CHIEFTEK PRECISION CO., LTD.

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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of CHIEFTEK PRECISION CO., LTD.

We have audited the accompanying consolidated balance sheets of CHIEFTEK PRECISION CO., LTD. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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 provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CHIEFTEK PRECISION 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 Preparation 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 parent company only financial statements of CHIEFTEK PRECISION CO., LTD. as of and for the years ended December 31, 2015 and 2014, and have expressed an unqualified opinion on those financial statements.

PricewaterhouseCoopers, Taiwan

Republic of China

March 17, 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.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 449,849	20	$ 464,566	19
1150	Notes receivable, net		24,696	1	35,953	1
1170	Accounts receivable, net	6(2)	324,429	14	298,873	12
1200	Other receivables		1,504	-	1,650	-
1220	Current income tax assets	6(19)	13,837	1	13,042	-
130X	Inventory	5(1) and 6(3)	365,499	16	472,152	19
1410	Prepayments		15,464	1	19,654	1
11XX	**Total current assets**		1,195,278	53	1,305,890	52
	Non-current assets					
1600	Property, plant and equipment	6(4) and 8	661,307	29	770,097	31
1760	Investment property, net	6(5) and 8	316,864	14	316,864	13
1780	Intangible assets	6(6)	53,104	2	51,284	2
1840	Deferred income tax assets	6(19)	23,545	1	20,816	1
1915	Prepayments for equipment	6(4)	20,101	1	22,034	1
1920	Guarantee deposits paid		2,258	-	2,026	-
1980	Other financial assets-non-current	8	1,432	-	-	-
1990	Other non-current assets		2,367	-	3,058	-
15XX	**Total non-current assets**		1,080,978	47	1,186,179	48
1XXX	**Total assets**		$ 2,276,256	100	$ 2,492,069	100

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(7)	$ 204,803	9	$ 429,235	17
2150	Notes payable		48,048	2	47,074	2
2170	Accounts payable		23,482	1	15,328	1
2200	Other payables		62,800	3	61,732	2
2230	Current income tax liabilities	6(19)	7,350	-	9,813	-
2310	Advance receipts		797	-	1,354	-
2320	Long-term liabilities, current portion	6(8) and 8	99,160	5	73,808	3
21XX	**Total current liabilities**		446,440	20	638,344	25
	Non-current liabilities					
2540	Long-term borrowings	6(8), 8 and 9	503,418	22	563,110	23
2570	Deferred income tax liabilities	6(19)	2,917	-	1,835	-
2640	Net defined benefit liabilities	6(9)	3,950	-	441	-
25XX	**Total non-current liabilities**		510,285	22	565,386	23
2XXX	**Total liabilities**		956,725	42	1,203,730	48
	Share capital					
3110	Share capital - common stock	6(10)	592,338	26	592,338	24
	Capital reserves					
3200	Capital surplus	6(10)(11)(12)	463,051	20	463,051	19
	Retained earnings	6(10)(13)(19)				
3310	Legal reserve		57,827	3	55,753	2
3320	Special reserve		-	-	133	-
3350	Unappropriated retained earnings		312,835	14	275,263	11
3400	**Other equity interest**		12,024	-	15,168	1
3500	**Treasury shares**	6(10)	(118,544)	(5)	(113,367)	(5)
3XXX	**Total equity**		1,319,531	58	1,288,339	52
	Significant Contingent Liabilities and Unrecognized Contract Commitments	6(21) and 9				
3X2X	**Total liabilities and equity**		$ 2,276,256	100	$ 2,492,069	100

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2015		2014	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**		$ 1,021,983	100	$ 1,016,920	100
5000	**Operating costs**	6(3)(6)(9)(17)(18)(21)	(715,579)	(70)	(776,000)	(76)
5900	**Net operating margin**		306,404	30	240,920	24
	Operating expenses	6(5)(6)(9)(17)(18)				
6100	Selling expenses		(79,483)	(8)	(79,563)	(8)
6200	General and administrative expenses		(93,780)	(9)	(91,430)	(9)
6300	Research and development expenses		(36,985)	(4)	(30,775)	(3)
6000	**Total operating expenses**		(210,248)	(21)	(201,768)	(20)
6900	**Operating profit**		96,156	9	39,152	4
	Non-operating income and expenses					
7010	Other income	6(14)	8,279	1	7,527	1
7020	Other gains and losses	6(15) and 12	(5,023)	-	4,508	-
7050	Finance costs	6(4)(16)	(17,997)	(2)	(19,369)	(2)
7000	**Total non-operating income and expenses**		(14,741)	(1)	(7,334)	(1)
7900	**Profit before tax**		81,415	8	31,818	3
7950	Income tax expense	6(19)	(10,633)	(1)	(11,075)	(1)
8200	**Profit for the year**		$ 70,782	7	$ 20,743	2
	Other comprehensive income (loss) (Net)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Other comprehensive loss, before tax, actuarial loss on defined benefit plans	6(9)	($ 3,798)	(1)	($ 359)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	646	-	61	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(3,144)	-	9,872	1
8300	**Total other comprehensive (loss) income for the year**		($ 6,296)	(1)	$ 9,574	1
8500	**Total comprehensive income for the year**		$ 64,486	6	$ 30,317	3
	Profit attributable to:					
8610	Owners of the parent		$ 70,782	7	$ 20,743	2
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 64,486	6	$ 30,317	3
	Basic earnings per share (in dollars)					
9750	**Net income**	6(20)	$ 1.26		$ 0.35	
	Diluted earnings per share (in dollars)					
9850	**Net income**	6(20)	$ 1.25		$ 0.35	

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Capital			Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	Advance receipts for share capital	Capital reserves	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares	Total equity
For the year ended December 31, 2014										
Balance at January 1, 2014		$ 559,622	$ 5,913	$ 456,573	$ 49,884	$ 133	$ 300,033	$ 5,296	$ -	$1,377,454
Distribution of 2013 net income:										
Legal reserve		-	-	-	5,869	-	(5,869)	-	-	-
Cash dividends	6(13)	-	-	-	-	-	(11,242)	-	-	(11,242)
Stock dividends	6(10)(13)	28,104	-	-	-	-	(28,104)	-	-	-
Exercise of employee stock options	6(10)(11)	4,612	(5,913)	6,457	-	-	-	-	-	5,156
Compensation cost of employee stock option	6(11)(12)	-	-	21	-	-	-	-	-	21
Profit for 2014		-	-	-	-	-	20,743	-	-	20,743
Other comprehensive income (loss) for 2014		-	-	-	-	-	(298)	9,872	-	9,574
Buy-back of treasury shares	6(10)	-	-	-	-	-	-	-	(113,367)	(113,367)
Balance at December 31, 2014		$ 592,338	$ -	$ 463,051	$ 55,753	$ 133	$ 275,263	$ 15,168	($ 113,367)	$1,288,339
For the year ended December 31, 2015										
Balance at January 1, 2015		$ 592,338	$ -	$ 463,051	$ 55,753	$ 133	$ 275,263	$ 15,168	($ 113,367)	$1,288,339
Distribution of 2014 net income:										
Legal reserve		-	-	-	2,074	-	(2,074)	-	-	-
Cash dividends	6(13)	-	-	-	-	-	(28,117)	-	-	(28,117)
Reversal of special reserve		-	-	-	-	(133)	133	-	-	-
Profit for 2015		-	-	-	-	-	70,782	-	-	70,782
Other comprehensive income (loss) for 2015		-	-	-	-	-	(3,152)	(3,144)	-	(6,296)
Buy-back of treasury shares	6(10)	-	-	-	-	-	-	-	(5,177)	(5,177)
Balance at December 31, 2015		$ 592,338	$ -	$ 463,051	$ 57,827	$ -	$ 312,835	$ 12,024	($ 118,544)	$1,319,531

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 81,415	$ 31,818
Adjustments			
Adjustments to reconcile profit (loss)			
Reversal of allowance for doubtful accounts	6(2)(14)	(5,254)	(2,611)
Loss on inventory market price decline	6(3)	17,095	14,203
Depreciation	6(4)(17)	129,746	143,655
Loss on disposal of property, plant and equipment	6(15)	1,404	384
Amortization	6(6)(17)	937	921
Employee stock option compensation cost	6(11)(12)	-	21
Interest income	6(14)	(1,528)	(717)
Interest expense	6(16)	17,997	19,369
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		11,257	(7,409)
Accounts receivable		(19,930)	(18,551)
Other receivables		146	(1,268)
Inventories		91,786	149,469
Prepayments		4,190	8,274
Changes in operating liabilities			
Notes payable		(2,307)	25,859
Accounts payable		8,154	4,360
Other payables		335	89
Advance receipts		(557)	(61)
Net defined benefit liabilities		(289)	(289)
Cash inflow generated from operations		334,597	367,516
Interest received		1,528	717
Interest paid		(18,091)	(19,559)
Income tax paid		(14,892)	(5,646)
Net cash flows from operating activities		303,142	343,028

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CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for acquisition of property, plant and equipment	6(22)	($ 13,810)	($ 18,634)
Interest paid for acquisition of property, plant and equipment	6(4)(16)(22)	(309)	-
Proceeds from disposal of property, plant and equipment		110	420
Cash paid for acquisition of intangible assets	6(6)	(2,763)	(3,195)
Increase in prepayment for equipment		(3,206)	(26,706)
Increase in guarantee deposits paid		(232)	(736)
Increase in other financial assets-non-current		(1,432)	-
Decrease (increase) in other non-current assets		691	(810)
Net cash flows used in investing activities		(20,951)	(49,661)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(224,432)	8,930
Decrease in notes and bills payable		-	(30,000)
Increase in long-term borrowings		45,799	220,000
Decrease in long-term borrowings		(80,854)	(300,409)
Employee stock option exercise shares	6(10)	-	5,156
Payment of cash dividends	6(13)	(28,117)	(11,242)
Buy-back of treasury shares	6(10)	(5,177)	(113,367)
Net cash flows used in financing activities		(292,781)	(220,932)
Effect of foreign exchange rate changes on cash and cash equivalents		(4,127)	9,551
Net (decrease) increase in cash and cash equivalents		(14,717)	81,986
Cash and cash equivalents at beginning of year	6(1)	464,566	382,580
Cash and cash equivalents at end of year	6(1)	$ 449,849	$ 464,566

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) CHIEFTEK PRECISION CO., LTD. (the Company) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on October 19, 1998. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research, development, manufacture and sale of miniature linear guide, miniature ball screw, miniature linear modules, electro-optics equipment and semiconductor process equipment.

(2) The common shares of the Company have been listed on the Taipei Exchange since December 28, 2012.

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 17, 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 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 financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in other comprehensive income ("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.

B. 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.

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

None.

(3) IFRSs issued by International Accounting Standards Board ("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 IASB
Recoverable amount disclosures for non-financial assets (amendments to International Accounting Standard ("IAS") 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Improvements to IFRSs 2012-2014	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
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
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 IASB

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the consolidated financial statements will be disclosed when the assessment is complete.

4. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

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) <u>Statement of compliance</u>

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, International Financial Reporting Interpretations Committee ("IFRIC") Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) <u>Basis of preparation</u>

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) <u>Basis of consolidation</u>

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

			Percentage owned by the Company		
Name of Investor	Name of Subsidiary	Business activities	December 31, 2015	December 31, 2014	Note
CHIEFTEK PRECISION CO., LTD. ("CHIEFTEK PRECISION")	CHIEFTEK PRECISION HOLDING CO., LTD.	Professional investment	100	100	-
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH ("cpc Europa")	Sale of high precision linear motion components and rendering after-sales service	100	100	-
CHIEFTEK PRECISION HOLDING CO., LTD.	Chieftek Precision (Hong Kong) Co., Limited	Professional investment	100	100	-
CHIEFTEK PRECISION HOLDING CO., LTD.	CHIEFTEK PRECISION USA CO., LTD. ("CHIEFTEK USA")	Sale of high precision linear motion components and rendering after-sales service	100	100	-
Chieftek Precision (Hong Kong) Co., Limited	Chieftek Machinery (Kunshan) Co., Ltd. ("Chieftek (Kunshan)")	Production, processing and sale of high precision linear motion components and after-sales service	100	100	-

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group: None.

(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 recognized in profit or loss in the period in which they arise.

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions 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 that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

A. 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.

B. 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) Receivables

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

(8) 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) 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;

(c) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(d) 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;

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made according of financial assets. 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 recognized 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 recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(9) Derecognition of financial assets

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

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

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventory is lower than net realizable value, a write down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(11) Property, plant and equipment

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

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

C. 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Assets	Useful lives
Buildings	3 ～ 50 years
Machinery and equipment	2 ～ 15 years
Transportation equipment	3 ～ 10 years
Office equipment	1 ～ 8 years
Leasehold improvements	2 ～ 15 years
Other equipment	2 ～ 10 years

(12) Leases (lessee)

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

(13) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

(14) Intangible assets

A. Trademarks and patents

Separately acquired trademarks of corporate identity system and patents are stated initially at cost. Trademarks and patents have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 10 to 20 years.

B. Computer software

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

C. Other intangible assets

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

(15) Impairment of non-financial assets

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

(16) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(17) Notes and accounts payable

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

(18) Derecognition of financial liabilities

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

(19) Offsetting financial instruments

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

C. Employees', directors' and supervisors' remuneration

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

(21) 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 recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(22) Income tax

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

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

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred 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 tax is provided on temporary differences arising on investments in subsidiaries, 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 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 tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred 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 recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred 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 recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(23) Share capital

A. Ordinary shares are classified as equity.

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, is included in equity attributable to the Company's equity holders.

(24) 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.

(25) Revenue recognition

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

(26) 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 is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these 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) Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date 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 realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2015, the carrying amount of inventories was $365,499.

(2) Impairment assessment of tangible and intangible assets (excluding goodwill)

A. The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. As of December 31, 2015, there is no impairment loss on tangible and intangible assets in the Group.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash:		
Cash on hand	$ 1,104	$ 607
Checking accounts and demand deposits	432,217	462,305
	433,321	462,912
Cash equivalents:		
Time deposits	16,528	1,654
	$ 449,849	$ 464,566

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

B. Details of the Group's cash and cash equivalents pledged to others as collateral as of December 31, 2015 and 2014 are provided in Note 8, 'Pledged assets'.

(2) Accounts receivable, net

	December 31, 2015	December 31, 2014
Accounts receivable	$ 341,943	$ 322,013
Less: Allowance for doubtful accounts	(17,514)	(23,140)
	$ 324,429	$ 298,873

A. The ageing analysis of the Group's accounts receivable that were past due but not impaired is as follows:

	December 31, 2015	December 31, 2014
Up to 30 days	$ 32,826	$ 46,985
31 to 90 days	31,293	44,612
91 to 180 days	21,063	26,035
181 to 365 days	3,697	15,490
Over 365 days	1,421	-
	$ 90,300	$ 133,122

The above ageing analysis was based on invoice past due date.

B. Movement analysis of the Group's financial assets that were impaired is as follows:

	2015	2014
	Group provision	Group provision
At January 1	$ 23,140	$ 25,403
Reversal of impairment	(5,254)	(2,611)
Effect of foreign exchange rate changes	(372)	348
At December 31	$ 17,514	$ 23,140

C. The Group's accounts receivable that were neither past due nor impaired were from the customers who have good credit quality.

D. As of December 31, 2015 and 2014, the Group does not hold any collateral as security for accounts receivable.

(3) Inventories

	December 31, 2015		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 26,426	($ 441)	$ 25,985
Supplies	32,156	(2,541)	29,615
Work in process	147,064	(11,551)	135,513
Finished goods	236,159	(61,773)	174,386
	$ 441,805	($ 76,306)	$ 365,499

	December 31, 2014		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 17,752	($ 149)	$ 17,603
Supplies	28,801	(1,689)	27,112
Work in process	174,685	(10,225)	164,460
Finished goods	312,353	(49,376)	262,977
	$ 533,591	($ 61,439)	$ 472,152

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2015	2014
Cost of goods sold	$ 695,059	$ 763,129
Provision for inventory market price decline	17,095	14,203
Loss (gain) on physical inventory	3,622	(925)
Revenue from sale of scraps	(197)	(407)
	$ 715,579	$ 776,000

(4) Property, plant and equipment

January 1, 2015	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 446,668	$ 793,127	$ 4,091	$ 17,139	$ 109,457	$ 14,830	$ 1,385,312
Accumulated depreciation	(65,587)	(444,517)	(3,877)	(14,557)	(86,677)	-	(615,215)
	$ 381,081	$ 348,610	$ 214	$ 2,582	$ 22,780	$ 14,830	$ 770,097
For the year ended December 31, 2015							
At January 1, 2015	$ 381,081	$ 348,610	$ 214	$ 2,582	$ 22,780	$ 14,830	$ 770,097
Additions	1,142	8,380	1,321	419	5,855	1,110	18,227
Transferred from prepayments for equipment	-	-	-	-	-	5,139	5,139
Transferred after acceptance inspection	-	634	-	-	1,904	(2,538)	-
Depreciation	(13,017)	(104,787)	(204)	(1,313)	(10,425)	-	(129,746)
Disposals－Cost	-	(6,191)	-	(202)	(172)	-	(6,565)
－Accumulated depreciation	-	4,677	-	202	172	-	5,051
Net currency exchange differences	-	(680)	(14)	(11)	(191)	-	(896)
At December 31, 2015	$ 369,206	$ 250,643	$ 1,317	$ 1,677	$ 19,923	$ 18,541	$ 661,307
December 31, 2015							
Cost	$ 447,810	$ 795,195	$ 5,385	$ 17,282	$ 116,728	$ 18,541	$ 1,400,941
Accumulated depreciation	(78,604)	(544,552)	(4,068)	(15,605)	(96,805)	-	(739,634)
	$ 369,206	$ 250,643	$ 1,317	$ 1,677	$ 19,923	$ 18,541	$ 661,307

January 1, 2014	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 415,410	$ 770,510	$ 4,080	$ 16,583	$ 102,038	$ 39,540	$ 1,348,161
Accumulated depreciation	(53,586)	(335,705)	(3,626)	(12,332)	(67,937)	-	(473,186)
	$ 361,824	$ 434,805	$ 454	$ 4,251	$ 34,101	$ 39,540	$ 874,975
For the year ended December 31, 2014							
At January 1, 2014	$ 361,824	$ 434,805	$ 454	$ 4,251	$ 34,101	$ 39,540	$ 874,975
Additions	2,497	5,712	-	202	3,673	3,411	15,495
Transferred from prepayments for equipment	-	-	-	-	-	24,799	24,799
Transferred after acceptance inspection	28,761	19,113	-	523	4,523	(52,920)	-
Reclassification	-	831	-	(831)	-	-	-
Depreciation charge	(12,001)	(110,512)	(235)	(1,588)	(19,319)	-	(143,655)
Disposals－Cost	-	(1,697)	-	(164)	(490)	-	(2,351)
－Accumulated depreciation	-	897	-	163	487	-	1,547
Net currency exchange differences	-	(539)	(5)	26	(195)	-	(713)
At December 31, 2014	$ 381,081	$ 348,610	$ 214	$ 2,582	$ 22,780	$ 14,830	$ 770,097
December 31, 2014							
Cost	$ 446,668	$ 793,127	$ 4,091	$ 17,139	$ 109,457	$ 14,830	$ 1,385,312
Accumulated depreciation	(65,587)	(444,517)	(3,877)	(14,557)	(86,677)	-	(615,215)
	$ 381,081	$ 348,610	$ 214	$ 2,582	$ 22,780	$ 14,830	$ 770,097

A. Amount of borrowing costs capitalized as part of property, plant and equipment, as well as prepayments for equipment, and the range of the interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2015	2014
Amount capitalized	$ 309	$ –
Interest rate range	1.76%	–

B. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2015 and 2014 is provided in Note 8, 'Pledged assets'.

(5) Investment property, net

For the years ended December 31, 2015 and 2014, details of movements in investment property are as follows:

2015	Land
Cost at January 1 and December 31	$ 316,864
2014	**Land**
Cost at January 1 and December 31	$ 316,864

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

	For the years ended December 31,	
	2015	2014
Rental income from investment property	$ –	$ –
Direct operating expenses arising from the investment property that did not generated rental income during the year	$ 879	$ 735

B. The fair value of the investment property held by the Group as at December 31, 2015 and 2014 both was $320,270, which was valued using the actual price registration, and is categorised within Level 3 in the fair value hierarchy.

C. Information about the investment property that was pledged to others as collateral as of December 31, 2015 and 2014 is provided in Note 8, 'Pledged assets'.

(6) Intangible assets

For the years ended December 31, 2015 and 2014, reconciliation chart of the initial cost, accumulated amortization amount and carrying amount at beginning and end of year of intangible assets is as follows:

	2015				
For the year ended December 31, 2015	Trademarks	Patents	Software	Others	Total
At January 1					
Cost	$ 578	$ 3,799	$ 4,563	$60,000	$ 68,940
Accumulated amortization	(540)	(593)	(3,023)	(13,500)	(17,656)
Net value	$ 38	$ 3,206	$ 1,540	$46,500	$ 51,284
Net value at January 1, 2015	$ 38	$ 3,206	$ 1,540	$46,500	$ 51,284
Additions-acquired separately	–	2,698	65	–	2,763
Amortization	(38)	(278)	(621)	–	(937)
Net exchange differences	–	–	(6)	–	(6)
Net value at December 31, 2015	$ –	$ 5,626	$ 978	$46,500	$ 53,104
At December 31, 2015					
Cost	$ 578	$ 6,497	$ 4,613	$60,000	$ 71,688
Accumulated amortization	(578)	(871)	(3,635)	(13,500)	(18,584)
Net value	$ –	$ 5,626	$ 978	$46,500	$ 53,104

	2014				
For the year ended December 31, 2014	Trademarks	Patents	Software	Others	Total
At January 1					
Cost	$ 578	$ 2,338	$ 2,829	$60,000	$ 65,745
Accumulated amortization	(501)	(423)	(2,311)	(13,500)	(16,735)
Net value	$ 77	$ 1,915	$ 518	$46,500	$ 49,010
Net value at January 1, 2014	$ 77	$ 1,915	$ 518	$46,500	$ 49,010
Additions-acquired separately	–	1,461	1,734	–	3,195
Amortization	(39)	(170)	(712)	–	(921)
Net value at December 31, 2014	$ 38	$ 3,206	$ 1,540	$46,500	$ 51,284
At December 31, 2014					
Cost	$ 578	$ 3,799	$ 4,563	$60,000	$ 68,940
Accumulated amortization	(540)	(593)	(3,023)	(13,500)	(17,656)
Net value	$ 38	$ 3,206	$ 1,540	$46,500	$ 51,284

A. For the years ended December 31, 2015 and 2014, no borrowing cost was capitalized as part of intangible assets.

B. Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2015	2014
Production overhead	$ 167	$ 62
Administrative expenses	189	162
Research and development expenses	581	697
	$ 937	$ 921

(7) Short-term borrowings

Nature	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 204, 803	0. 79%~1. 58%	None

Nature	December 31, 2014	Interest rate range	Collateral
Bank loans			
Secured borrowings	$ 381, 760	0. 92%~1. 66%	None
Unsecured borrowings	47, 475	1. 80%	(Note)
	$ 429, 235		

(Note) Endorsements and guarantees by the parent company.

(8) Long-term borrowings

Nature	Borrowing period	December 31, 2015	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	July 4, 2011～ December 9, 2019	$ 602, 578	1. 65%～ 2. 14%	(Note)
Less: current portion		(99, 160)		
		$ 503, 418		

(Note) Demand deposits, buildings, machinery and equipment, investment property-land and endorsements and guarantees by parent Company.

Nature	Borrowing period	December 31, 2014	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	July 4, 2011～ December 9, 2019	$ 636, 918	1. 79%～ 2. 21%	Buildings, machinery and equipment, and investment property-land
Less: current portion		(73, 808)		
		$ 563, 110		

(9) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

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

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	($ 7,433)	($ 3,547)
Fair value of plan assets	3,483	3,106
Net defined benefit liability	($ 3,950)	($ 441)

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

For the year ended December 31, 2015	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 3,547)	$ 3,106	($ 441)
Interest (expense) income	(71)	62	(9)
	(3,618)	3,168	(450)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	17	17
Change in financial assumptions	(206)	-	(206)
Experience adjustments	(3,609)	-	(3,609)
	(3,815)	17	(3,798)
Pension fund contribution	-	298	298
Balance at December 31	($ 7,433)	$ 3,483	($ 3,950)

For the year ended December 31, 2014	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 3,118)	$ 2,747	($ 371)
Interest (expense) income	(63)	55	(8)
	(3,181)	2,802	(379)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	7	7
Experience adjustments	(366)	-	(366)
	(366)	7	(359)
Pension fund contribution	-	297	297
Balance at December 31	($ 3,547)	$ 3,106	($ 441)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plans 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:

	For the years ended December 31,	
	2015	2014
Discount rate	1.70%	2.00%
Future salary increases	3.25%	3.25%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 5th 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	
December 31, 2015	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Effect on present value of defined benefit obligation	($ 645)	$ 777	$ 678	($ 576)

The sensitivity analysis above was arrived at based on one assumption which changes while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2016 are $297.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 411
2-5 years	3,176
Over 5 years	5,265
	$ 8,852

B. Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company 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. The other subsidiaries are subject local government sponsored defined contribution plan. In accordance with the related laws of the respective local government, the independent fund of employees' monthly salaries and wages is administered by the government. Other than the monthly contributions, these subsidiaries do not have further obligations. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were $9,376 and $9,607, respectively.

(10) Share capital-common stock

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31, 2015	2014
At January 1	56,355	55,962
Employee stock options exercised	−	461
Issuance of shares through capitalization of retained earnings	−	2,811
Buy-back of treasury shares	(121)	(2,879)
At December 31	56,234	56,355

B. During December 2013, the Company's employees exercised the stock options which were granted on November 1, 2010, and subscribed 246 units for a subscription price of $5,913. In accordance with the approval by Board of Directors, the Company increased capital by issuing new shares amounting to $2,464 and recognized capital surplus of $3,449. The capital increase was effective on March 18, 2014.

C. On June 6, 2014, the Company's shareholders adopted a resolution to issue shares of common stock due to capitalization of retained earnings of $28,104 and obtained approval from the SFC. The effective date of capitalization was set on August 30, 2014.

D. During December 2014, the Company's employees exercised the stock options which were granted on November 1, 2010, and subscribed 215 units for a subscription price of $5,156. In accordance with the approval by the Board of Directors, the Company increased capital by issuing new shares amounting to $2,148 and recognized capital surplus of $3,008. The capital increase was effective on December 30, 2014.

E. On June 25, 2015, the Company's stockholders adopted a resolution to increase the authorized capital by $400,000. The total authorized capital is $1,200,000 under the amended Articles of Incorporation of the Company.

F. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (in thousands of shares):

	For the year ended December 31, 2015			
Reason for reacquisition	Shares at beginning of year	Increase	Decrease	Shares at end of year
To be reissued to employees	2,879	121	−	3,000

	For the year ended December 31, 2014			
Reason for reacquisition	Shares at beginning of year	Increase	Decrease	Shares at end of year
To be reissued to employees	−	2,879	−	2,879

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of December 31, 2015 and 2014, the balances of treasury shares amounted to $118,544 and $113,367, respectively.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired.

G. As of December 31, 2015, the Company's authorized capital was $1,200,000 (including $30,000 reserved for employee stock options), and the paid-in capital $592,338 (59,234 thousand shares) with par value of $10 (in dollars) per share.

(11) Capital reserve

2015	Share premium	Employee stock options	Others	Total
Balances at beginning and end of year	$ 462,937	$ -	$ 114	$ 463,051

2014	Share premium	Employee stock options	Others	Total
Balance at January 1, 2014	$ 454,862	$ 1,711	$ -	$ 456,573
Exercise of employee stock options	8,075	(1,618)	-	6,457
Compensation cost of employee stock options	-	21	-	21
Employee stock options expired	-	(114)	114	-
Balance at December 31, 2014	$ 462,937	$ -	$ 114	$ 463,051

Pursuant to the R.O.C. Company Act, capital surplus 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 surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(12) Share-based payment

The Company issued 1,500 units of employee stock options on November 1, 2010 (the 'Grant Date'). The exercise price of the options was set at $24 (in dollars) per share, which shall not be lower than the book value per share based on the latest audited financial statements on the Grant Date. Each option is entitled the right to purchase 1,000 shares of the Company's common stock.

The exercise price is not adjusted when there is change in the number of shares of the Company's common stocks after the Grant Date. Contract period of the employee stock options plan is 4 years, and options are exercisable in 1 year after the Grant Date. The Company recognized compensation costs relating to the employee stock options plan of $－ and $21 (listed as 'capital surplus – employee stock options) for the years ended December 31, 2015 and 2014, respectively.

A. For the years ended December 31, 2015 and 2014, the number and weighted-average exercise price of the share-based payment arrangements are as follows:

	For the year ended December 31, 2014	
	Number of options (Units)	Weighted-average number of weighted-average options exercise price (in dollars)
Options outstanding opening balance at January 1	250	$ 24
Options exercised	(215)	24
Options expired	(35)	－
Options outstanding at December 31	－	－
Options exercisable at December 31	－	－
Stock options approved but not yet issued at December 31	－	－

B. The fair value of employee stock options on Grant Date is evaluated using the Black-Scholes option pricing model. Related information is as follows:

Grant date	November 1, 2010
Dividend yield	7%
Expected price volatility	38.93%
Risk-free interest rate	0.19%
Expected option life	2.28 years
Stock options outstanding at December 31, 2015	－
Weighted-average fair value on Grant date (per share)(in dollars)	$ 1.21

(13) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. According to the Company's Articles of Incorporation, the Company's dividend policy is to distribute the current year's earnings, if any, in the following order:

(1) pay all taxes and dues;

(2) offset any loss of prior years;

(3) set aside 10% as legal reserve;

(4) set aside or reverse special reserve as required by regulations or the Competent Authority;

(5) The appropriation of the remaining amount after deducting items (1) to (4), along with the unappropriated retained earnings of prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the shareholders's meeting. However, the distribution of dividends shall not lower than 20% of the current years' profit after deducting items (1) to (4). In order to continually expand the scale of operation, increase competitiveness as well as cooperate with the Company's long-term development, future capital requirements and long-term financial plan, the dividend policy is to distribute as stock dividend and partially as cash dividends. Cash dividends shall not be less than 10% of the total dividends distributed to shareholders.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. No amount was 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.

D. The Company recognized cash dividends amounting to $28,117 ($0.5 (in dollars) per share) and $11,242 ($0.2 (in dollars) per share) and stock dividends amounting to $－ and $28,104 ($0.5 (in dollars) per share) distributed to owners for the years ended December 31, 2015 and 2014, respectively. On March 17, 2016, the Board of Directors during its meeting proposed cash dividends and stock dividends for 2015 of $28,117 ($0.5 (in dollars) per share) and $28,117 ($0.5 (in dollars) per share), respectively.

E. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(18).

(14) Other income

	For the years ended December 31,	
	2015	2014
Interest income:		
Interest income from bank deposits	$ 1,528	$ 717
Other income:		
Reversal of allowance for doubtful accounts	5,254	2,611
Others	1,497	4,199
	$ 8,279	$ 7,527

(15) Other gains and losses

	For the years ended December 31,	
	2015	2014
Net currency exchange (loss) gain	($ 3,427)	$ 4,990
Loss on disposal of property, plant, and equipment	(1,404)	(384)
Other losses	(192)	(98)
	($ 5,023)	$ 4,508

(16) Finance costs

	For the years ended December 31,	
	2015	2014
Interest expense		
Bank borrowings	$ 18,306	$ 19,369
Less: capitalization of qualifying assets	(309)	-
	$ 17,997	$ 19,369

(17) Expenses by nature

	For the year ended December 31, 2015		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 142,036	$ 106,846	$ 248,882
Depreciation	117,819	11,927	129,746
Amortization	167	770	937
	$ 260,022	$ 119,543	$ 379,565

	For the year ended December 31, 2014		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 139,636	$ 102,302	$ 241,938
Depreciation	132,006	11,649	143,655
Amortization	62	859	921
	$ 271,704	$ 114,810	$ 386,514

(18) Employee benefit expense

	For the year ended December 31, 2015		
	Operating cost	Operating expense	Total
Wages and salaries	$ 119,878	$ 92,899	$ 212,777
Labor and health insurance expense	11,666	7,053	18,719
Pension costs	5,698	3,687	9,385
Other personnel expenses	4,794	3,207	8,001
	$ 142,036	$ 106,846	$ 248,882

	For the year ended December 31, 2014		
	Operating cost	Operating expense	Total
Wages and salaries	$ 117,621	$ 88,567	$ 206,188
Employee stock options	-	21	21
Labor and health insurance expense	11,261	5,986	17,247
Pension costs	5,686	3,929	9,615
Other personnel expenses	5,068	3,799	8,867
	$ 139,636	$ 102,302	$ 241,938

A. According to the Articles of Incorporation of the Company, when distributing earnings, the ratio shall not be higher than 3% for directors' and supervisors' remuneration and shall be 3% to 8% for employees' bonus. However, in accordance with the Company Act amended on May 20, 2015, a Company shall distribute employee compensation, based on the current year profit condition, in a fixed amount or 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 during their 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 Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on August 6, 2015. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 3% to 8% 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, the Company’s employees’ compensation (bonus) was accrued at $6,850 and $1,568, respectively; while directors’ and supervisors’ remuneration was accrued at $2,569 and $588, respectively. The aforementioned amounts were recognized in salary expenses.

The expenses recognized for 2015 were accrued based on the earnings of current year and the percentage specified in the Articles of Incorporation of the Company. The employees’ compensation (bonus) and directors’ and supervisors’ remuneration for 2015 as resolved by the board of directors was $6,850 and $2,569, respectively. The employees’ compensation will be distributed in the form of cash.

The expenses recognized for 2014 were accrued based on the net income for 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 accounting estimates. Employees’ bonus and directors’ and supervisors’ remuneration for 2014 was $2,068 as resolved by the shareholders during their meeting, which was different from the estimated amount of $2,156 recognized in the 2014 financial statements by $88. Such difference was recognized in profit and loss for the year ended December 31, 2015.

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

(19) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2015	2014
Current income tax:		
Income tax incurred in current year	$ 13,821	$ 12,379
10% tax on unappropriated earnings	-	1,401
Prior year income tax (over) under estimate	(2,187)	566
Total current income tax	11,634	14,346
Deferred income tax:		
Origination and reversal of temporary differences	(1,001)	(3,271)
Income tax expense	$ 10,633	$ 11,075

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

	For the years ended December 31,	
	2015	2014
Actuarial gains/losses on defined benefit obligations	($ 646)	($ 61)

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2015	2014
Income tax on statutory tax rate	$ 16,961	$ 10,172
Effect of items disallowed by tax regulation	63	(404)
Effect of investment tax credits	(2,514)	-
Effect from five year tax exempt project	(1,690)	(660)
Prior year income tax (over) under estimate	(2,187)	566
10% tax on unappropriated earnings	-	1,401
Income tax expense	$ 10,633	$ 11,075

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2015			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for doubtful accounts	$ 638	($ 103)	$ -	$ 535
Loss on inventory market value decline	1,541	302	-	1,843
Investment loss	4,561	1,556	-	6,117
Unused compensated absences	932	145	-	1,077
Unrealized gain on inter-affiliates	12,525	444	-	12,969
Unrealized loss on foreign currency exchange	261	(261)	-	-
Pensions	358	-	646	1,004
	$ 20,816	$ 2,083	$ 646	$ 23,545
Deferred tax liabilities:				
Depreciation	($ 1,835)	$ 44	$ -	($ 1,791)
Unrealized gain on foreign currency exchange	-	(1,126)	-	(1,126)
	($ 1,835)	($ 1,082)	$ -	($ 2,917)
	$ 18,981	$ 1,001	$ 646	$ 20,628

	For the year ended December 31, 2014			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for doubtful accounts	$ 404	$ 234	$ -	$ 638
Loss on inventory market value decline	2,751	(1,210)	-	1,541
Investment loss	2,523	2,038	-	4,561
Unused compensated absences	778	154	-	932
Unrealized gain on inter-affiliates	15,160	(2,635)	-	12,525
Unrealized loss on foreign currency exchange	-	261	-	261
Pensions	297	-	61	358
	$ 21,913	($ 1,158)	$ 61	$ 20,816
Deferred tax liabilities:				
Depreciation	($ 1,878)	$ 43	$ -	($ 1,835)
Unrealized gain on foreign currency exchange	(4,386)	4,386	-	-
	($ 6,264)	$ 4,429	$ -	($ 1,835)
	$ 15,649	$ 3,271	$ 61	$ 18,981

D. The Group's income tax returns through 2012 have been assessed and approved by the Tax Authority and there were no disputes existing between the Company and the Authority as of March 17, 2016.

E. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and after 1998	$ 312,835	$ 275,263

F. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $60,819 and $59,005, respectively. As dividends were approved at the stockholders' meeting on June 25, 2015 and June 6, 2014 with the dividend distribution dates set by the Board of Directors on July 20, 2015 and August 30, 2014, respectively, the creditable tax rate for the unappropriated retained earnings for 2014 and 2013 is 23.45% and 23.15%, respectively, and the creditable tax rate for 2015 is expected to be 21.54%. As the imputation tax credit is to be calculated based on the balance of the imputation tax credit account as of the dividend distributed date, the applicable creditable tax rate for 2015 is expected to be adjusted based on all possible imputation tax credit generated before the dividend distributed date.

(20) Earnings per share("EPS")

	For the year ended December 31, 2015		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 70,782	56,244	$ 1.26
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 70,782	56,244	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	296	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 70,782	56,540	$ 1.25

	For the year ended December 31, 2014		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 20,743	58,852	$ 0.35
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 20,743	58,852	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	113	
Employees' bonus	-	37	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 20,743	59,002	$ 0.35

(21) Operating leases

The Company entered into a non-cancellable operating lease agreements for the periods from

January 1, 2003 to December 31, 2022 and from August 28, 2014 to August 27, 2034 for the land in Tainan Science Park. The lease agreement is renewable at the end of the lease term. The Company pays monthly rent. If the announced land values, state-owned land rent rate, or other factors change, the monthly rent paid by the Company will be adjusted accordingly in the following month. The Company may have to pay additional rent or get a refund on its last rental payment because of such adjustment. The rent expense of $6,531 and $6,499 was recognized 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
Within one year	$ 6,531	$ 6,531
Later than one year but not exceeding than five years	26,124	26,124
Exceeding five years	13,629	20,177
	$ 46,284	$ 52,832

(22) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the years ended December 31,	
	2015	2014
Purchase of property, plant and equipment	$ 18,227	$ 15,495
Add: Opening balance of notes payable	–	64
Opening balance of payable for equipment	516	3,591
Less: Ending balance of notes payable	(3,281)	–
Ending balance of payable for equipment	(1,343)	(516)
Capitalization of interest	(309)	–
Cash paid during the year	$ 13,810	$ 18,634

B. Investing activities with no cash flow effects

	For the years ended December 31,	
	2015	2014
Prepayments for equipment reclassified to property, plant and equipment	$ 5,139	$ 24,799

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

None.

(2) Key management compensation

	For the years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 18,469	$ 16,259

8. PLEDGED ASSETS

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

Asset pledged	Book value December 31, 2015	Book value December 31, 2014	Purpose of collateral
Buildings-net (Note 1)	$ 332, 434	$ 338, 987	Guarantee for long－term borrowings
Machinery and equipment-net (Note 1)	165, 858	238, 653	Guarantee for long－term borrowings
Land (Note 2)	316, 864	316, 864	Guarantee for long－term borrowings
Demand deposits (Note 3)	1, 432	-	Guarantee for long－term borrowings
	$ 816, 588	$ 894, 504	

(Note 1) Listed as 'Property, plant and equipment'.

(Note 2) Listed as 'Investment property, net'.

(Note 3) Listed as 'Other financial assets - non-current'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2015 and 2014, the endorsements and guarantees provided by the Group to the subsidiaries, CHIEFTEK PRECISION HOLDING CO., LTD. and cpc Europa GmbH amounted to $46,644 and $47,475, respectively, and the actual amounts drawn down were $39,468 and $47,475, respectively.

(2) As of December 31, 2015 and 2014, the Group's remaining balance due for construction in progress and prepayments for equipment were $37,066 and $37,816, respectively.

(3) As of December 31, 2015 and 2014, the Group's unused letters of credit amounted to $－ and $1,856, respectively.

(4) On November 14, 2014, the Company entered into a mid-term secured loan syndicated contract for a credit line of $560,000 with 6 financial institutions including Mega International Commercial Bank. The credit term is 5 years. Under the terms of the syndicated loan, the Company agreed that:

A. Under the terms of the syndicated loan, the financial ratios stated in the Company's semi-annual reviewed financial statements and annual audited financial statements shall comply with the following financial ratios and will be assessed every half year:

(a) Current ratio (current assets/current liabilities): At least 100%

(b) Liability ratio (total liabilities/net equity): Less than 150%

(c) Tangible net value (shareholders' equity less intangible assets): At least $1,000,000

B. If the Company violates the above financial covenants, its financing rate shall be increased by an additional 0.25% per annum from the following June 1, after the earlier of the date of notification by the management bank or the latest financial year end, to the date prior to the completion of improvement.

As of December 31, 2015, the Company's financial ratios have not violated the above covenants.

(5) Details of operating lease agreements, please refer to Note 6(21), 'Operating lease'.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital 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.

(2) Financial instruments

A. Fair value information of financial instruments

The Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, other financial assets-non-current, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion)) are based on their book value as book value approximates fair value.

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.

(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 closely with 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

I. Foreign exchange risk

(i) The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD, EUR and JPY. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

(iii)The Group treasury's risk management policy is to hedge anticipated cash flows (mainly export sales and purchase of inventory) in major foreign currency in the future so as to decrease the risk exposure in the major foreign currency.

(iv)The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the objective of the net investments in foreign operations is for strategic purposes, the Group does not hedged the investments.

(v)The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currency: USD, EUR and CYN). 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 amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,949	32.83	$326,576
JPY:NTD	14,024	0.2727	3,824
EUR:NTD	869	35.88	31,194
Financial liabilities			
Monetary items			
USD:NTD	166	32.83	5,438
JPY:NTD	10,812	0.2727	2,948
EUR:NTD	434	35.88	15,565

	December 31, 2014		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 4,848	31.65	$153,439
JPY:NTD	16,902	0.2646	4,472
EUR:NTD	947	38.47	36,440
Financial liabilities			
Monetary items			
USD:NTD	289	31.65	9,154
JPY:NTD	13,033	0.2646	3,449
EUR:NTD	657	38.47	25,277

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to other currencies had appreciated/depreciated by 1% with all other factors remaining constant, the Group's net profit after tax for the years ended December 31, 2015 and 2014 would increase/decrease by $2,776 and $1,311, respectively.

(vi)The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014 amounted ($3,427) and $4,990, respectively.

II.Price risk

The Group is not engaged in any financial instruments with price variations, thus, the Group does not expect market risk arising from variations in the market prices.

III.Interest rate risk

(i)The Group analyses its interest rate exposure on a dynamic basis. Thus, the interest rate of the Group's liabilities fluctuates accordingly with the market interest rate, creating divergence in the Group's future cash flow. However, partial interest rate risk is offset by cash and cash equivalents at variable rates.

(ii)If interest rates on borrowings had been 10% higher/lower with all other variables held constant, net profit after tax for the years ended December 31, 2015 and 2014 would decrease/increase by $1,519 and $1,608, respectively, mainly as a result of higher/lower 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, the Group is responsible for managing and analysing the credit risk for each of their new clients. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables and committed transactions. For financial institutions, the Group also transacts with many different financial institutions to diversify credit risk.

II. For the credit ratings of the Group’s financial assets, please refer to Note 6, ‘Financial assets’.

iii. For the ageing analysis of financial assets that were past due but not impaired, please refer to Note 6(2), ‘Accounts receivable, net’.

(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 while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II.Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head room as determined by the abovementioned forecasts. The Group is expected to readily generate cash inflows for managing liquidity risk.

III.The table below analyses the Group’s non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 205,893	$ -	$ -	$ -
Notes payable	48,048	-	-	-
Accounts payable	23,482	-	-	-
Other payables	62,800	-	-	-
Long-term borrowings (including current portion)	108,813	331,729	180,771	-

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 430,750	$ -	$ -	$ -
Notes payable	47,074	-	-	-
Accounts payable	15,328	-	-	-
Other payables	61,732	-	-	-
Long-term borrowings (including current portion)	85,575	95,041	488,504	-

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). Details of the fair value of the Group's investment property measured at cost are provided in Note 6(5).

B. As of December 31, 2015 and 2014, the Group had no fair value financial instruments.

13. SUPPLEMENTARY DISCLOSURES

Information related to the year ended December 31, 2015 will be disclosed. Information regarding the disclosures of investee companies is prepared based on the financial reports audited by other auditors and is disclosed by each consolidated entity while the adjustments and eliminations will not be taken into account.

(1) Significant transactions information

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

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G.Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on how the Group's chief operating decision maker regularly reviews information in order to make decisions.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on pre-tax income excluding non-recurring income. For details of operating segments' accounting policies, please refer to Note 4.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2015				
	CHIEFTEK PRECISION	Chieftek (Kunshan)	cpc Europa	Others	Total
Segment revenue	$ 826,513	$ 274,133	$ 145,473	$ 133,124	$ 1,379,243
Revenue from internal customers	357,172	–	88	–	357,260
Revenue from external customers	469,341	274,133	145,385	133,124	1,021,983
Interest income	424	1,100	–	4	1,528
Depreciation and amortization	127,021	1,560	2,102	–	130,683
Interest expense	17,349	–	603	45	17,997
Income from segment pre-tax income	76,921	2,943	(10,878)	3,278	72,264
Segment assets	1,848,390	247,945	110,241	69,680	2,276,256

	For the year ended December 31, 2014				
	CHIEFTEK PRECISION	Chieftek (Kunshan)	cpc Europa	Others	Total
Segment revenue	$ 811,557	$ 254,928	$ 159,062	$ 117,542	$ 1,343,089
Revenue from internal customers	326,084	−	85	−	326,169
Revenue from external customers	485,473	254,928	158,977	117,542	1,016,920
Interest income	286	426	2	3	717
Depreciation and amortization	140,338	1,786	2,452	−	144,576
Interest expense	18,566	−	−	803	19,369
Income from segment pre-tax income	25,925	20,568	(28,992)	2,328	19,829
Segment assets	1,923,235	337,161	154,738	76,935	2,492,069

(4) Reconciliation for segment income (loss)

The sales between segments were under the arms' length principle. The external revenues reported to the chief operating decision maker adopt the same measurement for revenues in statement of comprehensive income. The reconciliations of pre-tax income between reportable segments and continuing operations were as follows:

	For the years ended December 31,	
	2015	2014
Reportable segments profit before income tax	$ 68,986	$ 17,501
Other segments profit before income tax	3,278	2,328
Inter segments profit	9,151	11,989
Profit before income tax	$ 81,415	$ 31,818

(5) Information on product and service

The Group is engaged solely in research and development, manufacture and sale of miniature linear guide, miniature ball screw, and miniature linear modules; therefore, disclosure is not required.

(6) Geographical information

Geographical information for the years ended December 31, 2015 and 2014 is as follows:

	For the year ended and as at December 31, 2015				For the year ended and as at December 31, 2014			
	Revenue (Note)		Non-current assets		Revenue (Note)		Non-current assets	
China	$	274,179	$	4,940	$	254,928	$	4,174
Taiwan		192,476		1,032,502		234,990		1,143,431
Germany		145,386		16,031		158,977		14,714
USA		133,123		270		117,542		1,018
Others		276,819		-		250,483		-
	$	1,021,983	$	1,053,743	$	1,016,920	$	1,163,337

(Note) The revenue is classified based on the location of the customer's country.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2015 and 2014 is as follows:

	For the year ended December 31, 2015			For the year ended December 31, 2014		
Client	Revenue		Segment	Revenue		Segment
A	$	73,348	Chieftek (Kunshan)	$	70,371	Chieftek (Kunshan)
B		72,950	CHIEFTEK PRCEISION		72,444	CHIEFTEK PRCEISION
C		72,433	CHIEFTEK PRCEISION		48,046	CHIEFTEK PRCEISION
D		50,454	CHIEFTEK PRCEISION		66,348	CHIEFTEK PRCEISION

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2015

Table 1 Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2015	Balance at December 31, 2015	Actual amount drawn down	Interest rate	Nature of loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note)	Ceiling on total loans granted (Note)	Footnote
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	Other receivables	Y	$ 122,333	$ 52,026	$ 46,644	1.5%	Short-term financing	$ -	Operational use	$ -	—	$ -	$ 527,812	$ 527,812	—
0	CHIEFTEK PRECISION CO.,	cpc Europa GmbH	Other receivables	Y	41,393	-	-	-	Trading partner	50,930	Business transaction	-	—	-	50,930	263,906	—
1	CHIEFTEK PRECISION HOLDING CO., LTD.	Chieftek Machinery Kunshan Co., Ltd.	Other receivables	Y	47,475	-	-	2%	Short-term financing	-	Operational use	-	—	-	96,062	527,812	—

(Note)Calculation of limit on loans granted to a single party and ceiling on total loans granted are as follows:

(1)Trading partner: The maximum loan amount is 40% of the Campany's net assets and the maximum amount for individual trading partner shall not exceed the higher of total purchase or sale transactions during the most recent year.

(2) Short-term financing: The maximum loan amount is 40% of the Campany's net assets and the maximum amount for short-term financing is 20% of its net assets.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2015

Table 2

Expressed in thousands of NTD

No.	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	$ 659,766	$ 108,062	$ 46,644	$ 39,468	$ -	4%	$ 659,766	Y	N	N	—
0	CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION HOLDING CO., LTD.	1	659,766	47,475	-	-	-	—	659,766	Y	N	N	—

(Note 1) The following code which respresents the relationship with the Company is classified into the following:

(1)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(Note 2) (1) The total endorsements/guarantees provided shall not exceed 50% of the Company's net assets, and the amount provided for each counter party shall not exceed 20% of the Company's paid-in capital. However, the limitation is not applied to subsidiaries that the Company directly or indirectly holds more than 50% of the voting shares.

(2) For trading partner, except for the abovementioned limit, the maximum amount for individual trading partner shall not exceed the higher of total purchase and sale transations during the most recent year.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the year ended December 31, 2015

Table 3 Expressed in thousands of NTD

			Transaction				Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CHIEFTEK PRECISION CO., LTD.	Chieftek Machinery (Kunshan) Co., Ltd.	Subsidiary	(Sales)	(\$ 234,337)	(28%)	(Note 1)	\$ -	(Note 2)	\$ 43,693	15%	—
Chieftek Machinery (Kunshan) Co., Ltd.	CHIEFTEK PRECISION CO., LTD.	The Company	Purchases	234,337	100%	(Note 1)	-	(Note 3)	(43,693)	(100%)	—

(Note 1) 180 days after monthly-closing, T/T.
(Note 2) The credit terms for third parties are from 15 days after monthly-closing to 150 days after next monthly-closing.
(Note 3) The subsidiary has no purchases from other suppliers.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2015

Table 4

Expressed in thousands of NTD

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	Sales	($ 50,930)	180 days after monthly-closing, T/T	(5%)
				Interest income	(1,031)	—	—
				Accounts receivable	52,320	—	2%
				Other receivables	46,992	—	2%
				Endorsements and guarantees	46,644	—	2%
		CHIEFTEK PRECISION USA CO., LTD.	1	Sales	(71,905)	180 days after monthly-closing, T/T	(7%)
				Other income	(8,628)	—	(1%)
				Accounts receivable	25,933	—	1%
				Other receivables	3,939	—	—
		Chieftek Machinery (Kunshan) Co., Ltd.	1	Sales	(234,337)	180 days after monthly-closing, T/T	(23%)
				Accounts receivable	43,693	—	2%
1	CHIEFTEK PRECISION HOLDING CO., LTD.	Chieftek Machinery (Kunshan) Co., Ltd.	3	Interest income	(38)	—	—

(Note 1)The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories:
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

(Note 3)Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2015

Table 5 Expressed in thousands of NTD

				Initial investment amount		Shares held as at December 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognized by the Company for the year ended December 31, 2015	Footnote
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION HOLDING CO., LTD.	Samoa	Professional investment	$ 202,290	$ 202,290	6,760,000	100	$ 240,154	$ 1,726	$ 1,726	Subsidiary
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	Germany	Sale of high precision linear motion components and rendering after -sale services	98,695	98,695	-	100	(36,597)	(10,877)	(10,877)	Subsidiary
CHIEFTEK PRECISION HOLDING CO., LTD.	Chieftek Precision (Hong Kong) Co., Limited	Hong Kong	Professional investment	167,433	167,433	5,100,000	100	228,798	1,810	-	Subsidiary (Note 1)
CHIEFTEK PRECISION HOLDING CO., LTD.	CHIEFTEK PRECISION USA CO., LTD.	America	Sale of high precision linear motion components and rendering after -sale services	54,498	54,498	1,660,000	100	56,111	(60)	-	Subsidiary (Note 1)

(Note 1)Disclosure of income (loss) recognized by the Company is not required.
(Note 2)Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:32.83) as at December 31, 2015.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2015

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2015 (Note 2)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chieftek Machinery (Kunshan) Co., Ltd.	Production, processing and sale of high precision linear motion components and rendering after-sale services	$ 167,433	(Note 1)	$ 167,433	$ -	$ -	$ 167,433	$ 1,811	100%	$ 1,811	$ 228,914	$ -	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
CHIEFTEK PRECISION CO., LTD.	$ 167,433	$ 167,433	$ 791,719

(Note 1)Through investing in an existing company in the third area (Chieftek Precision (Hong Kong) Co., Ltd.) which then invested in the investee in Mainland China.
(Note 2)The investment income (loss) is recognized based on the investees' financial statements that were audited and attested by R.O.C. parent company’s CPA for the year ended December 31, 2015.
(Note 3)The ceiling amount is 60% of the higher of net worth or consolidated net worth.
(Note 4)Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:32.83) as at December 31, 2015.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2015

Table 7

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2015	%	Balance at December 31, 2015	Purpose	Maximum balance during the year ended December 31, 2015	Balance at December 31, 2015	Interest rate	Interest during the year ended December 31, 2015	Others
Chieftek Machinery (Kunshan) Co., Ltd.	$ 234,337	28%	$ -	-	$ 43,693	15%	$ -	-	$ 47,475	$ -	2%	$ 38	$ -