CHIEFTEK PRECISION CO., LTD.

PARENT COMPANY ONLY 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 parent company only balance sheets of CHIEFTEK PRECISION CO., LTD. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these parent company only 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 parent company only financial statements referred to above present fairly, in all material respects, the financial position of CHIEFTEK PRECISION CO., LTD. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended, in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

PricewaterhouseCoopers, Taiwan
Republic of China
March 17, 2016

The accompanying 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 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.
PARENT COMPANY ONLY 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)	$ 387,972	17	$ 349,735	14
1150	Notes receivable, net		13,947	1	14,717	1
1170	Accounts receivable, net	6(2)	159,055	7	138,067	6
1180	Accounts receivable-related parties	7	121,946	6	169,266	7
1200	Other receivables		1,134	-	1,269	-
1210	Other receivables-related parties	7	50,931	2	123,178	5
1220	Current income tax assets	6(20)	13,042	1	13,042	-
130X	Inventory	5(1) and 6(3)	206,816	9	225,961	9
1410	Prepayments		8,656	-	15,868	1
11XX	**Total current assets**		963,499	43	1,051,103	43
	Non-current assets					
1550	Investments accounted for under equity method	6(4)	240,154	11	252,082	10
1600	Property, plant and equipment	6(5) and 8	641,818	28	752,075	30
1760	Investment property, net	6(6) and 8	316,864	14	316,864	13
1780	Intangible assets	6(7)	53,016	2	51,184	2
1840	Deferred income tax assets	6(20)	23,545	1	20,816	1
1915	Prepayments for equipement	6(5)	18,437	1	20,250	1
1920	Guarantee deposits paid		289	-	329	-
1980	Other financial assets-non-current	8	1,432	-	-	-
1990	Other non-current assets		2,367	-	3,058	-
15XX	**Total non-current assets**		1,297,922	57	1,416,658	57
1XXX	**Total assets**		$ 2,261,421	100	$ 2,467,761	100

(Continued)

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY 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(8)	$ 204,803	9	$ 381,760	16
2150	Notes payable		48,048	2	47,074	2
2170	Accounts payable		23,436	1	16,054	1
2200	Other payables		52,449	3	52,987	2
2230	Current income tax liabilities	6(20)	6,566	-	8,283	-
2310	Advance receipts		14	-	456	-
2320	Long-term liabilities, current portion	6(9) and 8	84,808	4	73,808	3
21XX	**Total current liabilities**		420,124	19	580,422	24
	Non-current liabilities					
2540	Long-term borrowings	6(9) and 8	478,302	21	563,110	23
2570	Deferred income tax liabilities	6(20)	2,917	-	1,835	-
2640	Net defined benefit liability	6(10)	3,950	-	441	-
2670	Other non-current liabilities	6(4)	36,597	2	33,614	1
25XX	**Total non-current liabilities**		521,766	23	599,000	24
2XXX	**Total liabilities**		941,890	42	1,179,422	48
	Equity					
	Share capital					
3110	Share capital-common stock	6(11)	592,338	26	592,338	24
	Capital reserves					
3200	Capital surplus	6(11)(12)(13)	463,051	20	463,051	19
	Retained earnings	6(11)(14)(20)				
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(11)	(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(22), 7 and 9				
3X2X	**Total liabilities and equity**		$ 2,261,421	100	$ 2,467,761	100

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

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY 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 amount)

			Year ended December 31			
			2015		2014	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	7	$ 826,513	100	$ 811,557	100
5000	**Operating Costs**	6(3)(7)(10)(18)(19)(22)	(610,131)	(74)	(671,598)	(83)
5900	**Gross profit**		216,382	26	139,959	17
5910	Unrealized gain from inter-affiliate accounts	6(4)	(76,292)	(9)	(73,676)	(9)
5920	Realized gain from inter-affiliate accounts	6(4)	73,676	9	89,178	11
5950	**Net operating margin**		213,766	26	155,461	19
	Operating expenses	6(6)(7)(10)(18)(19)				
6100	Selling expenses		(36,188)	(4)	(39,855)	(5)
6200	General and administrative expenses		(51,057)	(6)	(47,457)	(6)
6300	Research and development expenses		(36,985)	(5)	(30,775)	(3)
6000	**Total operating expenses**		(124,230)	(15)	(118,087)	(14)
6900	**Operating profit**		89,536	11	37,374	5
	Non-operating income and expenses					
7010	Other income	6(15) and 7	11,442	2	11,909	1
7020	Other gains and losses	6(16) and 12	2,443	-	7,197	1
7050	Finance costs	6(5)(17)	(17,349)	(2)	(18,566)	(2)
7070	Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	(9,151)	(1)	(11,989)	(2)
7000	**Total non-operating income and expenses**		(12,615)	(1)	(11,449)	(2)
7900	**Profit before tax**		76,921	10	25,925	3
7950	Income tax expense	6(20)	(6,139)	(1)	(5,182)	-
8200	**Profit for the year**		$ 70,782	9	$ 20,743	3
	Other comprehensive income (loss) (net)					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Other comprehensive loss, before tax, actuarial loss on defined benefit plans	6(10)	($ 3,798)	(1)	($ 359)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	646	-	61	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(3,144)	-	9,872	1
8300	**Other comprehensive (loss) income for the year**		($ 6,296)	(1)	$ 9,574	1
8500	**Total comprehensive income for the year**		$ 64,486	8	$ 30,317	4
	Basic earnings per share (in dollars)					
9750	**Net income**	6(21)	$ 1.26		$ 0.35	
	Diluted earnings per share (in dollars)					
9850	**Net income**	6(21)	$ 1.25		$ 0.35	

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

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

		Capital			Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	Advance receipts for share capital	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total
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 earnings for 2013 net income (Note):										
Legal reserve		-	-	-	5,869	-	(5,869)	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(11,242)	-	-	(11,242)
Stock dividends	6(11)(14)	28,104	-	-	-	-	(28,104)	-	-	-
Exercise of employee stock options	6(11)(12)	4,612	(5,913)	6,457	-	-	-	-	-	5,156
Compensation cost of employee stock options	6(12)(13)	-	-	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(11)	-	-	-	-	-	-	-	(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 earnings for 2014 net income (Note):										
Legal reserve		-	-	-	2,074	-	(2,074)	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(28,117)	-	-	(28,117)
Reversal of special reserve		-	-	-	-	(133)	133	-	-	-
Profit for 2015		-	-	-	-	-	70,782	-	-	70,782
Other comprehensive loss for 2015		-	-	-	-	-	(3,152)	(3,144)	-	(6,296)
Buy-back of treasury shares	6(11)	-	-	-	-	-	-	-	(5,177)	(5,177)
Balance at December 31, 2015		$ 592,338	$ -	$ 463,051	$ 57,827	$ -	$ 312,835	$ 12,024	($ 118,544)	$ 1,319,531

(Note) The employees' bonuses were $4,226 and $1,504 and the directors' and supervisors' remuneration were $557 and $564 in 2013 and 2014, respectively, which had been deducted from net income for the years.

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

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY 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		$ 76,921	$ 25,925
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for doubtful accounts	6(2)	-	1,820
Reversal of allowance for doubtful accounts	6(2)(15)	(884)	-
Loss on inventory market price decline	6(3)	1,774	-
Reversal of inventory market price decline	6(3)	-	(7,116)
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(4)	9,151	11,989
Depreciation	6(5)(18)	126,155	139,494
Loss on disposal of property, plant and equipment	6(16)	1,404	384
Amortizations	6(7)(18)	866	844
Employee stock option compensation cost	6(13)	-	21
Interest income	6(15)	(1,455)	(1,560)
Interest expense	6(17)	17,349	18,566
Unrealized gain (loss) from inter-affiliate accounts	6(4)	2,616	(15,502)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		770	(1,729)
Accounts receivable		(20,104)	(45,984)
Accounts receivable-related parties		47,320	3,767
Other receivables		135	(1,269)
Other receivables-related parties		(329)	(1,285)
Inventories		17,371	92,115
Prepayments		7,212	(3,326)
Changes in operating liabilities			
Notes payable		(2,307)	25,859
Accounts payable		7,382	6,823
Other payables		(1,143)	402
Advance receipts		(442)	(444)
Net defined benefit liability		(289)	(289)
Cash inflow generated from operations		289,473	249,505
Interest received		424	286
Interest paid		(17,587)	(18,787)
Income tax paid		(8,857)	(170)
Net cash flows from operating activities		263,453	230,834

(Continued)

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY 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			
Decrease in other non-operating receivables due from related parties		$ 72,576	$ 125,317
Interest received from borrowings and lending among related parties		1,031	1,274
Cash paid for acquisition of investments accounted for under equity method-subsidiaries		-	(63,084)
Cash paid for acquisition of property, plant and equipment	6(23)	(7,840)	(16,676)
Interest paid for acquisition of property, plant and equipment	6(5)(17)(23)	(309)	-
Proceeds from disposal of property, plant and equipment		110	420
Cash paid for acquisition of intangible assets	6(7)	(2,698)	(3,111)
Increase in prepayments for equipment		(3,326)	(25,475)
Decrease in guarantee deposits paid		40	5
Increase in other financial assets-non-current		(1,432)	-
Decrease (increase) in other non-current assets		691	(810)
Net cash flows from investing activities		58,843	17,860
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(176,957)	201
Decrease in notes and bills payable		-	(30,000)
Increase in long-term borrowings		-	220,000
Decrease in long-term borrowings		(73,808)	(300,409)
Employees stock options exercise shares	6(11)	-	5,156
Payment of cash dividends	6(14)	(28,117)	(11,242)
Bay-back of treasury shares	6(11)	(5,177)	(113,367)
Net cash flows used in financing activities		(284,059)	(229,661)
Net increase in cash and cash equivalents		38,237	19,033
Cash and cash equivalents at beginning of year	6(1)	349,735	330,702
Cash and cash equivalents at end of year	6(1)	$ 387,972	$ 349,735

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

CHIEFTEK PRECISION CO., LTD.

NOTES TO SEPARATE FINANCIAL STATEMENTS

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 is primarily engaged in research, development, manufacture and sale of miniature linear guide, miniature ballscrew, 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 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The parent company only 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 other comprehensive income items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company 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 Company's assessment, the adoption of the standard has no significant impact on its financial statements, and the Company 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 Company

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

New Standards, Interpretations and Amendments	Effective Date by IASB
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 Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

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'.

(4) 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.

(5) Loans and 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.

(6) Impairment of financial assets

A. The Company 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 Company 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 Company, 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 company, 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;

(e) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

C. When the Company 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.

(7) Derecognition of financial assets

The Company 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 Company 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; however, the Company has not retained control of the financial asset.

(8) 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 done is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(9) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive incomes in the income statement as part of the Company’s profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company’s interest in that subsidiary, the Company continues to recognize its share in the subsidiary’s loss proportionately.

D. According to “Regulations Governing the Preparation of Financial Statements by Securities Issuers”, “Profit for the year” and “Other comprehensive income for the year” reported in an entity's non-consolidated statement of comprehensive income, shall equal to “profit for the year” and “Other comprehensive income” attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's non-consolidated financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(10) 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 Company 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 ～ 12 years
Transportation equipment	5 ～ 8 years
Office equipment	1 ～ 8 years
Other equipment	2 ～ 10 years

(11) 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.

(12) Investment property

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

(13) 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.

(14) Impairment of non-financial assets

The Company 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.

(15) 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 draw-down 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.

(16) 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 immaterial.

(17) 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.

(18) 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.

(19) 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 Company 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) <u>Employee share-based payment</u>

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.

(21) <u>Income tax</u>

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. 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 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 Company 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.

(22) 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.

(23) 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.

(24) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account of sales tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods should be recognized when the Company 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 Company 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.

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 Company'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 Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company 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 $206,816.

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

A. The Company 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 Company 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.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015		December 31, 2014	
Cash				
Cash on hand	$	1,038	$	555
Checking accounts and demand deposits		386,934		349,180
	$	387,972	$	349,735

A. The Company 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 Company'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	$ 164, 908	$ 144, 804
Less: Allowance for doubtful accounts	(5, 853)	(6, 737)
	$ 159, 055	$ 138, 067

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

	December 31, 2015	December 31, 2014
Up to 30 days	$ 8, 824	$ 16, 547
31 to 90 days	11, 517	11, 558
91 to 180 days	11, 894	15, 385
	$ 32, 235	$ 43, 490

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

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

	2015	2014
At January 1	$ 6, 737	$ 4, 917
(Reversal) provision for impairment	(884)	1, 820
At December 31	$ 5, 853	$ 6, 737

C. Accounts receivable that were neither past due nor impaired were from customers who have good credit quality.

D. As of December 31, 2015 and 2014, the Company does not hold 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	27, 979	(827)	27, 152
Work in process	137, 287	(8, 535)	128, 752
Finished goods	25, 964	(1, 037)	24, 927
	$ 217, 656	($ 10, 840)	$ 206, 816

	December 31, 2014		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 17,752	($ 149)	$ 17,603
Supplies	23,699	(444)	23,255
Work in process	160,800	(7,848)	152,952
Finished goods	32,776	(625)	32,151
	$ 235,027	($ 9,066)	$ 225,961

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2015	2014
Cost of goods sold	$ 608,074	$ 678,962
Provision for inventory market value decline	1,774	-
Reversal of allowance for inventory market decline value (Note)	-	(7,116)
Loss on physical inventory	480	159
Revenue from sale of scraps	(197)	(407)
	$ 610,131	$ 671,598

(Note) The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as certain inventory items which were previously provided with allowance were subsequently sold and scrapped in 2014.

(4) Investments accounted for under equity method

	December 31, 2015	December 31, 2014
Debit balance of investment accounted for under equity method:		
CHIEFTEK PRECISION HOLDING CO., LTD.	$ 240,154	$ 252,082
Credit balance of investment accounted for under equity method (recorded as 'Other non-current liabilities'):		
cpc Europa GmbH	$ 36,597	$ 33,614

A. For more information regarding the subsidiaries of the Company, please refer to Note 4(3) – Basis of consolidation of the 2015 consolidated financial statements.

B. For the years ended December 31, 2015 and 2014, the share of loss of subsidiaries, associates and joint ventures accounted for under equity method amounted to ($9,151) and ($11,989), respectively.

C. For the years ended December 31, 2015 and 2014, the realized (unrealized) gain from downstream sales to subsidiaries is as follows:

	For the years ended December 31,	
	2015	2014
Unrealized gain from downstream sales	($ 76,292)	($ 73,676)
Realized gain from downstream sales	73,676	89,178
	($ 2,616)	$ 15,502

(5) Property, plant and equipment

January 1, 2015	Buildings	Machinery and Equipment	Transportation equipment	Office equipment	Others	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 446,668	$ 773,357	$ 3,320	$ 13,161	$ 104,394	$ 14,830	$1,355,730
Accumulated depreciation	(65,587)	(438,994)	(3,320)	(11,348)	(84,406)	-	(603,655)
	$ 381,081	$ 334,363	$ -	$ 1,813	$ 19,988	$ 14,830	$ 752,075
For the year ended December 31, 2015							
At January 1	$ 381,081	$ 334,363	$ -	$ 1,813	$ 19,988	$ 14,830	$ 752,075
Additions	1,142	4,525	-	284	5,212	1,110	12,273
Transferred from prepayments for equipment	-	-	-	-	-	5,139	5,139
Transferred after acceptance inspection	-	634	-	-	1,904	(2,538)	-
Depreciation	(13,017)	(102,317)	-	(883)	(9,938)	-	(126,155)
Disposals－Cost	-	(6,191)	-	(202)	(172)	-	(6,565)
Disposals－Accumulated depreciation	-	4,677	-	202	172	-	5,051
At December 31	$ 369,206	$ 235,691	$ -	$ 1,214	$ 17,166	$ 18,541	$ 641,818
December 31, 2015							
Cost	$ 447,810	$ 772,325	$ 3,320	$ 13,243	$ 111,338	$ 18,541	$1,366,577
Accumulated depreciation	(78,604)	(536,634)	(3,320)	(12,029)	(94,172)	-	(724,759)
	$ 369,206	$ 235,691	$ -	$ 1,214	$ 17,166	$ 18,541	$ 641,818

January 1, 2014	Buildings	Machinery and Equipment	Transportation equipment	Office equipment	Others	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 415,410	$ 752,132	$ 3,320	$ 12,802	$ 96,796	$ 39,540	$1,320,000
Accumulated depreciation	(53,586)	(331,955)	(3,216)	(10,628)	(66,323)	–	(465,708)
	$ 361,824	$ 420,177	$ 104	$ 2,174	$ 30,473	$ 39,540	$ 854,292
For the year ended December 31, 2014							
As at January 1	$ 361,824	$ 420,177	$ 104	$ 2,174	$ 30,473	$ 39,540	$ 854,292
Additions	2,497	3,809	–	–	3,565	3,411	13,282
Transferred from prepayments for equipment	–	–	–	–	–	24,799	24,799
Transferred after acceptance inspection	28,761	19,113	–	523	4,523	(52,920)	–
Depreciation	(12,001)	(107,936)	(104)	(883)	(18,570)	–	(139,494)
Disposals－Cost	–	(1,697)	–	(164)	(490)	–	(2,351)
Disposals－Accumulated depreciation	–	897	–	163	487	–	1,547
At December 31	$ 381,081	$ 334,363	$ –	$ 1,813	$ 19,988	$ 14,830	$ 752,075
December 31, 2014							
Cost	$ 446,668	$ 773,357	$ 3,320	$ 13,161	$ 104,394	$ 14,830	$1,355,730
Accumulated depreciation	(65,587)	(438,994)	(3,320)	(11,348)	(84,406)	–	(603,655)
	$ 381,081	$ 334,363	$ –	$ 1,813	$ 19,988	$ 14,830	$ 752,075

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 collaterals as of December 31, 2015 and 2014 is provided in Note 8, 'Pledged assets'.

(6) Investment property, net

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

2015	Land
Costs at January 1 and December 31	$ 316,864
2014	**Land**
Costs 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 period	$ 879	$ 735

B. The fair value of the investment property held by the Company 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 collaterals as of December 31, 2015 and 2014 is provided in Note 8, 'Pledged assets'.

(7) 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:

	For the year ended December 31, 2015				
	Trademarks	Patents	Software	Other	Total
At January 1, 2015					
Cost	$ 578	$ 3,799	$ 4,321	$ 60,000	$68,698
Accumulated amortization	(540)	(593)	(2,881)	(13,500)	(17,514)
Net value	$ 38	$ 3,206	$ 1,440	$ 46,500	$51,184
Net value at January 1, 2015	$ 38	$ 3,206	$ 1,440	$ 46,500	$51,184
Additions－acquired separately	－	2,698	－	－	2,698
Amortization	(38)	(278)	(550)	－	(866)
Net value at December 31, 2015	$ －	$ 5,626	$ 890	$ 46,500	$53,016
At December 31, 2015					
Cost	$ 578	$ 6,497	$ 4,321	$ 60,000	$71,396
Accumulated amortization	(578)	(871)	(3,431)	(13,500)	(18,380)
Net value	$ －	$ 5,626	$ 890	$ 46,500	$53,016

	For the year ended December 31, 2014				
	Trademarks	Patents	Software	Other	Total
At January 1, 2014					
Cost	$ 578	$ 2,338	$ 2,671	$ 60,000	$65,587
Accumulated amortization	(501)	(423)	(2,246)	(13,500)	(16,670)
Net value	$ 77	$ 1,915	$ 425	$ 46,500	$48,917
Net valaue at January 1, 2014	$ 77	$ 1,915	$ 425	$ 46,500	$48,917
Additions－acquired separately	－	1,461	1,650	－	3,111
Amortization	(39)	(170)	(635)	－	(844)
Net value at December 31, 2014	$ 38	$ 3,206	$ 1,440	$ 46,500	$51,184
At December 31, 2014					
Cost	$ 578	$ 3,799	$ 4,321	$ 60,000	$68,698
Accumulated amortization	(540)	(593)	(2,881)	(13,500)	(17,514)
Net value	$ 38	$ 3,206	$ 1,440	$ 46,500	$51,184

A. For the years ended December 31, 2015 and 2014, no borrowing cost were 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	118	85
Research and development expenses	581	697
	$ 866	$ 844

(8) Short-term borrowings

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

Nature	December 31, 2014	Interest rate range	Collateral
Unsecured bank borrowings	$ 381, 760	0. 92%～1. 66%	None

(9) 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	$ 563, 110	1. 65%～2. 14%	Demand deposits, buildings, machinery and equipment and investment property -land
Less: current portion		(84, 808)		
		$ 478, 302		

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		

(10) 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 obligation	($ 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 obligation	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 plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS19 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:

December 31, 2015	Discount rate		Future salary increases	
	Increase 1%	Decrease1%	Increase 1%	Decrease1%
Effect on present value of defined benefit obligation	(\$ 645)	\$ 777	\$ 678	(\$ 576)

The sensitivity analysis above was arrived at based on one assumption which changed 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 has 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 pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2015 and 2014 were $6,963 and $6,806, respectively.

(11) Share capital-common stock

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

	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. As approved by the 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 2013, 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. As approved 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 authorized total 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 buy-back 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 reserve for employee stock options), and the paid-in capital was $592,338 (59,234 thousand shares) with par value of $10 (in dollars) per share.

(12) Capital reserves

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

2014	Share premium	Employee stock options	Other	Total
Balance at January 1, 2014	$ 454,862	$ 1,711	$ -	$456,573
Issuance of stock from 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.

(13) 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 of the latest financial statements audited by CPA on the Grant Date. Each option was granted 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 stock options of the compensatory stock options plan are as follows:

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

For the year ended December 31, 2015: None.

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	—
Weighted-average fair value on Grant Date (per share) (in dollars)	$ 1.21

(14) 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) after offsetting 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' meeting. However, the distribution of dividends shall not be lower than 20% of the current year's 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 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 dividend 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 to distribute ash dividend and stock dividend 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' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to note 6(19).

(15) Other income

	For the years ended December 31,	
	2015	2014
Revenue from management services	$ 8,628	$ 7,971
Interest income:		
Interest income from bank deposits	424	286
Other interest income	1,031	1,274
Other income:		
Reversal of allowance for doubtful accounts	884	-
Other income-others	475	2,378
	$ 11,442	$ 11,909

(16) Other gains and losses

	For the years ended December 31,	
	2015	2014
Net currency exchange gains	$ 4,134	$ 7,623
Loss on disposal of property, plant and equipment	(1,404)	(384)
Other losses	(287)	(42)
	$ 2,443	$ 7,197

(17) Finance costs

	For the years ended December 31,	
	2015	2014
Interest expense:		
Bank borrowings	$ 17,658	$ 18,566
Less: capitalization of qualifying assets	(309)	-
	$ 17,349	$ 18,566

(18) Expenses by nature

	For the year ended December 31, 2015		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 132,864	$ 63,139	$ 196,003
Depreciation	117,309	8,846	126,155
Amortization	167	699	866
	$ 250,340	$ 72,684	$ 323,024

	For the year ended December 31, 2014		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 130,342	$ 53,852	$ 184,194
Depreciation	131,456	8,038	139,494
Amortization	62	782	844
	$ 261,860	$ 62,672	$ 324,532

(19) Employee benefit expense

	For the year ended December 31, 2015		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 112,142	$ 55,031	$ 167,173
Labour and health insurance expense	11,111	4,235	15,346
Pension costs	4,953	2,019	6,972
Other personnel expenses	4,658	1,854	6,512
	$ 132,864	$ 63,139	$ 196,003

	For the year ended December 31, 2014		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 109,795	$ 46,102	$ 155,897
Employee stock options	-	21	21
Labour and health insurance expense	10,683	3,802	14,485
Pension costs	4,946	1,868	6,814
Other personnel expenses	4,918	2,059	6,977
	$ 130,342	$ 53,852	$ 184,194

A. As of December 31, 2015 and 2014, the Company had 324 and 326 employees, respectively.

B. 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 Augest 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.

C. For the years ended December 31, 2015 and 2014, the Company's employees' compensation (bonus) were accrued at $6,850 and $1,568, respectively; which 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 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 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.

(20) 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	$ 9,884	$ 6,909
10% Tax on unappropriated earnings	-	1,401
Prior year income tax (over) under estimate	(2,744)	143
Total Current income tax	7,140	8,453
Deferred income tax:		
Origination and reversal of temporary differences	(1,001)	(3,271)
Income tax expense	$ 6,139	$ 5,182

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

	For the years ended December 31, 2015	2014
Actuarial loss on defined benefit obligation	($ 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	$ 13,077	$ 4,408
Effect of items disallowed by tax regulation	10	(110)
Effect of investment tax credits	(2,514)	-
Effect from five year tax exempt project	(1,690)	(660)
Prior year income tax (over) under estimate	(2,744)	143
10% tax on unappropriated earnings	-	1,401
Income tax expense	$ 6,139	$ 5,182

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
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
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 Company'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 of 2014 and 2013 was 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.

(21) 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	$ 70,782	56,244	$ 1.26
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 70,782	56,244	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	296	
Profit attributable to ordinary shareholders 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	$ 20,743	58,852	$ 0.35
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 20,743	58,852	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	113	
Employees' bonus	-	37	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 20,743	59,002	$ 0.35

(22) Operating leases

The Company entered into a non-cancellable operating lease agreement for the period from January 1, 2003 to December 31, 2022 and from Augest 28, 2014 to Augest 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 on 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 five years	26,124	26,124
Exceeding five years	13,629	20,177
	$ 46,284	$ 52,832

(23) 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	$ 12,273	$ 13,282
Add: Opening balance of notes payable	-	64
Opening balance of payable for equipment	261	3,591
Less: Ending balance of notes payable	(3,281)	-
Ending balance of payable for equipment	(1,104)	(261)
Capitalization of interest	(309)	-
Cash paid during the year	$ 7,840	$ 16,676

B. Investing activities with no cash flow effects

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

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales of goods and services

	For the years ended December 31,	
	2015	2014
Subsidiaries	$ 357,172	$ 326,084

Prices of goods sold to related parties are determined based on mutual agreement at each time, and the credit term is 180 days after monthly-closing, T/T. For third parties, the credit terms range from 15 days after monthly-closing to 150 days after next monthly-closing.

B. Other income

	For the years ended December 31,	
	2015	2014
Subsidiaries	$ 8,628	$ 7,971

C. Ending balance of sales of goods and services

	December 31,	
	2015	2014
Subsidiaries	$ 121,946	$ 207,242
Less: overdue accounts receivables reclassified to other receivables	-	(37,976)
	$ 121,946	$ 169,266

Abovementioned overdue accounts receivable reclassified to other receivables are accounts receivable that are reclassified for exceeding the credit term for more than 3 months. The ageing analysis is as follows:

	December 31, 2014	
	Aging distribution	Overdue amounts
cpc Europa	270～360 days	$ 12,460
〃	Over 361 days	25,516
		$ 37,976

As of December 31, 2015, there is no accounts receivable to related parties that were past due.

D. Other receivables (not including financing)

	December 31, 2015	December 31, 2014
Subsidiaries	$ 3,939	$ 3,610

E. Loans to related parties

Receivables due from related parties

	Date of maximum balance	Maximum balance	Ending balance	Annual rate	Interest income
Subsidiaries	2015.1.1	$ 119,568	$ 46,992	1.30%～2.00%	$ 1,031

	Date of maximum balance	Maximum balance	Ending balance	Annual rate	Interest income
Subsidiaries	2014.8.31	$ 204,462	$ 119,568	1.30%～2.00%	$ 1,274

F. Endorsements and guarantees provided to subsidiaries

Details of endorsements and guarantees provided to subsidiaries by the Company are as follows:

	Nature	December 31, 2015	December 31, 2014
Subsidiaries	Guarantee for financing	$ 46,644	$ 47,475

As of December 31, 2015 and 2014, the subsidiaries have drawn from the endorsements and guarantees, which are provided by the Company, in the amount of $39,468 and $47,475, respectively.

(2) Key management compensation

	For the years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 10,880	$ 8,175

8. PLEDGED ASSETS

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

	Book value		
Asset pledged	December 31, 2015	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) For details of endorsements and guarantees provided to others by the Company, please refer to Note 7(1)F. Endorsements and guarantees provided to subsidiaries.

(2) As of December 31, 2015 and 2014, the Company's remaining balance due for construction in progress and prepayments for equipment were $37,066 and $36,406, respectively.

(3) As of December 31, 2015 and 2014, the Company'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 of a credit line of $560,000 with 6 financial institutions including Mega International Commercial Bank. The credit term is 5 years. During the term of the syndicated loan, the Company is committed to the following:

A. During the term 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 worth (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 fiscal 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(22), 'Operating lease'.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company 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 Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), 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 approximate to their fair value.

B. Financial risk management policies

(a) The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks. 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 Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the 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 company to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the company 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 Company treasury's risk management policy is to hedge anticipated cash flows (mainly export sales and purchase of inventory) in the major foreign currency in the future so as to decrease the risk exposure in the major foreign currency.

(iv) The Company 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 Company does not hedged the investments.

(v) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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	$ 12,190	32.83	$ 400,141
JPY:NTD	14,024	0.2727	3,824
EUR:NTD	3,637	35.88	130,506
Investments accounted for under equity method			
USD:NTD	7,316	32.83	240,154
EUR:NTD	(1,020)	35.88	(36,597)
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	8,350	31.65	264,269
JPY:NTD	16,902	0.2646	4,472
EUR:NTD	5,668	38.47	218,053
Investments accounted for under equity method			
USD:NTD	7,965	31.65	252,082
EUR:NTD	(874)	38.47	(33,614)
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 net profit after tax for the years ended December 31, 2015 and 2014 would increase/decrease by $5,877 and $7,463, respectively.

(vi)The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2015 and 2014 amounted $4,134 and $7,623, respectively.

II.Price risk

The Company is not engaged in any financial instruments with price variations, thus, the Company 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 Company's liabilities fluctuates accordingly with the market interest rate, creating divergence in the Company'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 increase/decrease by $1,466 and $1,541, 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 Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, the Company 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 Company also transacts with many different financial institutions to diversify credit risk.

II. For the credit ratings of the Company's financial assets, please refer to Note 6, 'Financial assets'.

III. The ageing analysis of financial assets that were past due but not impaired, please refer in the Note 6(2), 'Accounts receivable, net'.

(c) Liquidity risk

I. Cash flow forecasting is performed in Finance Division of the Company. Finance division monitors rolling forecasts of the Company'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 Company 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 Company treasury. Company 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 above-mentioned forecasts. The Company is expected to readily generate cash inflows for managing liquidity risk.

III. The table below analyses the Company's non-derivative financial liabilities into 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	23,436	-	-	-
Other payables	52,449	-	-	-
Long-term borrowings (including current portion)	94,445	317,369	170,005	-

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	$383,204	$ -	$ -	$ -
Notes payable	47,074	-	-	-
Accounts payable	16,054	-	-	-
Other payables	52,987	-	-	-
Long-term borrowings (including current portion)	85,575	95,041	488,504	-

IV.The Company 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 Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2). Details of the fair value of the Company's investment property measured at cost are provided in Note 6(6).

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

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2015.

(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 Company’s paid-in capital: None.

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

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

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

H. Receivables from related parties reaching NT$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

Not applicable.

CHIEFTEK PRECISION Co., LTD.

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 account	Collateral		Limit on loans granted to a single party (Note)	Ceiling on total loans granted (Note)	Footnote
													Item	Value			
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 tasding 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.

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 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 asset, 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.

Purchases or sales of goods from or to related parties reaching NT$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 transction terms compared to third pary 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 purchase from other suppliers.

CHIEFTEK PRECISION CO., LTD.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2015

Table 4 | Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: 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.

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., timited.	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)No required to disclosure income (loss) recognized by the Company.
(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.

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 as of 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 (Kunshan0 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) recognized based on the investees' financial statements that are 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.

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	$ -