-
Unrealised (loss) gain on valuation of available-for-sale financial assets (Note 6(3))	32,344	- -	184,583	-	985	-
Share of other comprehensive income of associates and joint ventures -might be reclassified to profit and loss	(14,333)	-	52,195	-	(437)	-
Income tax related- might be reclassified to profit and loss (Note 6(28))	(26,421)	-	(279,369)	-	(805)	-
Total items may be subsequently reclassified to profit or loss	(293,124)	-	534,084	1	(8,930)	-
Other comprehensive income (loss), net	($ 314,755)	-	543,298	1	($ 9,589)	3
Total comprehensive income (loss) for the year	$ 1,411,823	2	$ 2,434,915	3	$ 43,011	6
Net income (loss) attributable to:						
Shareholders of the parent	$ 1,650,031	1	$ 1,786,611	2	$ 50,268	3
Non-controlling interests	76,547	-	105,006	-	2,332	-
Total	$ 1,726,578	1	$ 1,891,617	2	$ 52,599	3
Total comprehensive income (loss) attributable to:						
Shareholders of the parent	$ 1,248,560	1	$ 2,167,064	3	$ 38,037	3
Non-controlling interests	163,263	-	267,851	-	4,974	-
Total	$ 1,411,823	1	$ 2,434,915	3	$ 43,011	3
Basic earnings per share (in dollars) (Note 6(29))						
Net income attributable to equity holders of the Company	$ 3.22		$ 3.51		$ 0.10	
Diluted earnings per share (in dollars) (Note 6(29))						
Net income attributable to equity holders of the Company	$ 3.20		$ 3.43		$ 0.10	

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

See report of independent accountants dated March 31, 2016.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to shareholders of the parent									
			Retained earnings			Other 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	Non-controlling interests	Total equity
Year ended December 31, 2014										
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	-	-	-	-	(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	103,174	352,119	-	-	-	-	-	455,293	-	455,293
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))	-	17,964	-	-	-	-	-	17,964	-	17,964
Differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries (Note 6(20))	-	244	-	-	-	-	-	244	-	244
Adjustments arising from changes in percentage of ownership in subsidiaries	-	(24)	-	-	(186,708)	-	-	(186,732)	-	(186,732)
Change in non-controlling interest	-	-	-	-	-	-	-	-	163,764	163,764
Other comprehensive income for the year (Note 6(22))	-	-	-	-	9,214	691,294	- 320,055	380,453	162,845	543,298
Net income for the year	-	-	-	-	1,786,611	-	-	1,786,611	105,006.0	1,891,617
Balance at December 31,	$ 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
Year ended December 31, 2015										
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))	-	(11,480)	-	-	(971)	-	-	(12,451)	-	(12,451)
Adjustment arising from changes in percentage of ownership in subsidiaries (Note 6(20))	-	(47)	-	-	-	-	-	(47)	-	(47)
Change in non-controlling interest	-	-	-	-	-	-	-	-	(37,344)	(37,344)
Other comprehensive income for the year (Note 6(22))	-	-	-	-	- 21,403	(403,933)	23,865.0	(401,471)	86,716	- 314,755
Net income for the year	-	-	-	-	1,650,031	-	-	1,650,031	76,547	1,726,578
Balance at December 31,	$ 5,123,269	$ 9,407,975	$ 2,364,742	$ 665,206	$ 6,277,731	$ 719,081	$ 1,144,847	$ 25,827,214	$ 3,614,507	$ 29,441,721

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

See report of independent accountants dated March 31, 2016.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF US DOLLARS)

	Equity attributable to shareholders of the parent									
			Retained earnings			Other 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	Non-controlling interests	Total equity
Year ended December 31, 2015										
Balance at January 1 (Adjusted)	$ 156,078	$ 286,961	$ 66,601	$ 20,265	$ 178,319	$ 34,212	$ 37,939	$ 780,375	$ 106,278	$ 886,653
Appropriations of 2014 earnings										
Legal reserve	-	-	5,440	-	(5,440)	-	-	-	-	-
Cash dividends	-	-	-	-	(31,216)	-	-	(31,216)	-	(31,216)
Adjustments to share of changes in equity of associates and joint ventures (Note 6(20))	-	(350)	-	-	(30)	-	-	(379)	-	(379)
Adjustments arising from changes in percentage of ownership in subsidiaries (Note 6(20))	-	(1)	-	-	-	-	-	(1)	-	(1)
Change in non-controlling interest	-	-	-	-	-	-	-	-	(1,138)	(1,138)
Other comprehensive income for the year (Note 6(22))	-	-	-	-	(652)	(12,306)	727	(12,231)	2,642	(9,589)
Net income for the year	-	-	-	-	50,268	-	-	50,268	2,332	52,599
Balance at December 31,	$ 156,078	$ 286,610	$ 72,041	$ 20,265	$ 191,248	$ 21,906	$ 38,666	$ 786,816	$ 110,114	$ 896,930

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

See report of independent accountants dated March 31, 2016.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	$ 2,848,667	$ 2,840,658	$ 86,783
Adjustments to reconcile income before income tax to net cash (used in) provided by operating activities:			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property) (Notes 6(9)(10)(26))	3,596,860	3,454,059	109,577
Amortisation (including long-term prepaid rent amortisation) (Notes 6(11)(12)(26))	73,717	70,744	2,246
Bad debts (gains on bad debt recoveries) (Notes 6(5)(23))	(109,918)	80,268	(3,349)
Gaih recognised in bargain purchase transaction (Notes 6(5)(23))	(852,006)	-	(25,956)
Net loss on financial assets at fair value through profit or loss (Note 6(2))	-	(79)	-
Interest expense (Note 6(25))	340,153	298,890	10,363
Interest income (Note 6(23))	(86,784)	(82,506)	(2,644)
Share of profit or loss of associates accounted for using the equity method	(230,833)	(273,139)	(7,032)
Loss on disposal of property, plant and equipment (Note 6(24))	160,712	49,163	4,896
Gain on disposal of investments (Note 6(24))	(1,329,563)	(723,309)	(40,505)
Loss on impairment of non-financial assets (Note 6(11))	79,155	53,522	2,411
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	36,203	(24,291)	1,103
Accounts receivable	(991,561)	2,507,083	(30,207)
Accounts receivable from related parties	(88,035)	184,008	(2,682)
Other receivables	592,361	(256,808)	18,046
Other receivables from related parties	22,695	(528,309)	691
Inventories	(4,451,889)	2,276,147	(135,625)
Prepayments	(624,100)	(72,882)	(19,013)
Other current assets	(11,936)	(6,837)	(364)
Other non-current assets	29,423	40,753	896
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current	-	(10,338)	-
Notes payable	(766)	3,347	(23)
Accounts payable	4,194,404	(4,536,543)	127,781
Accounts payables to related parties	253,606	(13,020)	7,726
Other payables	1,222,879	(620,568)	37,255
Other current liabilities	382,606	(435,161)	11,656
Other non-current liabilities	411,072	(49,544)	12,523
Cash generated from operations	5,467,201	4,225,308	166,554
Interest received	86,784	82,506	2,644
Dividend recived	203,036	196,057	6,185
Interest paid	(345,409)	(281,626)	(10,523)
Income tax paid	(1,207,164)	(1,206,830)	(36,776)
Net cash provided by operating activities	4,204,448	3,015,415	128,085

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF DOLLARS)

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets	$ 1,395,284	$ 633,187	$ 42,507
Acquisitions of financial assets measured at cost (Note 6(4))	(136,220)	(501,626)	(4,150)
Acquisitions of investments accounted for using equity method (Note 6(8))	(900,000)	(932,793)	(27,418)
Proceeds from investments accounted for using equity method	2,090	77,115	64
Liquidating dividends received	-	43,104	-
Acquisitions of property, plant and equipment (Note 6(32))	(5,643,894)	(3,582,124)	(171,939)
Proceeds from disposal of property, plant and equipment	433,240	388,413	13,198
Acquisitions of intangible assets (Note 6(11))	(68,371)	(50,271)	(2,083)
Proceeds from disposal of intangible assets (Note 6(11))	834	36	25
(Increase) decrease in prepayments for business facilities	(919,904)	278,451	(28,024)
Advance receipts from sale of subsidiaries	-	49,544	-
Net cash used in investing activities	(5,836,941)	(3,646,508)	(177,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	871,174	356,916	26,540
Increase in long-term borrowings	1,637,724	-	49,893
Repayment of long-term borrowings	(62,799)	(61,311)	(1,913)
Cash dividends paid (Note 6(21))	(1,024,654)	(1,518,197)	(31,216)
Proceeds from exercise of employee stock options	-	455,293	-
Acquisition of additional shares of subsidiaries	-	(14,170)	-
Changes in non-controlling interests	-	326,609	-
Net cash provided by (used in) financing activities	1,421,445	(454,860)	43,304
Effect of change in exchange rates	89,697	554,559	2,733
Net decrease in cash and cash equivalents	(121,351)	(481,850)	(3,697)
Cash and cash equivalents, beginning of period (Note 6(1))	7,435,487	7,917,337	226,519
Cash and cash equivalents, end of period (Note 6(1))	$ 6,415,881	$ 7,435,487	$ 222,822

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

See report of independent accountants dated March 31, 2016.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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

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 March 31, 2016.

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, operating expenses would be decreased by $986 and income tax expense would be increased by $167 for the year ended December 31, 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 buy 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:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, ‘Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
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
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
IFRS 16, ‘Leases’	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, 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 December 31, 2015	% of shares held December 31, 2014	Description
The Company	CU INTERNATIONAL LTD. (CU)	Manufacture of electronic telecommunication components and holding company	100	100	
The Company	CULINK INTERNATIONAL LTD. (CULINK)	General investments holding	100	100	
The Company	Foxlink International Investment Ltd. (FII)	Holding company	100	100	
The Company	Fu Uei International Investment Ltd. (FUII)	Holding company	100	100	
The Company	Darts Technologies Corporation (Darts)	Manufacture of electronic telecommunication and wireless components	97	97	
The Company	Foxlink (Vietnam) Inc.	Manufacture of electronic telecommunication components	100	100	
The Company	Du Precision Industry Co., Ltd. (Du Precision)	Manufacture of electronic telecommunication components	100	100	
The Company	Foxlink Technology Ltd. (Foxlink Tech)	Holding company	100	100	
The Company	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	47.77	47.77	
The Company	Suntain Co., Ltd.	Electroplating processing services	100	100	
CU	Fu Gang Electronics (Dong Guan) Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100	100	
CU	NEW STAR INDUSTRIES LTD. (NEW STAR)	Holding company	100	100	
CU	Fu Gang Electronics (Kun Shan) Ltd. (FGEKS)	Manufacture of electronic telecommunication components	100	100	
CU	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Manufacture of electronic telecommunication components	100	100	
CU	Foxlink Electronics (Dong Guan) Co., Ltd. (FEDG)	Manufacture of electronic telecommunication components	100	100	
CU	Foxlink Electronics (Tian Jin) Ltd. (FETJ)	Manufacture of electronic telecommunication components	25	25	
CU	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Manufacture of electronic telecommunication components	81.69	77.58	Note 5

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

Investor	Subsidiary	Main activity	% of shares held December 31, 2015	% of shares held December 31, 2014	Description
Kunshan Fugang Investment Co., Ltd.	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Manufacture of electronic telecommunication components	18.31	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	
FII	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and flexible printed circuit	69.56	69.56	
FII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	50.03	50.03	
FII	POWER QUOTIENT INTERNATONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	9.22	9.22	Note 6
FII	Shin ke International Co., Ltd.	Manufacture of electronic telecommunication components	100	-	Note 1
WCT	VALUE SUCCESS LIMITED (VALUE SUCCESS)	Holding company	100	100	
VALUE SUCCESS	CAPITAL GUARDIAN LIMITED (CAPITAL)	Holding company	100	100	
CAPITAL	World Circuit Technology (Hong Kong) Limited (WCTHK)	Holding company	100	100	
WCTHK	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	53.07	53.07	
Darts	BENEFIT RIGHT LTD. (BENEFIT)	Holding company	100	100	
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	
Du Precision	CE LINK INTERNATIONAL LTD. (CELINK)	Manufacture of electronic telecommunication components	100	100	
SOLTERAS LIMITED	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	25.59	25.59	
FUII	Studio A Inc. (Studio)	Manufacture of electronic telecommunication components	51	51	

Investor	Subsidiary	Main activity	% of shares held December 31, 2015	% of shares held December 31, 2014	Description
FUII	Va Product Inc.	Manufacture of electronic telecommunication components	75.63	75.63	Note 2
FUII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	1.3	1.3	
FUII	Zhi De Investment Co., Ltd. (Zhi De Investment)	General investments holding	100	100	
FUII	Shinfox Corporation Ltd. (Shinfox)	Mechanical installation and piping engineering	57.17	57.17	
Zhi De Investment	POWER QUOTIENT INTERNATONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	33.34	33.34	Note 6
Shinfox	WORLD WIDE FAMOUS CORP.	Energy service management	100	100	
Shinfox	FOXWELL ENERGY CORPORATION LTD.	Energy service management	100	100	
Shinfox	SHINFOX ENERGY INTERNATIONAL INC. (SHINFOX ENERGY)	Energy service management	40	40	Note 2, Note 7
Shinfox	KINMEN GAS CO., LTD.	Energy service management	100	100	Note 2
WORLD WIDE	Kunshan Xing Wei Installation Engineering Co., Ltd.	Mechanical installation and piping engineering	100	100	Note 2
PROCONN	Advance Electronic Ltd. (Advance Electronic)	General investments holding	100	100	
PROCONN	BYFORD INTERNATIONAL LTD. (BYFORD)	General international trade	100	100	
PROCONN	MEDIA UNIVERSE INC. (MEDIA UNIVERSE)	General international trade	100	100	
ADVANCE ELECTRONIC	PROCONN TECHNOLOGY CO., LTD. (PROCONN)	General investments holding	100	100	
ADVANCE ELECTRONIC	SMART TECHNOLOGY INTERNATIONAL LTD. (SMART)	General investments holding	100	100	
PROCONN	Proconn Technology (Shenzhen) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
SMART	Proconn Technology (Suzhou) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
Studio A Inc.	Jing Sheng Technology Co., Ltd.	Sale of electronic telecommunication components	100	100	

Investor	Subsidiary	Main activity	% of shares held December 31, 2015	December 31, 2014	Description
Studio A Inc.	Studio A Inc. (Hong Kong)	Sale of electronic telecommunication components	51	51	
Studio A Inc.	Ashop Co., Ltd. (ASHOP)	Sale of electronic telecommunication components	51	51	
Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	Sale of electronic telecommunication components	100	100	
Studio A Inc. (Hong Kong)	Studio A Macau Limited	Sale of electronic telecommunication components	100	100	
FGEKS	Kunshan Fugang Electronics Trading Co., Ltd.	Sale of electronic telecommunication components	51	51	
Kunshan Fugang Electronics Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	100	100	
Kunshan Fugang Electronics Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	Sale of electronic telecommunication components	100	100	
PQI	POWER QUOTIENT INTERNATIONAL (H.K.) CO., LTD. (PQI H.K.)	Sale of electronic telecommunication components	100	100	
PQI	PQI JAPAN CO., LTD. (PQI JAPAN)	Sale of electronic telecommunication components	100	100	Note 2
PQI	SYSCOM DEVELOPMENT CO., LTD. (SYSCOM)	Specialized investments holding	100	100	
PQI	APIX LIMITED (APIX)	Specialized investments holding	100	100	
PQI	PQI MOBILITY INC. (PQI MOBILITY)	Specialized investments holding	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	
SYSCOM	PQI CORPORATION (PQI USA)	Sale of electronic telecommunication components	100	100	
PQI MOBILITY	POWER QUOTIENT TECHNOLOGY	Manufacture of electronic telecommunication	100	100	

Investor	Subsidiary	Main activity	% of shares held December 31, 2015	 December 31, 2014	Description
	(SUZHOU) CO., LTD. (PQI SUZHOU)	components			
APIX Limited	SINOCITY INDUSTRIES LTD.	Sale of electronic telecommunication components	100	100	Note 4
APIX Limited	Perennial Ace Limited	Specialized investments holding	100	100	
SINOCITY INDUSTRIES LTD.	Sinocity Co., Ltd.	Sale of 3C products	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 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 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 June 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: The Group holds 40% of shares in SHINFOX ENERGY , 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 SHINFOX ENERGY.

C. Subsidiaries not included in the consolidated financial statements:

			% of shares held		
Investor	Subsidiary	Main activity	December 31, 2015	December 31, 2014	Description
Foxlink International Investment Ltd. (FII)	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and electronic machinery equipment	75	75	Note 1
Studio A Inc.	Tayih Digital Technology Co., Ltd. (TAYIH)	Manufacture of electronic telecommunication components	60	60	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 December 31, 2015 and 2014, the non-controlling interest amounted to $3,614,507 and $3,488,588, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest December 31, 2015 Amount	Ownership (%)	December 31, 2014 Amount	Ownership (%)
PQI	Taiwan	$ 2,831,805	57.44	$ 2,715,755	57.44

Summarized financial information of the subsidiaries:

Balance sheets

	PQI December 31, 2015 (New Taiwan Dollars)	December 31, 2014 (New Taiwan Dollars)	December 31, 2015 (US Dollars)
Current assets	$ 2,285,459	$ 2,494,847	$ 69,626
Non-current assets	4,188,856	4,003,454	127,612
Current liabilities	(1,022,511)	(1,717,013)	(31,150)
Non-current liabilities	(520,428)	(53,618)	(15,855)
Total net assets	$ 4,931,376	$ 4,727,670	$ 150,233

Statements of comprehensive income

	PQI Years ended December 31, 2015	2014
Revenue	$ 8,399,618	$ 7,548,517
Profit before income tax	198,939	299,709
Income tax expense	(51,424)	(164,510)
Profit for the period from continuing operations	147,515	135,209
Loss from non-controlling interest	-	(10)
Profit for the period	147,515	135,199
Other comprehensive income (net of tax)	121,138	245,270
Total comprehensive income for the year	$ 268,653	$ 380,469
Comprehensive loss attributable to non-controlling interest	$ -	($ 7)

Statements of cash flows

	PQI			
	Years ended December 31,			
	2015		2014	
Net cash (used in) provided by operating activities	($	403,839)	$	532,877
Net cash used in investing activities	(	12,817)	(	459,921)
Net cash (used in) provided by financing activities	(	13,529)		247,337
Effect of exchange rates on cash and cash equivalents		21,979		51,046
Increase (decrease) in cash and cash equivalents	(	408,206)		371,339
Cash and cash equivalents, beginning of year		1,240,316		868,977
Cash and cash equivalents, end of year	$	832,110	$	1,240,316

(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. Loan and 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) <u>Derecognition of financial assets</u>

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) <u>Property, plant and equipment</u>

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.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estmimates

(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.

(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 following characteristics of a principal are used as indicators to determine whether the Group Shall recognise revenue on a gross basis:

a. The Group has primary responsibilities for the goods or services it provides;
b. The Group bears inventory risk;
c. The Group 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 net defined benefit liabilities

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

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Cash on hand and petty cash	$ 18,196	$ 14,625	$ 554
Checking accounts and demand deposits	5,208,062	5,755,344	158,661
Cash equivalents			
Time deposits	2,259,860	1,802,927	68,846
Short-term notes and bills	34,972	59,771	1,065
	7,521,090	7,632,667	229,126
Less: Shown as "other current assets"-restricted assets	(206,954)	(197,180)	(6,304)
Total	$ 7,314,136	$ 7,435,487	$ 222,822

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. Detatils of the Group’s cash and cash equiralents pledged to others as collateral are provided in Note 8.

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

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

A. The Group recognised net gain (loss) of $9,351 and ($7,346) on financial assets and liabilities held for trading for the years ended December 31, 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 December 31, 2015):

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

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

	December 31, 2015	December 31, 2014	December 31, 2015
Items	New Taiwan Dollars		US Dollars
Non-current items			
Listed stocks	$ 126,082	$ 194,994	$ 3,841
Valuation adjustment of available-for-sale financial assets	1,796,223	1,799,720	54,721
Total	$ 1,922,305	$ 1,994,714	$ 58,562

A. The Group recognised $32,344 and ($184,583) in other comprehensive income for fair value change and reclassified $1,329,036 and $568,185 from equity to profit or loss for the years ended December 31, 2015 and 2014, respectively.

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

(4) Financial assets measured at cost

	December 31, 2015	December 31, 2014	December 31, 2015
Items	New Taiwan Dollars		US Dollars
Non-current item			
Non-publicly traded company	$ 670,846	$ 534,626	$ 20,437

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 December 31, 2015 and 2014, no financial assets measured at cost held by the Group were pledged to others.

(5) Accounts receivable

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Accounts receivable	$ 17,150,568	$ 16,463,538	$ 522,485
Less: allowance for sales returns and discounts	(30,483)	(44,551)	(929)
Less: allowance for bad debts	(237,904)	(127,986)	(7,247)
	$ 16,882,181	$ 16,291,001	$ 514,309

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:

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Up to 30 days	$ 2,067,644	$ 986,970	$ 62,990
31 to 120 days	659,694	360,793	20,097
	$ 2,727,338	$ 1,347,763	$ 83,087

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 December 31, 2015 and 2014, the Group's accounts receivable that were impaired amounted to $237,904 and $127,986, respectively.

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

	2015		
	Individual provision	Group provision	Total
January 1, 2015	$ -	$ 127,986	$ 127,986
Provision for impairment	-	109,918	109,918
December 31, 2015	$ -	$ 237,904	$ 237,904

	2014		
	Individual provision	Group provision	Total
January 1, 2014	$ -	$ 157,915	$ 157,915
Reversal of impairment	-	(29,929)	(29,929)
December 31, 2014	$ -	$ 127,986	$ 127,986

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 to sell its accounts receivable. Under the agreement, the Comapny is not required to bear uncollectible risk of the underlying accounts receivable, but is liable for the losses incurred on any business dispute. The Company 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 December 31 2014, the outstanding accounts receivable sold were as follows (December 31, 2015: None):

December 31, 2014						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced	Collaterals
Mega International Commercial Bank	$ 2,434 (USD77)	$ 2,434 (USD77)	$ 1,107,750 (USD35,000)	$ 2,191 (USD69)	1.09%	None

(7) Inventories

	December 31, 2015					
		Cost		Allowance for valuation loss		Book value
	New Taiwan Dollars					
Raw materials	$	4,461,412	($	227,100)	$	4,234,312
Work in process		341,041	(	5,674)		335,367
Finished goods		7,974,935	(	612,214)		7,362,721
Inventory in transit		76,942		-		76,942
	$	12,854,330	($	844,988)	$	12,009,342

	December 31, 2015					
		Cost		Allowance for valuation loss		Book value
	US Dollars					
Raw materials	$	135,915	($	6,919)	$	128,996
Work in process		10,390	(	173)		10,217
Finished goods		242,954	(	18,651)		224,303
Inventory in transit		2,344		-		2,344
	$	391,603	($	25,743)	$	365,860

	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
	$	7,995,796	($	438,343)	$	7,557,453

The cost of inventories recognised as expense for the period:

	Years ended December 31,					
		2015		2014		2015
	New Taiwan Dollars				US Dollars	
Cost of inventories sold	$	97,932,761	$	80,585,047	$	2,983,481
(Gain on reversal of) decline in market value		406,645	(	117,283)		12,388
Others (revenue from sale of scraps)	(	104,882)	(	66,359)	(	3,195)
	$	98,234,524	$	80,401,405	$	2,992,674

The portion of inventories that have been provided with allowance have been sold during the year ended December 31, 2014. Therefore, the allowance for decline in market value was reversed.

(8) Investments accounted for under the equity method

	December 31, 2015		
Investee	New Taiwan Dollars	US Dollars	Ownership percentage (%)
CENTRAL MOTION PICTURE CORP.	$ 1,749,203	$ 53,289	13.60%
Glory Science Co., Ltd.	1,103,396	33,615	41.98%
Well Shin Technology Co., Ltd.	1,100,524	33,527	18.84%
Foxlink Image Technology Co., Ltd.	863,640	26,310	30.47%
Sharetronic Data Technology Co., LTD. (formerly known as Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.)	359,632	10,956	42.00%
Castles Technology CO., LTD.	216,854	6,606	22.41%
CMPC Cultural & Creative Co., Ltd.	144,417	4,400	42.86%
Microlink Communications Inc.	(25,312)	(771)	21.43%
Kleine Developments Ltd.	(162,874)	(4,962)	33.33%
	5,349,480	162,970	
Add : Credit balance of long-term equity investments reclassified to 'other liabilities-others’	188,186	5,733	
Total	$ 5,537,666	$ 168,703	

	December 31, 2014	
Investee	New Taiwan Dollars	Ownership percentage (%)
CENTRAL MOTION PICTURE CORP.	$ -	-
Glory Science Co., Ltd.	1,030,720	42.18%
Well Shin Technology Co., Ltd.	1,028,566	19.25%
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%
Microlink Communications Inc.	(25,150)	21.43%
Kleine Developments Ltd.	-	33.33%
	3,614,582	
Add : Credit balance of long-term equity investments reclassified to ‘other liabilities-others'	25,150	
Total	$ 3,639,732	

A. 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 December 31, 2015	Shareholding ratio December 31, 2014	Nature of relationship	Methods of measurement
CENTRAL MOTION PICTURE CORP.	Taiwan	13.60%	-	Note 2	Equity method
Glory Science Co., Ltd.	Taiwan	41.98%	42.18%	Hold more than 20% of voting rights	Equity method
Well Shin Technology Co., Ltd.	Taiwan	18.84%	19.25%	Note 1	Equity method
Foxlink Image Technology Co., Ltd.	Taiwan	30.47%	30.47%	Hold more than 20% of voting rights	Equity method

Note 1: The Group's 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 Centeral 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

	Central Motion Picture Corp.		
	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Current assets	$ 858,302	$ -	$ 26,148
Non-current assets	15,294,330	-	465,935
Current liabilities	(2,071,664)	-	(63,112)
Non-current liabilities	(1,225,474)	-	(37,334)
Total net assets	$ 12,855,494	$ -	$ 391,637
Share in associate's net assets	$ 1,749,203	$ -	$ 53,289
Goodwill	-	-	-
Carrying amount of the associate	$ 1,749,203	$ -	$ 53,289

	Glory Science Co., Ltd		
	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Current assets	$ 1,669,425	$ 1,529,459	$ 50,858
Non-current assets	1,887,690	1,587,209	57,508
Current liabilities	(766,925)	(602,997)	(23,364)
Non-current liabilities	(382,528)	(289,657)	(11,654)
Total net assets	$ 2,407,662	$ 2,224,014	$ 73,348
Share in associate's net assets	$ 1,010,677	$ 938,001	$ 30,790
Goodwill	92,719	92,719	2,825
Carrying amount of the associate	$ 1,103,396	$ 1,030,720	$ 33,615

	Well Shin Technology Co., Ltd.		
	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Current assets	$ 4,433,857	$ 4,421,945	$ 135,076
Non-current assets	2,777,695	2,356,897	84,621
Current liabilities	(1,262,161)	(1,394,256)	(38,451)
Non-current liabilities	(314,517)	(237,862)	(9,582)
Total net assets	$ 5,634,874	$ 5,146,724	$ 171,664
Share in associate's net assets	$ 1,063,935	$ 991,977	$ 32,412
Goodwill	36,589	36,589	1,115
Carrying amount of the associate	$ 1,100,524	$ 1,028,566	$ 33,527

	Foxlink Image Technology Co., Ltd.		
	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Current assets	$ 3,220,968	$ 3,268,605	$ 98,125
Non-current assets	2,497,458	1,778,503	76,084
Current liabilities	(2,660,543)	(1,979,624)	(81,052)
Non-current liabilities	(223,507)	(62,173)	(6,809)
Total net assets	$ 2,834,376	$ 3,005,311	$ 86,348
Share in associate's net assets	$ 863,640	$ 915,962	$ 26,310
Goodwill	-	-	-
Carrying amount of the associate	$ 863,640	$ 915,962	$ 26,310

Statement of comprehensive income

	CENTRAL MOTION PICTURE CORP.		
	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	$ 556,830	$ -	$ 16,964
Profit for the period from continuing operations	$ 56,494	$ -	$ 1,721
Loss for the period from discontinued operations	-	-	-
Other comprehensive income, net of tax	11,668	-	355
Total comprehensive income	$ 68,162	$ -	$ 2,076
Dividends from associates	$ 9,000	$ -	$ 274

	Glory Science Co., Ltd.		
	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	$ 1,819,832	$ 1,398,869	$ 55,440
Profit for the period from continuing operations	$ 287,867	$ 178,946	$ 8,770
Loss for the period from discontinued operations	-	-	-
Other comprehensive income (loss), net of tax	(14,108)	33,962	(430)
Total comprehensive income	$ 273,759	$ 212,908	$ 8,340
Dividends from associates	$ 39,941	$ 26,298	$ 1,217

	Well Shin Technology Co., Ltd.		
	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	$ 5,421,302	$ 5,357,889	$ 165,158
Profit for the period from continuing operations	$ 729,120	$ 454,790	$ 22,212
Loss for the period from discontinued operations	-	-	-
Other comprehensive income (loss), net of tax	(3,553)	116,518	(108)
Total comprehensive income	$ 725,567	$ 571,308	$ 22,104
Dividends from associates	$ 57,934	$ 66,847	$ 1,765

	Foxlink Image Technology Co., Ltd.		
	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Revenue	$ 5,509,890	$ 5,572,825	$ 167,857
Profit for the period from continuing operations	$ 163,612	$ 372,626	$ 4,984
Profit for the period from discontinued operations	-	1,908	-
Other comprehensive income, net of tax	3,357	60,391	102
Total comprehensive income	$ 166,969	$ 434,925	$ 5,086
Dividends from associates	$ 102,960	$ 102,911	$ 3,137

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

As of December 31, 2015 and 2014, the carrying amount of the Group's individually immaterial associates amounted to $532,717 and $639,334, respectively.

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Profit (loss) for the period from continuing operations	$ 101,252	($ 11,906)	$ 3,085
Total comprehensive income (loss)	$ 101,252	($ 11,906)	$ 3,085

Note: Sharetronic Data, Castles, CMPC Cultural & Creative, Microlink and Kleine.

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

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Glory Science Co., Ltd.	$ 2,368,490	$ 2,276,626	$ 72,155
Well Shin Technology Co., Ltd.	1,198,794	1,095,181	36,521
Foxlink Image Technology Co., Ltd.	857,142	1,009,008	26,112
	$ 4,424,426	$ 4,380,815	$ 134,788

B. 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 December 31, 2015, uncollected amount was $147,000 thousand (shown as 'notes receivable'). The Group has assessed there is objective evidence of impairment for the years ended December 31, 2015 and 2014 and accrued impairment loss of $0 thousand and $147,000 thousand, respectively.

C. 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 December 31, 2015 is caused by employee stock options issued by Glory Science Co., Ltd.

D. 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 was increased by $900,000 thousand, and the shareholding ratio was 13.60%. Gain recognised in bargain purchase transaction for the acquisition of Centeral Motion Picture Corp. was $852,006 thousand (shown as 'other revenue'). Abovementioned amounts were assessed based on the report of appraisers.

E. 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.).

F. 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. The amount has been collected on October 30, 2015.

G. 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.

H. The Group's share of loss on associates, KLEINE, has exceeded its share of equity in KLEINE, thus, the Group stopped recognising share of loss on KLEINE. For the years ended December 31, 2015 and 2014, share of unrecognised loss amounted to $44,057 and $53,410, respectively. As of December 31, 2015, accumulated share of unrecognised loss was $97,467.

On December 28, 2015, the Board of Directors has resolved the liquidation of the investee company KLEINE. The Company accrued additional loss and recognised liabilities amounting to $170,136 (shown as 'other non-current liabilities - others') within the scope of legal obligations.

(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)
	$ 412,428	$ 11,940,004	$ 4,439,480	$ 164,615	$ 3,289,538	$ 20,246,065
Year ended December 31, 2015						
Opening net book amount	$ 412,428	$ 11,940,004	$ 4,439,480	$ 164,615	$ 3,289,538	$ 20,246,065
Additions	-	1,085,275	3,530,801	113,982	1,598,846	6,328,904
Disposals	-	(8,174)	(422,159)	(9,702)	(153,917)	(593,952)
Reclassifications	-	(1,406)	-	-	-	(1,406)
Depreciation charge	-	(328,830)	(2,171,924)	(87,558)	(984,533)	(3,572,845)
Impairment loss	-	-	-	-	-	-
Net exchange differences	-	(144,107)	(92,117)	(1,340)	(75,223)	(312,787)
Closing net book amount	$ 412,428	$ 12,542,762	$ 5,284,081	$ 179,997	$ 3,674,711	$ 22,093,979

	Land	Buildings	Machinery	Office equipment	Others	Total
	New Taiwan Dollars					
At December 31, 2015						
Cost	$ 412,428	$ 14,753,709	$ 9,659,616	$ 461,623	$ 6,806,298	$ 32,093,674
Accumulated depreciation and impairment	-	(2,210,947)	(4,375,535)	(281,626)	(3,131,587)	(9,999,695)
	$ 412,428	$ 12,542,762	$ 5,284,081	$ 179,997	$ 3,674,711	$ 22,093,979
	US Dollars					
At December 31, 2015						
Cost	$ 12,564	$ 449,466	$ 294,276	$ 14,063	$ 207,351	$ 977,720
Accumulated depreciation and impairment	-	(67,356)	(133,299)	(8,580)	(95,401)	(304,636)
	$ 12,564	$ 382,110	$ 160,977	$ 5,483	$ 111,950	$ 673,084

	Land	Buildings	Machinery	Office equipment	Others	Total
	New Taiwan Dollars					
At January 1, 2014						
Cost	$ 416,391	$ 12,129,583	$ 8,576,135	$ 475,083	$ 6,544,191	$ 28,141,383
Accumulated depreciation and impairment	-	(1,585,793)	(3,972,841)	(244,080)	(2,482,579)	(8,285,293)
	$ 416,391	$ 10,543,790	$ 4,603,294	$ 231,003	$ 4,061,612	$ 19,856,090
Year ended December 31, 2014						
Opening net book amount	$ 416,391	$ 10,543,790	$ 4,603,294	$ 231,003	$ 4,061,612	$ 19,856,090
Additions	-	1,520,732	2,182,624	40,704	97,887	3,841,947
Disposals	(3,963)	(25,317)	(329,786)	(22,923)	(55,587)	(437,576)
Reclassifications	-	(23,064)	-	-	-	(23,064)
Depreciation charge	-	(359,933)	(2,079,512)	(86,770)	(905,511)	(3,431,726)
Impairment loss	-	(24,426)	(24,342)	(1,454)	(3,126)	(53,348)
Net exchange differences	-	308,222	87,202	4,055	94,263	493,742
Closing net book amount	$ 412,428	$ 11,940,004	$ 4,439,480	$ 164,615	$ 3,289,538	$ 20,246,065

	Land	Buildings	Machinery	Office equipment	Others	Total
	New Taiwan Dollars					
At December 31, 2014						
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)
	$ 412,428	$ 11,940,004	$ 4,439,480	$ 164,615	$ 3,289,538	$ 20,246,065

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)
	$ 65,923	$ 249,136	$ 315,059
Year ended December 31, 2015			
Opening net book amount	$ 65,923	$ 249,136	$ 315,059
Reclassifications	-	1,406	1,406
Depreciation charge	-	(24,015)	(24,015)
Net exchange differences	-	5,255	5,255
Closing net book amount	$ 65,923	$ 231,782	$ 297,705
At December 31, 2015			
Cost	$ 65,923	$ 560,702	$ 626,625
Accumulated depreciation and impairment	-	(328,920)	(328,920)
	$ 65,923	$ 231,782	$ 297,705

	Land	Buildings	Total
	US Dollars		
At December 31, 2015			
Cost	$ 2,008	$ 17,081	$ 19,089
Accumulated depreciation and impairment	-	(10,020)	(10,020)
	$ 2,008	$ 7,060	$ 9,069

	Land	Buildings	Total
	New Taiwan Dollars		
At January 1, 2014			
Cost	$ 65,923	$ 491,335	$ 557,258
Accumulated depreciation and impairment	-	(251,290)	(251,290)
	$ 65,923	$ 240,045	$ 305,968
Year ended December 31, 2014			
Opening net book amount	$ 65,923	$ 240,045	$ 305,968
Reclassifications	-	23,064	23,064
Depreciation charge	-	(22,333)	(22,333)
Net exchange differences	-	8,360	8,360
Closing net book amount	$ 65,923	$ 249,136	$ 315,059
At December 31, 2014			
Cost	$ 65,923	$ 522,759	$ 588,682
Accumulated depreciation and impairment	-	(273,623)	(273,623)
	$ 65,923	$ 249,136	$ 315,059

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

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Rental revenue from the lease of the investment property	$ 36,850	$ 34,515	$ 1,123
Direct operating expenses arising from the investment property that generated rental income in the year	$ 17,638	$ 24,757	$ 537

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 December 31, 2015 and 2014 was $712,814 and $759,312, respectively, which was evaluated based on the market prices of similar real estate in the areas nearby. Market prices on December 31, 2015 and 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)
	$ 52,327	$ 2,698,180	$ 60,470	$ 2,810,977
Year ended December 31, 2015				
Opening net book amount	$ 52,327	$ 2,698,180	$ 60,470	$ 2,810,977
Additions	-	-	68,371	68,371
Disposals	-	-	(834)	(834)
Impairment loss	-	(79,042)	(113)	(79,155)
Amortisation charge	-	-	(47,939)	(47,939)
Net exchange differences	1,943	79,378	(481)	80,840
Closing net book amount	$ 54,270	$ 2,698,516	$ 79,474	$ 2,832,260
At December 31, 2015				
Cost	$ 54,270	$ 2,698,516	$ 159,959	$ 2,912,745
Accumulated amortisation and impairment	-	-	(80,485)	(80,485)
At December 31, 2015	$ 54,270	$ 2,698,516	$ 79,474	$ 2,832,260
	US Dollars			
At December 31, 2015				
Cost	$ 1,653	$ 82,209	$ 4,873	$ 88,736
Accumulated amortisation and impairment	-	-	(2,452)	(2,452)
	$ 1,653	$ 82,209	$ 2,421	$ 86,284

	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)
	$ 49,277	$ 2,573,540	$ 60,709	$ 2,683,526
Year ended December 31, 2014				
Opening net book amount	$ 49,277	$ 2,573,540	$ 60,709	$ 2,683,526
Additions	-	-	50,271	50,271
Disposals	-	-	(36)	(36)
Impairment loss	-	-	(174)	(174)
Amortisation charge	-	-	(50,675)	(50,675)
Net exchange differences	3,050	124,640	375	128,065
Closing net book amount	$ 52,327	$ 2,698,180	$ 60,470	$ 2,810,977
At December 31, 2014				
Cost	$ 52,327	$ 2,698,180	$ 187,678	$ 2,938,185
Accumulated amortisation and impairment	-	-	(127,208)	(127,208)
	$ 52,327	$ 2,698,180	$ 60,470	$ 2,810,977

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

	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	$ -	$ -	$ 12,791	$ -
Hong Kong	2,217,507	-	-	67,555	-	-
All other segments	49,543	-	11,608	1,509	-	354
	$ 2,267,050	$ 419,858	$ 11,608	$ 69,064	$ 12,791	$ 354

	December 31, 2014		
	Retail of computer, communication and consumer electronics	Memory module	Others
Taiwan	$ -	$ 419,858	$ -
Hong Kong	2,138,129	-	-
All other segments	128,585	-	11,608
	$ 2,266,714	$ 419,858	$ 11,608

B. Goodwill and trademarks with indefinite useful life are allocated to POWER QUOTIENT INTERNATONAL 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 years ended December 31, 2015 and 2014.

C. 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.

D. As ASHOP CO., LTD. continued to generate losses, the Group has accrued impairment loss of $79,042 for the existing objective evidence of impairment on December 31, 2015.

E. The intangible assets were not pledged to others as collaterals.

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

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Land use right	$ 1,083,312	$ 857,928	$ 33,003

A. On December 14, 2015, the Group signed a land use right contract with the People's Government of MaAnShan with term of 50 years.

B. 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 $25,778 and $20,069 for the years ended December 31, 2015 and 2014, respectively.

(13) Short-term borrowings

Type of borrowings	December 31, 2015 New Taiwan Dollars	December 31, 2015 US Dollars	Interest rate range	Collateral
Bank borrowings				
Credit borrowings	$ 11,137,953	$ 339,313	0.905%~6%	-

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

(14) Other payables

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Payables on conversion fee	$ 2,795	$ 137,066	$ 85
Payables on salary and bonus	1,618,540	1,737,970	49,308
Employees' bonus and supervisors' and directors' remuneration payable	155,741	197,356	4,745
Payables on equipment	1,812,658	1,127,648	55,222
Others	3,065,228	1,552,289	93,381
	$ 6,654,962	$ 4,752,329	$ 202,741

(15) Bonds payable (For the year ended December 31, 2015: None)

	December 31, 2014
	New Taiwan Dollars
Unsecured convertible bonds	$ 475,000
Accumulated redemption amount	(475,000)
Less: Current portion	-
	$ -

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	December 31, 2015	Unused credit line	December 31, 2015
			New Taiwan dollars		US dollars	
Long-term loan borrowings						
Bank credit borrowing	The amount of NTD 614,409 thousand, is payable in installments starting from January 2013 to June 2020	1.7%~2.55%	$ 325,000	$ 614,409	$ 9,901	$ 18,718
Bank secured borrowings	The amount of NTD 112,190 thousand is payable in installments starting from July 2014 to July 2024.	1.97%~2.07%	80,000	112,190	2,437	3,418
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.	1.58%	1,400,000	6,600,000	42,650	201,066
				7,326,599		223,202
Less: Current portion				(136,385)		(4,155)
				$ 7,190,214		$ 219,047

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 49,489 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	5,600,000
				5,751,674
Less: Current portion				(50,177)
				$ 5,701,497

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 June 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$15,000,000,000

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 and its domestic subsidiaries contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

b) The amounts recognised in the balance sheet are as follows:

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Present value of defined benefit obligations	($ 324,884)	($ 313,645)	($ 9,897)
Fair value of plan assets	65,359	85,417	1,991
Net defined benefit liability	($ 259,525)	($ 228,228)	($ 7,906)

c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit asset (liability)
Year ended December 31, 2015			
Balance at January 1	($ 313,645)	$ 85,417	($ 228,228)
Current service cost	(3,167)	-	(3,167)
Interest (expense) income	(8,175)	1,708	(6,467)
	(324,987)	87,125	(237,862)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	601	601
Change in financial assumptions	(11,386)	-	(11,386)
Experience adjustments	(14,081)	-	(14,081)
	(25,467)	601	(24,866)
Pension fund contribution	-	3,203	3,203
Paid pension	25,570	(25,570)	-
Balance at December 31	($ 324,884)	$ 65,359	($ 259,525)

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit asset (liability)
Year ended December 31, 2014			
Balance at January 1	($ 323,214)	$ 88,904	($ 234,310)
Current service cost	(2,489)	-	(2,489)
Interest (expense) income	(7,855)	1,778	(6,077)
Settlement profit or loss	1,122	-	1,122
	(332,436)	90,682	(241,754)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	344	344
Experience adjustments	9,641	-	9,641
	9,641	344	9,985
Pension fund contribution	-	3,541	3,541
Paid pension	9,150	(9,150)	-
Balance at December 31	($ 313,645)	$ 85,417	($ 228,228)

d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2015	2014
Discount rate	1.70%	2.00%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 34,587)	$ 40,752	$ 36,442	($ 31,823)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 amounts to $3,138.

g) As of December 31, 2015, the weighted average duration of that retirement plan is 13 years.

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 years ended December 31, 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 years ended December 31, 2015 and 2014 were $65,664 and $70,719, respectively.

(18) Share-based payment

A. As of December 31, 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:

	Year ended December 31, 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	(10,317)	43.10
Options expired	(3,241)	43.10
Options outstanding at end of the period	-	$ -
Options exercisable at end of the period	-	

(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. As of December 31, 2014, the Company's share-based payment arrangements have all expired.

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 December 31, 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:

	2015	2014
At January 1	512,326,940	502,009,540
Employee stock options exercised	-	10,317,400
At December 31,	512,326,940	512,326,940

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 proceeds from disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
At January 1, 2015	$ 9,337,850	$ 3,065	$ 7,124	$ 3,281	$ 68,182	$ 9,419,502
Employee stock options exercised	-	-	-	-	-	-
Adjustments due to not participating in the capital increase of investees proportionately	-	-	-	(47)	(11,480)	(11,527)
At December 31, 2015	$ 9,337,850	$ 3,065	$ 7,124	$ 3,234	$ 56,702	$ 9,407,975

	Share premium	Treasury share transactions	Difference between proceeds from disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
At January 1, 2014	$ 8,985,731	$ 3,065	$ 7,142	$ 3,043	$ 50,218	$ 9,049,199
Employee stock options exercised	352,119	-	-	-	-	352,119
Adjustments due to not participating in the capital increase of investees proportionately	-	-	(18)	238	17,964	18,184
At December 31, 2014	$ 9,337,850	$ 3,065	$ 7,124	$ 3,281	$ 68,182	$ 9,419,502

(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. a) On June 10, 2015 and June 12, 2014, the stockholders resolved the appropriation of net income of 2014 and 2013 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	2.0	1,518,197	3.0
Total	$ 1,203,233	$ 2.0	$ 1,725,697	$ 3.0

b) On March 31, 2015, the stockholders resolved the appropriation of net income of 2015 as follows:

	Year ended December 31, 2015	
	Amount	Dividend per share (NTD)
Legal reserve	$ 165,075	$ -
Cash dividend	1,024,654	2.0
Total	$ 1,189,729	$ 2.0

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	23,865	-	23,865
Currency translation differences:			
Group	-	(407,409)	(407,409)
Associates	-	3,476	3,476
At December 31, 2015 (New Taiwan dollars)	$ 1,269,210	$ 719,081	$ 1,988,291
At December 31, 2015 (US Dollars)	$ 38,666	$ 21,906	$ 60,572

	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	(	320,055)		-	(	320,055)
Currency translation differences:						
Group		-		640,832		640,832
Associates		-		50,462		50,462
At December 31, 2014 (New Taiwan dollars)	$	1,245,345	$	1,123,014	$	2,368,359

(23) Other income

	Years ended December 31,					
	2015		2014		2015	
	New Taiwan Dollars				US Dollars	
Gain recognised in bargain purchase transaction	$	852,006	$	-	$	25,956
Rental revenue		36,850		34,515		1,123
Interest income		86,784		82,506		2,644
Dividend income		2,655		1,799		81
Management service income		22,401		14,514		682
Others		142,914		378,775		4,354
	$	1,143,610	$	512,109	$	34,840

(24) Other gains and losses

	Years ended December 31,					
	2015		2014		2015	
	New Taiwan Dollars				US Dollars	
Net gains on financial assets at fair value through profit or loss	$	-	$	7,425	$	-
Net currency exchange gains		412,649		111,333		12,571
Losses on disposal of property, plant and equipment	(	160,712)	(	49,163)	(	4,896)
Gains on disposal of investments		1,329,563		723,309		40,505
Impairment loss	(	79,155)	(	53,522)	(	2,411)
Others	(	13,915)	(	128,263)	(	425)
	$	1,488,430		611,119	$	45,344

(25) Finance costs

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Interest expense:			
Back borrowings	$ 308,279	$ 282,421	$ 9,392
Bonds	-	16,385	-
Others	-	84	-
	$ 308,279	$ 298,890	$ 9,392

(26) Expenses by nature

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Employee benefit expense	$ 16,704,588	$ 13,619,550	$ 508,898
Depreciation charges on property, plant and equipment and investment property	3,596,860	3,454,059	109,577
Amortisation charges on intangible assets	73,717	50,675	2,246
Transportation expenses	963,653	1,021,012	29,357
Advertising costs	235,848	148,028	7,185
Operating lease payments	755,772	939,966	23,024
Total	$ 22,330,438	$ 19,233,290	$ 680,287

(27) Employee benefit expense

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Wages and salaries	$ 14,897,605	$ 12,221,789	$ 453,849
Labour and health insurance fees	1,426,902	979,260	43,470
Pension costs	75,298	79,285	2,294
Other personnel expenses	304,783	339,216	9,285
	$ 16,704,588	$ 13,619,550	$ 508,898

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. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on March 31, 2016. According to the amended articles, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at $116,120 and $178,624, respectively; directors' and supervisors' remuneration was accrued at $9,000 and $1,205, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the distributable profit of current year for the year ended December 31, 2015 and the percentage as prescribed by the Company's Articles of Incorporation. The accrued amounts were in agreement with those amounts as resolved by the Board of Directors and employees' compensation and directors' and supervisors' remuneration will be distributed in the form of cash.

The employees' compensation and directors' and supervisors' remuneration were accrued based on the net income of 2014, and the percentage specified in the Articles of Incorporation of the Company, taking into account other factors such as legal reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. Employees' bonus and directors' and supervisors' remuneration of 2014 as resolved by the shareholders' meeting were in agreement with those amounts recognised in the profit or loss of 2014.

Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and the shareholders at the shareholders' meeting 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:

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Current tax:			
Current tax on profits for the period	$ 896,174	$ 710,570	$ 27,302
Tax on unappropriated surplus earnings	74,913	37,892	2,282
Adjustments in respect of prior years	54,337	(361)	1,655
Total current tax	1,025,424	748,101	31,239
Deferred tax:			
Origination and reversal of temporary differences	96,665	200,940	2,945
Income tax expense	$ 1,122,089	$ 949,041	$ 34,184

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

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Currency translation differences	$ 21,777	$ 143,524	$ 664
Remeasurement of defined benefit obligations	(4,160)	6,447	(127)
Fair value gains/losses on available-for-sale financial assets	4,644	135,845	141
	$ 22,261	$ 285,816	$ 678

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Tax calculated based on profit before tax and statutory tax rate	$ 916,411	$ 1,017,060	$ 27,918
Effects from items disallowed by tax regulation	76,428	(105,550)	2,329
Prior year income tax (over) underestimation	54,337	(361)	1,655
10% surtax on undistributed earnings	74,913	37,892	2,282
Income tax expense	$ 1,122,089	$ 949,041	$ 34,184

C. Amounts of deferred tax assets or liabilities as a result of temporary difference, taxable loss and investment tax credit are as follows:

	Year ended December 31, 2015				Year ended December 31, 2015			
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	December 31,	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	December 31,
	New Taiwan Dollars				US Dollars			
Temporary differences:								
-Deferred tax assets:								
Bad debts expense	$ 3,891	($ 864)	$ -	3,027	$ 118	($ 26)	$ -	$ 92
Impairment losses on slow-moving inventory	36,131	(2,631)	-	33,500	1,101	(80)	-	1,021
Unrealised exchange (loss) gain	441	(171)	-	270	13	(5)	-	8
Unrealised profit from sales	48	(48)	-	-	1	(1)	-	-
Unrealised appropriation of pension	1,696	899	-	2,595	51	27	-	78
Remeasurement of defined benefit plan	3,116	-	4,157	7,273	95	-	127	222
Taxable loss	154,294	(38,282)	-	116,012	4,700	(1,166)	-	3,534
Others	36,992	(2,215)	-	34,777	1,127	(67)	-	1,060
Subtotal	$ 236,609	($ 43,312)	$ 4,157	$ 197,454	$ 7,206	($ 1,318)	$ 127	$ 6,015
-Deferred tax liabilities:								
Gain of investments	($ 438,990)	($ 67,310)	$ -	($ 506,300)	($ 13,373)	($ 2,052)	$ -	($ 15,425)
Unrealised exchange (loss) gain	(49,484)	16,620	-	(32,864)	(1,507)	506	-	(1,001)
Remeasurement of defined benefit plan	(5,503)	268	3	(5,232)	(168)	8	-	(160)
Unrealised gains (losses) on available-for-sale financial assets	(441,254)	-	(4,644)	(445,898)	(13,442)	-	(141)	(13,583)
Cumulative translation adjustments	(394,449)	-	(21,777)	(416,226)	(12,016)	-	(664)	(12,680)
Others	-	(2,931)	-	(2,931)	-	(89)	-	(89)
Subtotal	($ 1,329,680)	($ 53,353)	($ 26,418)	($ 1,409,451)	($ 40,506)	($ 1,627)	($ 805)	($ 42,938)
Total	($ 1,093,071)	($ 96,665)	($ 22,261)	($ 1,211,997)	($ 33,300)	($ 2,945)	($ 678)	($ 36,923)

	Year ended December 31, 2014			
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	December 31,
	New Taiwan Dollars			
Temporary differences:				
-Deferred tax assets:				
Bad debts expense	$ 1,753	$ 2,138	$ -	$ 3,891
Impairment losses on slow-moving inventory	57,951	(21,820)	-	36,131
Unrealised exchange (loss) gain	1,191	(750)	-	441
Unrealised profit from sales	-	48	-	48
Unrealised appropriation of pension	5,908	(2,199)	-	3,709
Remeasurement of defined benefit plan	1,836	-	(733)	1,103
Cumulative translation adjustments	12,087	-	(12,087)	-
Taxable loss	162,915	(8,621)	-	154,294
Others	11,736	25,256	-	36,992
Subtotal	$ 255,377	($ 5,948)	($ 12,820)	$ 236,609
-Deferred tax liabilities:				
Gain of investments	($ 273,439)	($ 165,551)	$ -	($ 438,990)
Unrealised exchange (loss) gain	(18,508)	(30,976)	-	(49,484)
Remeasurement of defined benefit plan	-	211	(5,714)	(5,503)
Unrealised gains (losses) on available -for-sale financial assets	(305,409)	-	(135,845)	(441,254)
Cumulative translation adjustments	(263,012)	-	(131,437)	(394,449)
Others	(1,324)	1,324	-	-
Subtotal	($ 861,692)	($ 194,992)	($ 272,996)	($ 1,329,680)
Total	($ 606,315)	($ 200,940)	($ 285,816)	($ 1,093,071)

D. Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

December 31, 2015				
New Taiwan Dollars				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2008-2015	$ 2,095,682	$ 2,095,682	$ 240,254	2018-2025

December 31, 2014				
New Taiwan Dollars				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2008-2014	$ 2,316,976	$ 2,316,976	$ 239,591	2018-2024

December 31, 2015				
US Dollars				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2008-2015	$ 63,844	$ 63,844	$ 7,319	2018-2025

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Deductible temporary differences	$ 460,267	$ 453,538	$ 14,022

F. 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:

	Status of Assessment
The Company	Assessed and approved up to 2012
PQI, PROCONN, FII, WCT, Shinfox, Du Precision, VT, Dart, Studio A Inc.	Assessed and approved up to 2013
FUII, Zhi De Investment, Va Product Inc.	Assessed and approved up to 2014

G. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Earnings generated in and before1998	$ 6,277,731	$ 5,853,307	$ 191,248

H. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $831,112 and $1,022,930, respectively. The creditable tax rate was 17.45% for the year ended December 31, 2014 and is estimated to be 13.24% for the year ended December 31, 2015.

(29) Earnings per share

	Year ended December 31, 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
Basic earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 1,650,031	$ 50,268	512,327	$ 3.22	$ 0.10
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 1,650,031	$ 50,268	512,327		
Assumed conversion of all dilutive potential ordinary shares					
Employees' bonus	-	-	2,552		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,650,031	$ 50,268	514,879	$ 3.20	$ 0.10

	Year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	New Taiwan Dollars		Dollars
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,786,611	509,619	$ 3.51
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,786,611	509,619	
Assumed conversion of all dilutive potential ordinary shares			
Employees' options	-	5,834	
Employees' bonus	-	5,704	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,786,611	521,157	$ 3.43

(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 and December 24, 2014, the Group acquired an additional 12.25% and 12.38% shares in Va Product Inc. for a total cash consideration of $2,940 and $2,972, respectively. The carrying amount of non-controlling interest in Va Product Inc. was $3,082 and ($2,248) at the acquisition date, respectively. The transaction in April 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, and the transaction in December resulted in an increase in the non-controlling interest by $758 and a decrease in the equity attributable to owners of the parent by $3,730.

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 year ended December 31, 2014 is shown below:

	Year ended December 31, 2014
Carrying amount of non-controlling interest acquired	($ 3,247)
Consideration paid to non-controlling interest	(10,947)
	($ 14,194)
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	($ 14,170)

D. The Group did not conduct any transaction with non-controlling interest during the year ended December 31, 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 $721,994 and $516,309 and contingent rents of $33,778 and $25,793 for these leases in profit or loss for the years ended December 31, 2015 and 2014, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
No later than one year	$ 228,345	$ 368,202	$ 6,956
Later than one year but not later than five years	258,733	290,961	7,882
	$ 487,078	$ 659,163	$ 14,838

(32) Supplemental cash flow information

Investment activities with partial cash payments:

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Purchased property, plant and equipment	$ 6,328,904	$ 3,841,947	$ 192,808
Add: opening balance of payable on equipment	1,127,648	867,825	34,353
Less: ending balance of payable on equipment	(1,812,658)	(1,127,648)	(55,222)
Cash paid during the period for property, plant and equipment	$ 5,643,894	$ 3,582,124	$ 171,939

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales of goods

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Sales of goods:			
-Associates	$ 1,611,765	$ 1,419,496	$ 49,102

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

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Purchases of goods:			
-Associates	$ 1,985,801	$ 1,660,502	$ 60,497

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

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Receivables from related parties:			
-Associates	$ 775,771	$ 687,736	$ 23,634
Other receivables from related parties:			
-Associates			
Financing	$ 582,243	$ 509,200	$ 17,738
Others	105,599	201,338	3,217
	$ 687,842	$ 710,538	$ 20,955

D. Accounts payable

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Payables from related parties:			
-Associates	$ 646,217	$ 406,419	$ 19,687

E. Loans to related parties:

a) Receivables from related parties

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Associates	$ 582,243	$ 509,200	$ 17,738

b) Interest income

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Associates	$ 32,377	$ 14,298	$ 986

(2) Key management compensation

	Years ended December 31,		
	2015	2014	2015
	New Taiwan Dollars		US Dollars
Salaries and other short-term employee benefits	$ 82,245	$ 92,479	$ 2,506
Post-employment benefits	1,504	1,630	46
Total	$ 83,749	$ 94,109	$ 2,552

8. PLEDGED ASSETS

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

Pledged assets	Book value December 31, 2015	Book value December 31, 2014	Pledged purpose
Restricted assets-current	$ 206,954	$ 197,180	Customs deposit, guarantee for L/C issued for purchases of materials and government grants
	(US$ 6,304)		
Other receivables	-	243	Sale of accounts receivable retention money
	(US$ -)		
Refundable deposits	205,141	409,588	Customs deposit and plant deposit
	(US$ 6,250)		
Other assets-other	2,500	2,500	Litigation deposit
	(US$ 76)		
	$ 414,595	$ 609,511	

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 :

	December 31, 2015	December 31, 2014	December 31, 2015
	New Taiwan Dollars		US Dollars
Property, plant and equipment	$ 1,174,779	$ 723,735	$ 35,789

(2) On December 16, 2011, PQI was informed by its US 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 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 subsidiary of PQI has the credit right to the employee on this event. However, based on conservatism principle, the US 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 subsidiary of PQI filed a lawsuit against its client-PRIVATE LABEL PC, INC. (PLPC), seeking compensation. PLPC also filed a counterclaim against the Company, US

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. As of December 31, 2014, Studio A Inc. has received US$1,600,000. However, Studio A Inc. re-signed the contract, taking into account the investment and operations strategy. ASHOP CO., LTD.'s shares will not be sold and the shareholding ratio will increase from 51% to 58%. The received shares are not required to be returned. As of March 31, 2016, the abovementioned events have not been registered. 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 and guarantee for material purchase from Apple of US$3,000 thousand at the maximum. As of December 31, 2015, ASHOP CO., LTD. has received the loan granted by the Company that amounted to US$7,000 thousand. 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

Please refer to 6(17).

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).

	December 31, 2015			
	Book value	Fair value	Book value	Fair value
	New Taiwan Dollars		US Dollars	
Financial assets:				
Financial assets measured at cost	$ 670,846	$ -	$ 20,437	$ -
Financial liabilities:				
Long-term borrowings (including current portion)	$ 7,326,599	$ 6,998,565	$ 223,202	$ 213,208

	December 31, 2014	
	Book value	Fair value
	New Taiwan Dollars	
Financial assets:		
Financial assets measured at cost	$ 534,626	$ -
Financial liabilities:		
Long-term borrowings (including current portion)	$ 5,751,674	$ 5,559,230

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:

	December 31, 2015		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 484,534	32.83	$ 15,907,264
RMB：NTD	9,224	5.00	46,121
HKD：NTD	8,726	4.24	36,998
JPY：NTD	864,462	0.27	233,405
USD：HKD	10,171	7.75	333,914
RMB : HKD	6,453	1.18	32,265
USD : RMB	9,447	6.49	310,145
Non-monetary items			
RMB : HKD	$ 63,544	1.18	$ 317,722
Financial liabilities			
Monetary items			
USD：NTD	$ 416,062	32.83	$ 13,659,328
HKD：NTD	7,149	4.24	30,313
JPY：NTD	662,718	0.27	178,934
USD：HKD	28,693	7.75	941,991
RMB : HKD	51,438	1.18	257,190
USD : RMB	60,303	6.49	1,979,747

	December 31, 2014			
	Foreign currency (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
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
Non-monetary items				
RMB : HKD	$	62,771	1.25	$ 319,504
Financial liabilities				
Monetary items				
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

iii. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014 amounted to $412,649 and $111,333, respectively.

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

	Year ended December 31, 2015		
	Sensitivity Analysis		
	Extent of variation	Effect on profit or loss before income tax	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 159,073	$ -
RMB：NTD	1%	461	-
HKD：NTD	1%	370	-
JPY：NTD	1%	2,334	-
USD：HKD	1%	3,339	-
RMB：HKD	1%	323	-
USD：RMB	1%	3,101	-
Financial liabilities			
Monetary items			
USD：NTD	1%	$ 136,593	$ -
HKD：NTD	1%	303	-
JPY：NTD	1%	1,789	-
USD : HKD	1%	9,420	-
RMB：HKD	1%	2,572	-
USD：RMB	1%	19,797	-

	Year ended December 31, 2014			
	Sensitivity Analysis			
	Extent of variation	Effect on profit or loss before income tax		Effect on other comprehensive income
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD：NTD	1%	$	126,044	$ -
RMB：NTD	1%		226	-
HKD：NTD	1%		647	-
JPY：NTD	1%		1,031	-
USD：HKD	1%		3,445	-
RMB：HKD	1%		925	-
USD：RMB	1%		10,593	-
Financial liabilities				
Monetary items				
USD：NTD	1%	$	93,238	$ -
HKD：NTD	1%		101	-
JPY：NTD	1%		484	-
USD : HKD	1%		17,914	-
RMB：HKD	1%		3,465	-
USD：RMB	1%		66,071	-

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 years ended December 31, 2015 and 2014 would have increased/decreased by $0 and $1, 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 $14,417 and $16,955, 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 years ended December 31, 2015 and 2014, the Group's borrowings at variable rate were denominated in the NTD and USD.

ii. As of December 31, 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 years ended December 31, 2015 and 2014 would have been $60,811 and $47,739 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:

December 31, 2015	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	$ 11,137,953	$ -	$ -	$ -	$ -
Notes payable	3,307	-	-	-	-
Accounts payable	17,377,935	-	-	-	-
Other payables	6,654,962	-	-	-	-
Long-term borrowings (including current portion)	136,384	7,254,875	51,032	27,251	20,763

Non-derivative financial liabilities:

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	US Dollars				
Short-term borrowings	$ 339,313	$ -	$ -	$ -	$ -
Notes payable	101	-	-	-	-
Accounts payable	529,412	-	-	-	-
Other payables	202,741	-	-	-	-
Long-term borrowings (including current portion)	4,155	221,017	1,555	830	633

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	-	-	-	-
Long-term borrowings (including current portion)	50,177	5,756,500	33,705	22,969	9,592

As of December 31, 2015 and 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 December 31, 2015 and 2014 is as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Available-for-sale financial assets	$ 1,922,305	$ -	$ -	$ 1,922,305

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contract	$ -	$ 79	$ -	$ 79
Available-for-sale financial assets	$ 1,994,714	$ -	$ -	$ 1,994,714

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

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

	Listed shares
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 years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

13. SUPPLEMENTARY DISCLOSURES

1) Significant transactions information

The information disclosed relative to the investee companies was based on their financial statements for the corresponding period which were not reviewed by independent accountants.

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

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