Coxon Precise Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2016 and 2015 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2016 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

COXON PRECISE INDUSTRIAL CO., LTD.

By:

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CHANG, WEN-TUNG
Director

March 10, 2017

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Coxon Precise Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Coxon Precise Industrial Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2016 are as follows:

Impairment of Trade Receivables

For the year ended December 31, 2016, the Group's trade receivables less the impairment loss $16,121 thousand were $2,015,743 thousand, and the overdue receivables less impairment loss of $3,332 thousand was $0 thousand. Refer to Notes 5, 10 and 17.

Since the recognition of impairment of trade receivables is subject to the judgement of the management, such as the evaluation of the Group's previous experience of collecting payments, the increase in the number of delayed payments exceeding the average credit period, etc., which involve significant uncertainty, we deemed the impairment of trade receivables as a key audit matter.

For the above key audit matter, we considered the adequacy of the impairment recognized for trade receivables overdue individually by its significance. We performed the major audit procedures as follows:

1. Understand the Group's policy in terms of estimating impairment of trade receivables and test the aging of trade receivables to calculate the impairment of trade receivables estimated by the management; and

2. Compare aging classification of trade receivables with the percentage of impairment recognized, and examine the trade receivables written off between current year and previous year to evaluate the adequacy of the impairment recognized for trade receivables; and

3. Review the Group's processing of past due trade receivables and evaluate the recoverability of past due trade receivables to determine whether the recognition of impairment of trade receivables is appropriate and sufficient.

Impairment of Inventory

For the year ended December 31, 2016, the Group's inventory less allowance of impaired inventory of $180,071 thousand was $693,432 thousand, accounting for 7% of the total assets, and hence was considered significant. As for the information about the accounting policies and related disclosures of impairment of inventory, refer to Notes 5 and 11.

Since the recognition of impairment of inventory is subject to the judgement of the management, such as the evaluation of the net realizable value of inventory and the percentage of impairment, which involve significant uncertainty, we deemed the impairment of inventory as a key audit matter.

For the above key audit matter, we evaluated the adequacy of allowance of impaired inventory by performing the following audit procedures:

1. Understand the management's policy on inventory evaluation, including the periodic assessment of the allowance of impaired inventory approved by the management and the documentation of an entry; and

2. Select the samples from the year end list of inventory to examine the purchase price of raw materials or selling price of finished goods, recalculate the net realizable value, and sample to compare the net realizable value of inventories with their carrying amounts to assess the reasonableness of the impairment loss of inventories; and

3. Obtain and check the correctness of the aging of inventory, and check whether the Group has recognized the allowance of impaired inventory based on Group's policy; and

4. In the end of the year, observe the storage of inventory in the Group, to understand the inventory of the waste, obsolete goods and other distinction, and assess the adequacy of the allowance of impaired inventory evaluated by the management.

The Impairment of Property, Plant and Equipment

For the year ended December 31, 2016, the carrying amount of property, plant and equipment in the consolidated balance sheet was $3,513,518 thousand. Coxon Precise Industrial Co., Ltd. and the subsidiaries should assess whether there is any indication that an asset might be impaired at the end of each reporting period. If there is an indication that an asset might be impaired, the asset's recoverable amount must be calculated. If there is difficulty in determining the recoverable amount of the individual asset, the Group should determine recoverable amount based on its cash-generating unit. The estimated method and assumption directly affect the recognized amount of impairment loss as the total amount of property, plant and equipment accounts for 33% in the combined property, plant and equipment asset in the consolidated balance sheet, which is considered being material, and the calculation of recoverable amount involves a number of assumptions and estimates; hence, we deemed that the recognition of impairment of property, plant and equipment as a key audit matter in the financial statement.

For the key audit matter above, to evaluate whether the recognition of the impairment of property, plant and equipment is reasonable, the main auditing procedures performed are as follows:

1. Obtain the report of asset impairment assessment made by the management, which is based on cash generating units.

2. Evaluate the rationality of any indication of impairment recognized by the management and identify whether the assumptions on impairment test, including the difference between cash generating units, cash flow forecast and discount rate, are appropriate.

Other Matters

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2016 and 2015 were based on the associates' financial statements audited by other auditors for the same years.

As of December 31, 2016 and 2015, the amount of investment accounted for using the equity method were $336,185 thousand and $756,962 thousand, respectively, which accounted for 3% and 7% of the total consolidated asset, respectively. For the years of 2016 and 2015, the share of profit or loss of associate and joint ventures were $188,538 thousand and $217,540 thousand, respectively, which accounted for 44% and 23% of the profit or loss before income tax.

We have also audited the parent company only financial statements of Coxon Precise Industrial Co. as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence users' economic decisions taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Su-Huan You and Bo-Ren Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2017

Notice to Readers

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

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

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 33)	$ 2,921,812	28	$ 2,673,916	23
Available-for-sale financial assets - current (Notes 4, 8 and 33)	17,328	-	11,480	-
Notes receivable (Notes 4, 10 and 33)	-	-	3,710	-
Trade receivables (Notes 4, 5, 10 and 33)	1,996,004	19	2,239,866	19
Trade receivables from related parties (Notes 4, 5, 10, 33 and 34)	19,739	-	18,325	-
Other receivables (Notes 4 and 33)	44,480	-	19,615	-
Other receivables from related parties (Notes 4, 33 and 34)	53,116	1	65,061	1
Current tax assets (Note 26)	27	-	-	-
Inventories (Notes 4, 5 and 11)	693,432	7	592,923	5
Prepayments (Notes 16 and 34)	152,553	1	267,622	3
Other financial assets - current (Notes 4, 17, 33 and 35)	248,433	2	251,447	2
Other current assets (Note 17)	6,223	-	7,501	-
Total current assets	6,153,147	58	6,151,466	53
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4, 5 and 9)	56,345	1	56,345	-
Investments accounted for using the equity method (Notes 4 and 13)	336,185	3	756,962	6
Property, plant and equipment (Notes 4, 5, 14 and 35)	3,513,518	33	4,331,699	37
Intangible assets (Notes 4 and 15)	50,744	-	65,080	1
Deferred tax assets (Notes 4, 5 and 26)	164,503	2	93,727	1
Prepayment for equipment (Note 36)	271,506	3	137,143	1
Long-term prepayments for lease (Notes 16 and 35)	53,125	-	62,117	1
Other non-current assets (Notes 4, 10 and 17)	6,880	-	5,964	-
Total non-current assets	4,452,806	42	5,509,037	47
TOTAL	$ 10,605,953	100	$ 11,660,503	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 33)	$ -	-	$ 32,825	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 7, 19 and 33)	33,760	-	11,840	-
Notes payable (Notes 20 and 33)	650	-	1,301	-
Trade payables (Notes 20 and 33)	918,163	9	818,284	7
Trade payables to related parties (Notes 20, 33 and 34)	-	-	1,646	-
Payables on equipment (Note 33)	46,890	-	69,181	1
Other payables (Notes 21, 34 and 36)	790,897	8	859,709	8
Other payables to related parties (Notes 21, 33 and 34)	1,588	-	2,091	-
Current tax liabilities (Notes 4, 26 and 33)	13,408	-	113,099	1
Provisions - current (Notes 4 and 23)	19,533	-	11,270	-
Current portion of long-term borrowings (Notes 18, 29 and 33)	4,167	-	20,833	-
Receipts in advance (Notes 21 and 34)	53,754	1	31,516	-
Other current liabilities (Notes 21 and 34)	39,212	-	17,144	-
Total current liabilities	1,922,022	18	1,990,739	17
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 19 and 33)	745,238	7	730,070	6
Long-term borrowings (Notes 18 and 33)	1,495,833	14	1,029,167	9
Deferred tax liabilities (Notes 4 and 26)	294,010	3	482,655	4
Net defined benefit liabilities - non-current (Notes 4, 5 and 23)	32,710	-	24,521	-
Other non-current liabilities (Note 21)	33,695	1	39,793	1
Total non-current liabilities	2,601,486	25	2,306,206	20
Total liabilities	4,523,508	43	4,296,945	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 24, 26 and 28)				
Share capital				
Ordinary shares	1,251,512	12	1,251,512	11
Capital surplus	3,017,023	28	2,940,462	25
Retained earnings				
Legal reserve	671,798	6	605,355	5
Unappropriated earnings	1,102,247	11	2,017,672	18
Total retained earnings	1,774,045	17	2,623,027	23
Other equity	(28,722)	-	513,297	4
Treasury shares	(81,084)	(1)	-	-
Total equity attributable to owners of the Company	5,932,774	56	7,328,298	63
NON-CONTROLLING INTERESTS	149,671	1	35,290	-
Total equity	6,082,445	57	7,363,588	63
TOTAL	$ 10,605,953	100	$ 11,660,533	100

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

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Notes 4 and 34)	$ 6,284,411	102	$ 10,250,801	104
Less: Sales return	(99,111)	(1)	(312,585)	(3)
Less: Sales discount	(40,389)	(1)	(50,195)	(1)
Total operating revenue	6,144,911	100	9,888,021	100
OPERATING COSTS (Notes 11, 25 and 34)	(5,681,146)	(92)	(8,053,683)	(81)
GROSS PROFIT	463,765	8	1,834,338	19
OPERATING EXPENSES (Notes 25 and 34)				
Selling and marketing expenses	(203,021)	(3)	(214,928)	(2)
General and administrative expenses	(511,533)	(9)	(600,586)	(6)
Research and development expenses	(63,289)	(1)	(27,830)	(1)
Total operating expenses	(777,843)	(13)	(843,344)	(9)
OTHER OPERATING INCOME (Notes 25 and 34)	27,087	-	67,972	1
PROFIT (LOSS) FROM OPERATIONS	(286,991)	(5)	1,058,966	11
NONOPERATING INCOME AND EXPENSES (Notes 4, 13, 14, 19 and 25)				
Other income	9,296	-	13,277	-
Other gains and losses	71,955	1	157,721	2
Finance costs	(36,415)	-	(52,011)	(1)
Share of profit or loss of associate and joint ventures	(188,538)	(3)	(217,540)	(2)
Total nonoperating income and expenses	(143,702)	(2)	(98,553)	(1)
PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(430,693)	(7)	960,413	10
INCOME TAX BENEFIT (EXPENSE) (Notes 4, 5 and 26)	89,419	1	(267,533)	(3)
NET (LOSS) PROFIT FOR THE YEAR	(341,274)	(6)	692,880	7

(Continued)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (Notes 4, 23, 24 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain and loss arising from defined benefit plans	$ (8,278)	-	$ (5,828)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	1,407	-	991	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(665,744)	(11)	(34,862)	-
Unrealized gain (loss) on available-for-sale financial assets	5,848	-	(5,054)	-
Income tax relating to item that may be reclassified subsequently to profit or loss	112,219	2	4,970	-
Other comprehensive income for the year, net of income tax	(554,548)	(9)	(39,783)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (895,822)	(15)	$ 653,097	7
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ (316,476)	(5)	$ 664,425	7
Non-controlling interests	(24,798)	(1)	28,455	-
	$ (341,274)	(6)	$ 692,880	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ (865,366)	(14)	$ 630,243	7
Non-controlling interests	(30,456)	(1)	22,854	-
	$ (895,822)	(15)	$ 653,097	7
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	$ (2.53)		$ 5.42	
Diluted	$ (2.53)		$ 4.96	

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

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Ordinary Shares			Retained Earnings			Other Equity					
	Share Issued (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2015	119,224	$ 1,192,244	$ 2,649,344	$ 533,475	$ 173,553	$ 1,797,488	$ 530,505	$ 12,137	$ -	$ 6,888,746	$ 438,659	$ 7,327,405
Appropriation of the 2014 earnings												
Legal reserve	-	-	-	71,880	-	(71,880)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(517,450)	-	-	-	(517,450)	-	(517,450)
Special reserve reversed	-	-	-	-	(173,553)	173,553	-	-	-	-	-	-
Equity component of convertible bonds issued by the Company	-	-	63,520	-	-	-	-	-	-	63,520	-	63,520
Net profit for the year ended December 31, 2015	-	-	-	-	-	664,425	-	-	-	664,425	28,455	692,880
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(4,837)	(24,291)	(5,054)	-	(34,182)	(5,601)	(39,783)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	659,588	(24,291)	(5,054)	-	630,243	22,854	653,097
Convertible bonds converted to ordinary shares	5,872	58,718	225,953	-	-	-	-	-	-	284,671	-	284,671
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(23,627)	-	-	-	(23,627)	-	(23,627)
Issue of ordinary shares under employee share options	55	550	1,645	-	-	-	-	-	-	2,195	-	2,195
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(426,223)	(426,223)
BALANCE, DECEMBER 31, 2015	125,151	1,251,512	2,940,462	605,355	-	2,017,672	506,214	7,083	-	7,328,298	35,290	7,363,588
Appropriation of the 2015 earnings												
Legal reserve	-	-	-	66,443	-	(66,443)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(525,635)	-	-	-	(525,635)	-	(525,635)
Net loss for the year ended December 31, 2016	-	-	-	-	-	(316,476)	-	-	-	(316,476)	(24,798)	(341,274)
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(6,871)	(547,867)	5,848	-	(548,890)	(5,658)	(554,548)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	(323,347)	(547,867)	5,848	-	(865,366)	(30,456)	(895,822)
Changes in percentage of ownership interest in subsidiaries	-	-	76,561	-	-	-	-	-	-	76,561	-	76,561
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(81,084)	(81,084)	-	(81,084)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	144,837	144,837
BALANCE, DECEMBER 31, 2016	125,151	$ 1,251,512	$ 3,017,023	$ 671,798	$ -	$ 1,102,247	$ (41,653)	$ 12,931	$ (81,084)	$ 5,932,774	$ 149,671	$ 6,082,445

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

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	$ (430,693)	$ 960,413
Adjustments for:		
Depreciation expenses	740,980	800,741
Amortization expenses	18,153	17,807
Impairment loss (reversal of impairment loss) recognized on trade receivables	8,621	(4,241)
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	21,920	2,581
Finance costs	36,415	52,011
Interest income	(9,296)	(11,978)
Dividend income	-	(1,299)
Share of loss of associates and joint ventures	188,538	217,540
Gain on disposal of property, plant and equipment	(5,721)	(20,203)
Gain on disposal of investment	(8,861)	-
Reversal of impairment loss recognized on property, plant and equipment	(15)	-
Reversal of write-down of inventories	(6,161)	(29,917)
Unrealized gain on the foreign currency exchange	(82)	(25,337)
Changes in operating assets and liabilities		
Notes receivable	3,747	3,766
Trade receivables	247,452	1,111,197
Other receivables	(12,920)	51,433
Inventories	(80,161)	353,955
Prepayments	119,253	(145,130)
Other current assets	1,278	5,504
Notes payable	(651)	(123)
Trade payables	85,008	(191,635)
Other payables	(58,364)	(322,651)
Provisions	8,263	(9,116)
Receipt in advance	22,238	4,998
Other current liabilities	22,098	(21,001)
Net defined benefit liabilities	(89)	(74)
Cash generated from operations	910,950	2,799,241
Interest received	9,296	11,978
Dividend received	-	1,299
Interest paid	(32,198)	(29,486)
Income tax paid	(163,069)	(273,977)
Net cash generated from operating activities	724,979	2,509,055
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Investments accounted for using the equity method	(177,023)	(28,485)
Disposal of investments accounted for using the equity method	204,555	-
Net cash inflow on acquisition of subsidiaries	144,837	-

(Continued)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Payments for property, plant and equipment	$ (270,991)	$ (430,556)
Proceeds from disposal of property, plant and equipment	100,980	54,294
Increase in refundable deposits	(916)	-
Decrease in refundable deposits	-	4,870
Payments for intangible assets	(5,869)	(25,384)
Purchase of other financial assets	3,014	(11,819)
(Increase) decrease in prepayments for equipment	(207,432)	115,281
Net cash used in investing activities	(208,845)	(321,799)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	32,825
Repayments of short-term borrowings	(32,825)	-
Proceeds from long-term borrowings	1,450,000	1,000,000
Repayments of long-term borrowings	(1,000,000)	(1,867,904)
Proceeds from issue of bond payable	-	800,000
Refund of guarantee deposits received	(215)	(95,188)
Dividends paid to owners of the Company	(525,635)	(517,450)
Exercise of employee shares options	-	2,195
Buy-back of treasury shares	(81,084)	-
Non-controlling interests variation	-	(426,223)
Net cash used in financing activities	(189,759)	(1,071,745)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(78,479)	(63,926)
NET INCREASE IN CASH AND CASH EQUIVALENTS	247,896	1,051,585
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,673,916	1,622,331
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,921,812	$ 2,673,916

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

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Coxon Precise Industrial Co., Ltd. (the Company) was incorporated in the Republic of China (ROC) in June 1989. The Company mainly manufactures, packages and sells all kinds of molds, metal, plastic components and makes relevant investments.

The Company's shares have been listed on the Taiwan GreTai Securities Market since January 2008 and listed on the Taiwan Stock Exchange (TSE) since October 2009.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 10, 2017.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

   Order No. 1050050021 and Order No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Group should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the IFRSs) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New or amended IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies, except for the following:

1) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

   The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2/Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment will be applied retrospectively.

2) Annual Improvements to IFRSs: 2010-2012 Cycle

   Several standards, including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments", were amended in this annual improvement.

The amended IFRS 2 changes the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group. The share-based payment arrangements with market conditions, non-market conditions or non-vesting conditions will be accounted for differently, and the aforementioned amendment will be applied prospectively to those share-based payments granted on or after January 1, 2017.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss. The amendment will be applied prospectively to business combination with acquisition date on or after January 1, 2017.

The amended IFRS 8 requires the Group to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

3) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 "Investment Property", were amended in this annual improvement.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

4) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 "Property, Plant and Equipment" stipulates that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 "Intangible Assets" clarifies there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

5) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group’s accounting policies, except for the following:

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required.

2) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

3) IFRS 15 "Revenue from Contracts with Customers" and Related Amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 and related amendment are effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

4) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

5) Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group's assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve the higher amount, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

6) Annual Improvements to IFRSs 2014-2016 Cycle

Several standards, including IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures," were amended in this annual improvement.

The amendment to IFRS 12 clarified that when an entity's interest in a subsidiary, a joint venture or an associate is classified as held for sale or is included in a disposal group that is classified as held for sale, the entity is not required to disclose summarized financial information of that subsidiary, joint venture or associate in accordance with IFRS 12. However, all other requirements in IFRS 12 apply to interests in entities classified as held for sale in accordance with IFRS 5.

The amendment to IAS 28 clarified that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, or a unit trust or similar entities (including investment-linked insurance funds), the Group may elect to measure that investment at fair value through profit or loss. The Group shall make this election separately for each associate or joint venture at the initial recognition of the associate or joint venture.

7) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

Principles for preparing consolidated financial statements.

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment in an associate or a jointly controlled entity.

See Note 12, Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group entities (including subsidiaries, associates, and joint ventures branches in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences (is re-attributed to the non-controlling interests of the subsidiary and/is included in the calculation of equity transactions but) is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, semifinished product, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group’s share of the equity of associates and joint ventures. If the Group’s ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent that of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

ii. Loans and receivables

Loans and receivables (including cash and cash equivalent, trade receivables, other financial assets, and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits and with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, that the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situation.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is 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.

For financial assets measured at amortized cost, 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 was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables and other receivables are considered uncollectable, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable trade receivables and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at fair value through profit or loss.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 33.

A financial liability may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance is evaluated on a fair value basis in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which does not incorporate any interest or dividend paid on the financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2) Rendering of services

Service income is recognized when conditions are satisfied as follow:

a) The amount of revenue can be measured reliably;

b) It is probable that the economic benefits associated with the transaction will flow to the entity;

c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The Group recognized the revenue within the scope of recoverable costs, when the results of rendering services cannot be measured reliably; the Group does not recognized the revenue, when the results of rendering services cannot be measured reliably and the cost is likely unrecoverable.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

n. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest) on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

q. Share-based payment arrangements employee share options

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options. It is recognized as an expense in full at the grant date if vesting immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Income taxes

As of December 31, 2016 and 2015, the carrying amount of deferred tax assets in relation to unused tax losses was $164,503 thousand and $93,727 thousand, respectively. As of December 31, 2016 and 2015, no deferred tax asset has been recognized on tax losses of $1,118,255 thousand and $854,612 thousand, respectively, due to the unpredictability of future profit streams. The realizability of deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

b. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between an asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c. Write-down of inventory

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

d. Recognition and measurement of defined benefit plans

The net defined benefit liabilities and the resulting defined benefit costs under the defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, future salary increases etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of expenses and the liabilities.

e. Impairment of financial asset measured at cost

The Group immediately recognizes impairment loss when there is any indication that the financial asset may be impaired and the carrying amount may not be recoverable. The Group’s management evaluates the impairment based on the estimated future cash flow.

As of December 31, 2016 and 2015, the carrying amount of financial asset measured at cost both are $56,345 thousand; the carrying amount of accumulated impairment both are $26,224 thousand.

f. Impairment of property, plant and equipment

The impairment of equipment in relation to the production of handsets was based on the recoverable amounts of those assets, which is the higher of their fair value less costs of disposal and their value in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to recognition of additional impairment losses or reversal of impairment losses.

6. CASH AND CASH EQUIVALENTS

	December 31 2016	December 31 2015
Cash on hand	$ 2,443	$ 3,195
Checking accounts and demand deposits	2,831,600	2,483,725
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	31,000	31,000
Bank acceptances	56,769	155,996
	$ 2,921,812	$ 2,673,916

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2016	December 31 2015
Financial liabilities held for trading - current		
Derivative financial liabilities		
Convertible options (Note 19 (note of convertible options))	$ 33,760	$ 11,840

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31 2016	December 31 2015
Domestic investments		
Listed shares and emerging market shares	$ 17,328	$ 11,480

9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31 2016	December 31 2015
Overseas unlisted common stocks	$ 56,345	$ 56,345

Management believed that fair value of the above unlisted equity investments held by the Company, which could not be reliably measured because the range of reasonable fair value estimates was so significant; thus, they were measured at cost less impairment at the end of the reporting period.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31 2016	December 31 2015
Notes receivable		
Notes receivable - operating	$ -	$ 3,747
Less: Allowance for impairment loss	-	(37)
	$ -	$ 3,710
Trade receivables		
Unrelated parties	$ 2,012,125	$ 2,247,374
Related parties	19,739	18,325
Less: Allowance for impairment loss	(16,121)	(7,508)
	$ 2,015,743	$ 2,258,191

The average credit period on sales of goods was 90-120 days. No interest was charged on trade receivables. The Group recognized an allowance for impairment loss of 100% against all receivables over 181 days because historical experience had been that receivables that are past due beyond 181 days were not recoverable. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Trade receivables disclosed above included amounts (the aging analysis is shown below) that were past due at the end of the reporting period but for which the Company did not recognized an allowance for impairment loss because there were no significant changes in their credit quality and the amounts were considered recoverable.

The aging analysis of the trade receivables that were impaired was as follows:

	December 31 2016	December 31 2015
Not overdue	$ 1,865,562	$ 2,148,794
Overdue with ages of 1-30 days	84,769	73,298
Overdue with ages of 31-60 days	52,953	36,332
Overdue with ages of 61-90 days	16,788	3,756
Overdue with ages of 91-180 days	7,284	2,107
Overdue with ages of 181 days	4,508	1,412
	$ 2,031,864	$ 2,265,699

The movements of the allowance for doubtful note receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ -	$ 75	$ 75
Less: Impairment losses reversed	-	(38)	(38)
Balance at December 31, 2015	$ -	$ 37	$ 37
Balance at January 1, 2016	$ -	$ 37	$ 37
Less: Impairment losses reversed	-	(37)	(37)
Balance at December 31, 2016	$ -	$ -	$ -

The movements of the allowance of doubtful trade receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ 1,824	$ 17,850	$ 19,674
Less: Impairment losses reversed	-	(4,192)	(4,192)
Less: Amounts written off during the period as uncollectible	(1,824)	(6,066)	(7,890)
Foreign exchange translation gains and losses	-	(84)	(84)
Balance at December 31, 2015	$ -	$ 7,508	$ 7,508
Balance at January 1, 2016	$ -	$ 7,508	$ 7,508
Add: Impairment losses recognized on receivables	-	8,968	8,968
Foreign exchange translation gains and losses	-	(355)	(355)
Balance at December 31, 2016	$ -	$ 16,121	$ 16,121

The movements of the allowance of doubtful overdue receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ 8,667	$ 3,985	$ 12,652
Less: Impairment losses reversed	-	(11)	(11)
Less: Amounts written off during the year as uncollectible	(8,667)	-	(8,667)
Foreign exchange translation gains and losses	-	(31)	(31)
Balance at December 31, 2015	$ -	$ 3,943	$ 3,943
Balance at January 1, 2016	$ -	$ 3,943	$ 3,943
Less: Impairment losses reversed	-	(312)	(312)
Foreign exchange translation gains and losses	-	(299)	(299)
Balance at December 31, 2016	$ -	$ 3,332	$ 3,332

Overdue receivables were classified under other assets.

11. INVENTORIES

	December 31	
	2016	2015
Raw materials	$ 159,744	$ 127,176
Materials	14,112	57,779
Work in progress (include mold)	246,071	123,752
Semifinished product	77,858	92,205
Finished goods	195,647	192,011
	$ 693,432	$ 592,923

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 was $5,681,146 thousand and $8,053,683 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 included reversal of inventory write-down of $6,161 thousand and $29,917 thousand, respectively. The allowance of impaired inventory as of December 31, 2016 and 2015 is $180,071 thousand and $221,202 thousand, respectively.

12. SUBSIDIARY

a. Subsidiary included in consolidated financial statements

			% of Ownership December 31	
Investor	Investee	Main Business	2016	2015
Coxon Precise Industrial Co., Ltd.	Coxon Industry Ltd.	Global investing activities	100	100
Coxon Industrial Ltd.	Dong Guan Chensang Plastic Co., Ltd.	Manufacturing and sale of nonmetal molding and automobile part	100	100
Coxon Precise Industrial Co., Ltd.	Sun Can International Ltd.	Global investing activities	100	100
Sun Can International Ltd.	Sinxon Plastic (Dong Guan) Ltd.	Manufacturing and sale of nonmetal molding and automobile part	100	100
Coxon Precise Industrial Co., Ltd.	Teckyork Enterprise Co., Ltd.	Global investing activities	100	100
Teckyork Enterprise Co., Ltd.	Shanghai Teckyork Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	100	100
	Shanghai Sonor Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	100	100
	Vastech Industrial Co., Ltd.	Global investing activities	100	100
Vastech Industrial Co., Ltd.	Vastech Plastic (Shanghai) Industrial Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	100	100
Teckyork Enterprise Co., Ltd.	Changshu Huaxon Industry Co., Ltd.	Manufacturing, assembling and sale of optical disc drive, digital camera parts, electric parts and nonmetal molding	100	100
Coxon Precise Industrial Co., Ltd.	Cheng Yee Enterprise Ltd.	Global investing activities	100	100
Cheng Yee Enterprise Ltd.	Coxon Precise International Ltd.	Global investing activities	100	100
	Hang Yuan Enterprise Ltd.	Global investing activities	100	100
Hang Yuan Enterprise Ltd.	Coxon Industry (Changshu) Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	100	100
Cheng Yee Enterprise Ltd.	Coxon Medical Limited	Global investing activities	100	80
Coxon Medical Limited	Shanghai Coxon Medical Limited	Manufacturing of medical materials	100	100
Coxon Precise Industrial Co., Ltd.	Cheng Da Industry Ltd.	Global investing activities	100	100
Cheng Da Industry Ltd.	Dong Guan Cheng Da Metal Product Company Limited	Manufacturing optical instrument, electronic products and plastic products	100	100
Coxon Precise Industrial Co., Ltd.	Soartek Optoelectronics Technology Co., Ltd.	Manufacturing of optical instrument and electronic components	100	100
Soartek Optoelectronics Technology Co., Ltd.	Hsiangtek Optical Technology Co., Ltd.	Global investing activities	100	100
Coxon Precise Industrial Co., Ltd.	Plenty Link Technology Co., Ltd.	Global investing activities	55	-
Plenty Link Technology Co., Ltd.	Dongguan Shuang-Ying Photoelectric technology Co., Ltd.	Manufacturing of optical instrument and electronic components	100	-
Plenty Link Technology Co., Ltd.	Shuang-Ying Science and Technology, Ltd.	Manufacturing of optical instrument and electronic components	100	-

b. Subsidiary not included in consolidated financial statements: None

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2016	**2015**
Material associates		
Toyo Precision Appliance (Kanshan) Co., Ltd.	$ 243,468	$ 408,270
Associates that are not individually material		
Changshu Houkennixx Plastic Product Co., Ltd.	39,711	47,862
Siix Coxon Precision Phils., Inc.	53,006	84,262
GoerXon Optical Precision Co., Ltd.	-	216,568
	$ 336,185	$ 756,962

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	December 31	
Name of Associate	**2016**	**2015**
Toyo Precision Appliance (Kanshan) Co., Ltd.	30%	30%
Changshu Houkennixx Plastic Product Co., Ltd.	25%	25%
Siix Coxon Precision Phils., Inc.	45%	45%
GoerXon Optical Precision Co., Ltd.	-	25%

Refer to Table 6 “Information on Investees” and Table 7 “Information on Investments in Mainland China” for the nature of activities, principal place of business and country of incorporation of the associates.

In December 2016, the Group sold all of its interest in GoerXon Optical Precision Industry Co., Ltd. to the third party. This transaction resulted in the recognition of a gain on disposal of investment of $8,861 thousands in other gains and loss.

The summarized financial information in respect of the Group’s associates is set out below:

	December 31	
	2016	**2015**
Total assets	$ 3,861,426	$ 5,248,189
Total liabilities	$ 2,773,234	$ 2,866,588

	For the Year Ended December 31	
	2016	**2015**
Revenue	$ 4,114,327	$ 4,064,488
(Loss) profit for the year	$ (595,853)	$ (713,345)

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2016 and 2015 was based on the associates’ financial statements audited by the auditors for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Leasehold Improvement	Other Equipment	Construction in Progress	Total
Cost									
Balance, at January 1, 2015	$ 79,244	$ 2,111,797	$ 6,904,936	$ 66,032	$ 178,777	$ 1,095,394	$ 403,402	$ 4,547	$ 10,844,129
Additions	-	2,395	277,750	11,458	6,570	21,016	35,057	60,226	414,472
Disposals	-	(37,131)	(200,585)	(9,610)	(6,017)	(6,492)	(2,352)	-	(262,187)
Reclassification	-	(64,595)	(2,283,857)	(11,083)	(105,999)	(530,496)	123,333	(53,894)	(2,926,591)
Effect of exchange rate changes	-	(35,219)	(31,949)	(136)	(260)	7,613	(5,632)	(154)	(65,737)
Balance, at December 31, 2015	$ 79,244	$ 1,977,247	$ 4,666,295	$ 56,661	$ 73,071	$ 587,035	$ 553,808	$ 10,725	$ 8,004,086
Accumulated depreciation and impairment									
Balance, at January 1, 2015	$ 18,812	$ 680,197	$ 4,618,059	$ 46,049	$ 120,431	$ 397,025	$ 252,259	$ -	$ 6,132,832
Depreciation expense	-	94,570	587,029	5,403	12,439	53,281	48,019	-	800,741
Disposals	-	(18,333)	(192,598)	(8,569)	(5,106)	(1,506)	(1,984)	-	(228,096)
Reclassification	-	(37,862)	(2,636,975)	(3,251)	(64,030)	(167,191)	(91,024)	-	(3,000,333)
Effect of exchange rate changes	-	(9,449)	(19,799)	(645)	(355)	(422)	(2,087)	-	(32,757)
Balance, at December 31, 2015	$ 18,812	$ 709,123	$ 2,355,716	$ 38,987	$ 63,379	$ 281,187	$ 205,183	$ -	$ 3,672,387
Carry amounts value at December 31, 2015	$ 60,432	$ 1,268,124	$ 2,310,579	$ 17,674	$ 9,692	$ 305,848	$ 348,625	$ 10,725	$ 4,331,699
Cost									
Balance, at January 1, 2016	$ 79,244	$ 1,977,247	$ 4,666,295	$ 56,661	$ 73,071	$ 587,035	$ 553,808	$ 10,725	$ 8,004,086
Additions	-	-	171,685	4,591	1,740	19,359	30,411	15,031	242,817
Disposals	-	-	(255,385)	(6,090)	(1,737)	-	(13,350)	-	(276,562)
Reclassification	-	-	74,374	1,771	1,500	699	6,380	(11,655)	73,069
Effect of exchange rate changes	-	(141,446)	(344,077)	(2,623)	(3,117)	(26,398)	(40,349)	(1,007)	(559,017)
Balance, at December 31, 2016	$ 79,244	$ 1,835,801	$ 4,312,892	$ 54,310	$ 71,457	$ 580,695	$ 536,900	$ 13,094	$ 7,484,393
Accumulated depreciation and impairment									
Balance, at January 1, 2016	$ 18,812	$ 709,123	$ 2,355,716	$ 38,987	$ 63,379	$ 281,187	$ 205,183	$ -	$ 3,672,387
Depreciation expense	-	86,612	514,862	4,884	3,883	29,070	101,669	-	740,980
Disposals	-	-	(169,961)	(5,271)	(1,686)	-	(3,421)	-	(180,339)
Reclassification	-	-	-	-	-	-	-	-	-
Reversals of impairment losses recognized in profit or loss	-	-	-	-	(15)	-	-	-	(15)
Effect of exchange rate changes	-	(50,499)	(174,497)	(2,170)	(2,664)	(16,171)	(16,137)	-	(262,138)
Balance, at December 31, 2016	$ 18,812	$ 745,236	$ 2,526,120	$ 36,430	$ 62,897	$ 294,086	$ 287,294	$ -	$ 3,970,875
Carry amounts value at December 31, 2016	$ 60,432	$ 1,090,565	$ 1,786,772	$ 17,880	$ 8,560	$ 286,609	$ 249,606	$ 13,094	$ 3,513,518

Impairment assessment was performed by management for the years ended 2016 and 2015 as there was no indication of impairment.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Main buildings	10-50 years
Elevators	2-20 years
Engineering systems	5-20 years
Machinery	1-10 years
Transportation equipment	4-10 years
Office equipment	1-8 years
Leasehold improvement	3-20 years
Other equipment	2-20 years

Refer to Note 35 for the carrying amount of property, plant and equipment pledged by the group to secure borrowings/general banking facilities granted to the Group.

15. INTANGIBLE ASSETS

	Computer Software	Other Intangible Assets	Total
Cost			
Balance at January 1, 2015	$ 118,383	$ 32,405	$ 150,788
Additions	25,384	-	25,384
Reclassification	4,680	-	4,680
Disposals	-	-	-
Effect of exchange rate changes	(7)	1,203	1,196
Balance at December 31, 2015	$ 148,440	$ 33,608	$ 182,048
Accumulated amortization			
Balance at January 1, 2015	$ 68,650	$ 30,150	$ 98,800
Amortization expense	15,546	2,261	17,807
Reclassification	-	-	-
Disposals	-	-	-
Effect of exchange rate changes	(836)	1,197	361
Balance at December 31, 2015	$ 83,360	$ 33,608	$ 116,968
Carrying amounts at December 31, 2015	$ 65,080	$ -	$ 65,080
Cost			
Balance at January 1, 2016	$ 148,440	$ 33,608	$ 182,048
Additions	5,869	-	5,869
Reclassification	-	-	-
Disposals	(13,487)	(33,032)	(46,519)
Effect of exchange rate changes	(6,568)	(576)	(7,144)
Balance at December 31, 2016	$ 134,254	$ -	$ 134,254
Accumulated amortization			
Balance at January 1, 2016	$ 83,360	$ 33,608	$ 116,968
Amortization expense	18,153	-	18,153
Reclassification	-	-	-
Disposals	(13,487)	(33,032)	(46,519)
Effect of exchange rate changes	(4,516)	(576)	(5,092)
Balance at December 31, 2016	$ 83,510	$ -	$ 83,510
Carrying amounts at December 31, 2016	$ 50,744	$ -	$ 50,744

The above items of other intangible assets were depreciated on a straight-line basis at the following rates per annum:

Computer software	1-10 years
Other intangible assets	5 years

16. LONG-TERM REPAYMENTS FOR LEASE OBLIGATIONS

	December 31	
	2016	2015
Land use right		
Current (prepayment)	$ 2,002	$ -
Non-current	53,125	62,117
	$ 55,127	$ 62,117

Long-term prepaid lease payments include land use right which are located in Mainland China.

Refer to Note 35 for the land use right which are located in Mainland China Pledged by the Group to secure borrowings/general banking facilities granted to the Group.

17. OTHER FINANCIAL ASSETS

	December 31	
	2016	2015
Current		
Other financial assets - current		
Time deposits with original maturities of more than 3 months	$ 6,973	$ 7,582
Principal guaranteed fund	158,066	161,760
Time deposits pledged	83,394	82,105
	$ 248,433	$ 251,447
Other current assets	$ 6,223	$ 7,501
Non-current		
Refundable deposits	$ 6,880	$ 5,964
Overdue receivable	3,332	3,943
Less: Allowance for impairment loss	(3,332)	(3,943)
	$ 6,880	$ 5,964

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2016	2015
Unsecured borrowings		
Line of credit borrowings	$ -	$ 32,825

The range of weighted average effective interest rate of bank loans was 1% per annum as of December 31, 2015.

b. Long-term borrowings

	December 31	
	2016	**2015**
Secured borrowings (Note 35)		
Bank loans		
Hua Nan Bank		
Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.51% for the year ended December 31, 2015; loan period from November 26, 2014 to November 11, 2017. Principal lump-sum payment at maturity and interest payment monthly. The Group had paid off ahead of time.	$ -	$ 53,000
Hua Nan Bank		
Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2016; loan period from November 7, 2016 to November 6, 2018. Principal lump-sum payment at maturity and interest payment monthly.	53,000	-
Unsecured borrowings		
Bank loans		
Hua Nan Bank		
Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.51% for the year ended December 31, 2015; loan period from November 26, 2014 to November 11, 2017. Principal lump-sum payment at maturity and interest payment monthly. The Group had paid off ahead of time.	-	247,000
Hua Nan Bank		
Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2016; loan period from November 7, 2016 to November 6, 2018. Principal lump-sum payment at maturity and interest payment monthly.	247,000	-
Hua Nan Bank		
Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.51% for the year ended December 31, 2015; loan period from April 13, 2015 to April 13, 2017. Principal lump-sum payment at maturity and interest payment monthly. The Group had paid off ahead of time.	-	100,000

(Continued)

	December 31	
	2016	**2015**
Hua Nan Bank Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.37% for the year ended December 31, 2016; loan period from April 7, 2016 to April 6, 2018. Principal lump-sum payment at maturity and interest payment monthly.	$ 100,000	$ -
Hua Nan Bank Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2016; loan period from July 25, 2016 to July 6, 2018. Principal lump-sum payment at maturity and interest payment monthly.	100,000	-
Hua Nan Bank Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2016; loan period from August 16, 2016 to August 15, 2018. Principal lump-sum payment at maturity and interest payment monthly.	100,000	-
China Trust Bank Medium-term working capital loan with a credit line of $700,000 thousand and interest rate of 1.51% for the year ended December 31, 2015; loan period from July 21, 2015 to July 21, 2017. Repayable in 4 quarterly installments from starting July 21, 2015. A grace period of one year is given. The Group had paid off ahead of time.	-	550,000
China Trust Bank Medium-term working capital loan with a credit line of $700,000 thousand and interest rate of 1.31% for the year ended December 31, 2016; loan period from October 20, 2016 to October 20, 2018. Principal lump-sum payment at maturity and interest payment monthly.	550,000	-
Shanghai Commercial Savings Bank Medium-term working capital loan with a credit line of $300,000 thousand and interest rate of 1.37% for the year ended December 31, 2016; loan period from July 25, 2016 to July 25, 2019. Principal lump-sum payment at maturity and interest payment monthly. A grace period of two year is given.	100,000	-
Shanghai Commercial Savings Bank Medium-term working capital loan with a credit line of $300,000 thousand and interest rate of 1.37% for the year ended December 31, 2016; loan period from October 17, 2016 to October 15, 2019. Principal lump-sum payment at maturity and interest payment monthly. A grace period of two year is given.	150,000	-

(Continued)

	December 31	
	2016	2015
Shanghai Commercial Savings Bank		
Medium-term working capital loan with a credit line of $300,000 thousand and interest rate of 1.37% for the year ended December 31, 2016; loan period from December 2, 2015 to November 15, 2018. Principal lump-sum payment at maturity and interest payment monthly. A grace period of one year is given.	$ 50,000	$ 50,000
Taiwan Cooperative Bank		
Medium-term working capital loan with a credit line of $350,000 thousand and interest rate of 1.63% for the year ended December 31, 2015; loan period from July 21, 2014 to July 21, 2017. Principal lump-sum payment at maturity and interest payment monthly. The Group had paid off ahead of time.	-	50,000
Taiwan Cooperative Bank		
Medium-term working capital loan with a credit line of $350,000 thousand and interest rate of 1.50%, for the year ended December 31, 2016; loan period from December 8, 2016 to December 8, 2019. From December 8, 2016 to December 8, 2018, interest is paid monthly. Repayable in 4 quarterly installments from December 8, 2018 to December 8, 2019 and interest is paid monthly.	50,000	-
	1,500,000	1,050,000
Less: Current portion	(4,167)	(20,833)
	$ 1,495,833	$ 1,029,167

(Concluded)

19. BONDS PAYABLE

	December 31	
	2016	2015
Unsecured domestic bonds	$ 800,000	$ 800,000
Less: Discount on unsecured convertible bonds	(54,762)	(69,930)
	$ 745,238	$ 730,070

First Issue of Unsecured Domestic Convertible Bonds

a. The conversion price is $58 per common share initially and the conversion period is from December 6, 2012 to October 26, 2017. The conversion price will be adjusted upon the occurrence of change in the number of common shares and the conversion price is 49.01 per common share as of September 3, 2015.

b. Each bondholder has the right to put the convertible bonds at 101% of par value or 101.51% of par value before 30 days on and after the 2nd and 3rd year, respectively.

c. The Group could redeem the convertible bonds at par value at any time during the period from 31 days after the original issue date to 40 days before the maturity date, under the following conditions: The closing price of the common shares on each of 30 consecutive trading days reaches or exceeds 30% of the conversion price, or the outstanding balance of the bonds is less than 10% of the original issuance.

d. According to the c., the Group was announcement that should redeem all the convertible bonds at par value. However, the outstanding balance of the bonds is all redeemed in 2015.

The convertible bonds contain both liability and convertible options. The effective interest rate of the liability component was 2.13% per annum on initial recognition. The convertible options were recognized in "Financial assets or liabilities at fair value through profit or loss".

The convertible bonds contain both liability and equity components. The equity component was presented from the original issue date to December 31, 2015, under the following conditions:

	Amounts
Proceeds from issue, November 5, 2012 (less transaction costs $5,000 thousand)	$ 595,000
Equity component	(49,140)
Derivatives component - redeem puttable right	(6,480)
Liability component at the date of issue (less transaction costs allocated to the liability component of $5,000 thousand)	539,380
Interest charged at on effective interest rate of 2.13%	60,620
Interest paid	-
Convertible bonds converted into common shares	(600,000)
Liability component at December 31, 2015	$ -

Movements of the host liability instrument and the conversion option derivative instrument in 2015 were as follows:

	The Host Liability Instrument	**The Conversion Option Derivative Instrument**
Balance at January 1, 2015	$ 283,297	$ (335)
Rate adjusted	(284,635)	36
Interest expense	1,338	-
Fair value changes gain (loss)	-	299
Balance at December 31, 2015	$ -	$ -

As of December 31, 2015, the bonds were all converted.

Second Issue of Unsecured Domestic Convertible Bonds

a. The conversion price is $71 per common share initially and the conversion period is from July 30, 2015 to June 29, 2020. The conversion price will be adjusted upon the occurrence of change in the number of common shares and the conversion price is 59.77 per common share as of December 31, 2016.

b. Each bondholder has the right to put the convertible bonds at 101% of par value or 101.51% of par value before 30 days on and after the 2nd and 3rd year, respectively.

c. The Group could redeem the convertible bonds at par value at any time during the period from 31 days after the original issue date to 40 days before the maturity date, under the following conditions: The closing price of the common shares on each of 30 consecutive trading days reaches or exceeds 30% of the conversion price, or the outstanding balance of the bonds is less than 10% of the original issuance.

The convertible bonds contain both liability and convertible options. The effective interest rate of the liability component was 2.058% per annum on initial recognition. The convertible options were recognized in “Financial assets or liabilities at fair value through profit or loss”.

The convertible bonds contain both liability and equity components. The equity component was presented form the original issue date to December 31, 2016 under the following conditions:

	Amounts
Proceeds from issue, June 29, 2015 (less transaction costs $5,000 thousand)	$ 795,000
Equity component	(63,520)
Derivatives component - redeem puttable right	(8,960)
Liability component at the date of issue (less transaction costs allocated to the liability component of $5,000 thousand)	722,520
Interest charged at on effective interest rate of 2.058%	77,480
Interest paid	(54,762)
Liability component at December 31, 2016	$ 745,238

Movements of the host liability instrument and the conversion option derivative instrument in 2016 and 2015 were as follows:

	The Host Liability Instrument	The Conversion Option Derivative Instrument
Balance at January 1, 2015	$ -	$ -
Issued in current period	722,520	(8,960)
Interest expense	7,550	-
Fair value changes gain (loss)	-	(2,880)
Balance at December 31, 2015	$ 730,070	$ (11,840)
Balance at January 1, 2016	$ 730,070	$ (11,840)
Interest expense	15,168	-
Fair value changes gain (loss)	-	(21,920)
Balance at December 31, 2016	$ 745,238	$ (33,760)

As of December 31, 2016, the bonds were converted $0 thousand so the outstanding bonds were $800,000 thousand.

20. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2016	2015
Notes payable to unrelated parties		
Operating	$ 213	$ 1,301
Non-operating	437	-
	$ 650	$ 1,301
Trade payables - operating		
Unrelated parties	$ 918,163	$ 818,284
Related parties	-	1,646
	$ 918,163	$ 819,930

Trade payables were paid according to the condition of contract or billings from the suppliers. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER LIABILITIES

	December 31	
	2016	2015
Current		
Other payables		
Salaries or bonus	$ 181,987	$ 187,670
Payable for processing fees	150,789	48,712
Payable for bonus and director salaries	-	48,500
Others	459,709	576,918
	$ 792,485	$ 861,800
Other liabilities		
Receipts under custody	$ 24,044	$ -
Others	15,168	17,114
	$ 39,212	$ 17,114
Non-current		
Payable for purchase of equipment	$ 29,150	$ 35,033
Guarantee deposits	4,545	4,760
	$ 33,695	$ 39,793

22. PROVISIONS

	December 31	
	2016	2015
Employee benefits	$ 19,533	$ 11,270

The provision for employee benefits represents annual leave made by employees.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2016	2015
Present value of defined benefit obligation	$ 68,007	$ 58,392
Fair value of plan assets	(35,297)	(33,871)
Deficit	32,710	24,521
Net defined benefit liability	$ 32,710	$ 24,521

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2015	$ 52,505	$ (33,738)	$ 18,767
Current service cost	791	-	791
Net interest expense (income)	853	(558)	295
Recognized in profit or loss	1,644	(558)	1,086

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (379)	$ (379)
Actuarial loss - changes in financial assumptions	1,155	-	1,155
Actuarial loss - changes in demographic assumptions	3,070	-	3,070
Actuarial loss - experience adjustments	1,982	-	1,982
Recognized in other comprehensive income	6,207	(379)	5,828
Contributions from the employer	-	(1,160)	(1,160)
Benefits paid	(1,964)	1,964	-
Balance at December 31, 2015	$ 58,392	$ (33,871)	$ 24,521
Balance at January 1, 2016	$ 58,392	$ (33,871)	$ 24,521
Current service cost	763	-	763
Net interest expense (income)	803	(474)	329
Recognized in profit or loss	1,566	(474)	1,092
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	229	229
Actuarial loss - changes in financial assumptions	2,882	-	2,882
Actuarial loss - changes in demographic assumptions	2,883	-	2,883
Actuarial (gain) - experience adjustments	2,284	-	2,284
Recognized in other comprehensive income	8,049	229	8,278
Contributions from the employer	-	(1,181)	(1,181)
Balance at December 31, 2016	$ 68,007	$ (35,297)	$ 32,710

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the (government/corporate) bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2016	**2015**
Discount rate(s)	0.875%	1.375%
Expected rate(s) of salary increase	2.000%	2.000%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would (decrease/increase) as follows:

	December 31	
	2016	**2015**
Discount rate(s)		
0.25% increase	$ (1,550)	$ (1,279)
0.25% decrease	$ 1,605	$ 1,323
Expected rate(s) of salary increase		
0.25% increase	$ 1,556	$ 1,284
0.25% decrease	$ (1,510)	$ (1,248)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2016	**2015**
The expected contributions to the plan for the next year	$ 1,196	$ 1,185
The average duration of the defined benefit obligation	9.2 years	8.8 years

24. EQUITY

a. Ordinary shares

	December 31	
	2016	**2015**
Numbers of shares authorized (in thousands)	150,000	150,000
Shares authorized	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousands)	125,151	125,151
Shares issued	$ 1,251,512	$ 1,251,512

Fully paid ordinary shares, which have a par value of $10, carry one vote and one dividend per share.

12,000 thousand shares of the Company’s shares authorized were reserved for the issuance of employee share options.

b. Capital surplus

	December 31	
	2016	2015
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
From premium on issuance of common shares	$ 2,303,766	$ 2,303,766
From premium on stock option of convertible bonds	496,427	496,427
From premium on conversion of employee stock options	133,054	133,054
From cancellation of treasury shares	(120,729)	(120,729)
May be used to offset a deficit only		
Share of changes in capital surplus of associates	76,561	-
May not be used for any purpose		
From employee stock options - issuance of common shares	6,300	6,300
From employee stock options	58,124	58,124
From stock option of convertible bonds	63,520	63,520
	$ 3,017,023	$ 2,940,462

Note: Such capital surplus may be used to offset a deficit; in addition when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 6, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, please refer to f. employee benefits expense in Note 25.

To ensure that the Company has funds for its present and future expansion plans, the Company prefers to distribute mixed stock dividends and cash dividends as shareholders' bonus among which stock dividend is distributed from 0% to 50% and cash dividends from 100% to 50%. The distribution policy would be adjusted depending on the operating conditions, industry developments, capital requirement and so forth.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Order No. 1010012865, Order No. 1010047490 and Order No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2015 and 2014 had been approved in the shareholders' meetings on June 6, 2016 and June 2, 2015, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2015	**For Year 2014**	**For Year 2015**	**For Year 2014**
Legal reserve	$ 66,443	$ 71,880	$ -	$ -
Reversal of special reserve	-	(173,553)	-	-
Cash dividends	525,635	517,450	4.200	4.153

The appropriations of earnings for 2016 had been proposed by the Company's board of directors on March 10, 2017. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 28,722	$ -
Cash dividends	182,493	1.500

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2016 are subject to the resolution of the shareholders' meeting to be held on June 6, 2017.

d. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2016	**2015**
Balance at January 1	$ 506,214	$ 530,505
Exchange differences arising on translating the financial statement of foreign operations	(660,086)	(29,261)
Income tax related to gains arising on translating the financial statement of foreign operations	112,219	4,970
Balance at December 31	$ (41,653)	$ 506,214

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 7,083	$ 12,137
Unrealized gain arising on revaluation of available-for-sale financial assets	5,848	(5,054)
Balance at December 31	$ 12,931	$ 7,083

e. Non-controlling interests

	For the Year Ended December 31	
	2016	2015
Balance at January 1	$ 35,290	$ 438,659
Attributable to non-controlling interests:		
Share of (loss) profit for the year	(24,798)	28,455
Exchange difference arising from translation of foreign entities	(5,658)	(5,601)
Acquisition of non-controlling interests	-	(426,223)
Non-controlling interests increase	144,837	-
Balance at December 31	$ 149,671	$ 35,290

f. Treasury shares

Purpose of Buy-Back	Shares Cancelled (In Thousands of Shares)
Number of shares at January 1, 2016	-
Increase during the year	2,547
Number of shares at December 31, 2016	2,547

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

25. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations contains the following items:

a. Other revenue and expenses

	For the Year Ended December 31	
	2016	2015
Lease revenue	$ 24,610	$ 22,185
Lease cost	(14,631)	(9,928)
Other revenue	9,149	20,481

(Continued)

	For the Year Ended December 31	
	2016	2015
Technical service income	$ 13,665	$ 15,031
Gain on reversal of impairment	15	-
Gain on disposal of property plant and equipment	8,775	39,453
Loss on disposal of property plant and equipment	(14,496)	(19,250)
	$ 27,087	$ 67,972

(Concluded)

b. Other income

	For the Year Ended December 31	
	2016	2015
Interest income	$ 9,296	$ 11,978
Dividends	-	1,299
	$ 9,296	$ 13,277

c. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Gain on disposal of investment	$ 8,861	$ -
Net foreign exchange gains	90,138	124,616
Net loss arising on financial assets classified as held for trading	(21,920)	(2,581)
Other revenue	20,256	41,953
Other expense	(25,380)	(6,267)
	$ 71,955	$ 157,721

d. Finance cost

	For the Year Ended December 31	
	2016	2015
Interest on bank loans	$ 18,642	$ 29,276
Interest on convertible bonds	15,168	8,888
Other finance cost	2,605	13,847
	$ 36,415	$ 52,011

e. Depreciation and amortization

	For the Year Ended December 31	
	2016	2015
Property, plant and equipment	$ 726,349	$ 790,813
Intangible assets	18,153	17,807
	$ 744,502	$ 808,620

(Continued)

	For the Year Ended December 31	
	2016	2015
An analysis of depreciation by function		
Operating costs	$ 649,674	$ 709,563
Operating expenses	76,675	81,250
	$ 726,349	$ 790,813
An analysis of amortization by function		
Operating costs	$ 1,722	$ 10,885
Operating expenses	16,431	6,922
	$ 18,153	$ 17,807

(Concluded)

The Group entered into lease agreements on some assets. The related depreciation expenses that were listed in other income and expense were $14,631 thousand in 2016 and $9,928 thousand in 2015, respectively.

f. Employee benefits expense

	For the Year Ended December 31	
	2016	2015
Short-term benefits		
Salary and wages	$ 1,667,548	$ 2,082,907
Insurance	159,198	190,738
Post-employment benefits		
Defined contribution plans	7,265	11,375
Defined benefit plans	1,092	1,086
Other employment benefits	79,061	128,977
	$ 1,914,164	$ 2,415,083
An analysis of employee benefits expense by function		
Operating costs	$ 1,521,681	$ 1,927,312
Operating expenses	392,483	487,771
	$ 1,914,164	$ 2,415,083

1) Employees' compensation and remuneration of directors and supervisors for 2016 and 2015

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders in their meeting in June 2016, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 3% and no higher than 12%, and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors.

Accrual rate

	For the Year Ended December 31	
	2016	2015
Employees' compensation	-	5.27%
Remuneration to directors and supervisors	-	2.03%

Amount

	For the Year Ended December 31			
	2016		2015	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation	$ -	$ -	$ 35,000	$ -
Remuneration to directors and supervisors	-	-	13,500	-

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration to directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2015.

Information on the employees' compensation and remuneration to directors and supervisors resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

2) Bonus to employees and remuneration to directors and supervisors for 2014

The bonus to employees and remuneration to directors and supervisors for 2014 which have been approved in the shareholders' meeting on June 2, 2015 were as follows:

	For the Year Ended December 31, 2014
	Cash
Bonus to employees	$ 35,000
Remuneration to directors and supervisors	15,000

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meeting on June 2, 2015 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2014.

Information on the bonus to employees and remuneration to directors and supervisors resolved by the shareholders in their meeting in 2015 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense (income) recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2016	2015
Current tax		
In respect of the current year	$ 38,712	$ 285,236
Income tax on unappropriated earnings	6,751	13,170
Adjustments for prior years' tax	17,888	8,183
Deferred tax		
In respect of the current year	(152,770)	(39,056)
Income tax (income) expense recognized in profit or loss	$ (89,419)	$ 267,533

A reconciliation of accounting income and current income tax (income) expense is as follows:

	For the Year Ended December 31	
	2016	2015
(Loss) profit before income tax	$ (430,693)	$ 960,413
Income tax (income) expense at the statutory rate	$ (179,148)	$ 290,850
Tax effect of adjusting items:		
Nondeductible expenses and losses	7,718	1,568
Tax-exempt income	(10)	6,869
Income tax on unappropriated earnings	6,751	13,170
Unrecognized deductible temporary differences	57,382	(53,107)
Adjustments for prior years' tax	17,888	8,183
Income tax (income) expense recognized in profit or loss	$ (89,419)	$ 267,533

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%.

As the status of 2017 appropriations of earnings is uncertain, the potential income tax consequences of 2016 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2016	2015
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ (112,219)	$ (4,970)
Actuarial gains and losses on defined benefit plan	(1,407)	(991)
Total income tax recognized in other comprehensive income	$ (113,626)	$ (5,961)

c. Current tax assets and liabilities

	December 31 2016	December 31 2015
Current tax assets - income tax payable		
Tax refund receivable	$ 27	$ -
Current tax liabilities - income tax payable		
Income tax payable	$ 13,408	$ 113,099

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 19,760	$ (138)	$ -	$ (1,580)	$ 18,042
Intangible assets	232	(97)	-	(15)	120
Defined benefit obligation	4,169	(15)	1,407	-	5,561
Allowance for impaired receivables	5,372	1,010	-	(107)	6,275
Write-down of inventory	48,104	(7,090)	-	(3,211)	37,803
Impair loss	5,033	1,033	-	-	6,066
Deficit offset	-	69,021	-	(2,980)	66,041
Exchange difference on foreign operations	-	-	8,714	-	8,714
Others	11,057	5,016	-	(192)	15,881
	$ 93,727	$ 68,740	$ 10,121	$ (8,085)	$ 164,503
Deferred tax liabilities					
Temporary differences					
Unrealized gain or loss investments in associates and joint ventures accounted for by using equity method	$ 384,386	$ (108,659)	$ -	$ -	$ 275,727
Exchange difference on foreign operations	103,687	-	(103,505)	-	182
Others	(5,418)	24,629	-	(1,110)	18,101
	$ 482,655	$ (84,030)	$ (103,505)	$ (1,110)	$ 294,010

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 13,103	$ 7,013	$ -	$ (356)	$ 19,760
Intangible assets	458	(216)	-	(10)	232
Defined benefit obligation	3,190	(12)	991	-	4,169
Allowance for impaired receivables	4,016	1,375	-	(19)	5,372
Write-down of inventory	42,631	6,025	-	(552)	48,104
Impair loss	5,271	(238)	-	-	5,033
Others	11,992	(918)	-	(17)	11,057
	$ 80,661	$ 13,029	$ 991	$ (954)	$ 93,727
Deferred tax liabilities					
Temporary differences					
Unrealized gain or loss investments in associates and joint ventures accounted for by using equity method	$ 300,281	$ 84,105	$ -	$ -	$ 384,386
Exchange difference on foreign operations	108,657	-	(4,970)	-	103,687
Others	106,251	(110,132)	-	(1,537)	(5,418)
	$ 515,189	$ (26,027)	$ (4,970)	$ (1,537)	$ 482,655

e. Deductible temporary differences, unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2016	2015
Loss carryforwards		
Expire in 2016 to 2026	$ 700,375	$ 524,862
Deductible temporary differences	$ 417,880	$ 329,750

f. Integrated income tax

	December 31	
	2016	2015
Unappropriated earnings generated before January 1, 1998	$ 981	$ 981
Unappropriated earnings generated on and after January 1, 1998	1,101,266	2,016,691
	$ 1,102,247	$ 2,017,672
Imputation credits accounts	$ 281,110	$ 302,864

	December 31	
	2016 (Estimate)	2015
Creditable ratios for the distribution of earnings	26.49%	17.16%

g. The Company and Soartek Optoelectronics Technology Co., Ltd. tax returns through 2013 had been assessed by the tax authorities.

27. EARNINGS PER SHARE

a. Basic earnings per share

Unit: NT$ Per Share

	For the Year Ended December 31	
	2016	**2015**
Profits attributable to owners of the Company	$ (316,476)	$ 664,425
The weighted average number of ordinary shares outstanding in the computation of basic earnings per share (in thousands)	125,062	122,675
Basic earnings per share	$(2.53)	$5.42

b. Diluted earnings per share

	For the Year Ended December 31	
	2016	**2015**
Profit for the period attributable to owners of the Group	$ (316,476)	$ 664,425
The effects of potential common stocks:		
Income after tax of convertible bonds	-	7,377
Earnings used in the computation of diluted earnings per share from continuing operations	$ (316,476)	$ 671,802
Weighted average number of ordinary shares (in thousand shares)	125,062	122,675
The effects of potential common stocks:		
Convertible bonds (in thousand shares)	-	11,990
Bonus issue to employees (in thousand shares)	-	906
Employee share option (in thousand shares)	-	9
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousand shares)	125,062	135,580
Diluted earnings per share (NT$)	$(2.53)	$4.96

If the outstanding convertible bonds issued by the Company were converted to ordinary shares, since the exercise price of the options or warrants issued by the Company exceeded the average market price of the shares during 2016 and 2015, they were anti-dilutive and excluded from the computation of diluted earnings per share.

If the Company offered to settle bonuses paid to employees in cash or shares, the Company assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Company/subsidiaries

Qualified employees of the Company and its subsidiaries were granted 5,000 options (forfeited 1,141 options) in August 2007 and 660 options (forfeited 57 options) in October 2007. Each option entitles the holder to subscribe for one thousand common shares of the Company. The options granted are valid for 8 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the equity certified by CPA. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31, 2015	
Employee Share Option	**Number of Options (In Thousands)**	**Weighted-average Exercise Price (NT$)**
Balance at January 1	55	
Options exercised	(55)	$39.9
Options expired	-	
Balance at December 31	-	
Options exercisable, end of period	-	

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTEREST

The Company signed a contract to buy 42.12% of common shares of Cheng Yee Enterprise Ltd. with Zhao Xuan Enterprise Co., Ltd. The value per share is based on net asset value per share of latest financial statements of Cheng Yee Enterprise Ltd. As of December 31, 2013, the Company had bought 22.12% of Cheng Yee's common shares, total holding percentage up to 80%.

Coxon Precise Industrial Co., Ltd. bought 20% of common shares of Cheng Yee Enterprise Ltd. $445,233 thousand. The value per share is based on net asset value per share of latest financial statements of Cheng Yee Enterprise Ltd. As of December 31, 2015, the Company held percentage up to 100%.

The above transactions were accounted for as equity transaction since the Group did not cease to have control over Cheng Yee Enterprise Ltd.

	Cheng Yee Enterprise Ltd.
Cash consideration paid	$ (445,233)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interest	426,223
Difference arising from equity transaction	$ (19,010)
Difference arising from equity transaction	
Retained earnings	$ (19,010)

30. NON-CASH TRANSACTIONS

As of December 31, 2016 and 2015, the Group reclassified long-term borrowings of $4,167 thousand and $20,833 thousand as current portion of long-term borrowings.

31. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

a. Rental agreement

Lessee	Lesser	Objection	Period and Method of Payment
Sinxon Plastic (Dong Guan) Ltd.	Lan Zhi-Hsing	Building	From December 1, 2015 to November 30, 2023, rent is RMB203 thousand every month.
	Huang Jian-Yi	Dormitory	From November 1, 2015 to May 31, 2019, rent is RMB226 thousand every month.
	Jiang Bei Economic Cooperatives of Changan town of Dongguan City, Wu Sha	Plant and dormitory	From December 1, 2013 to November 30, 2018, rent is RMB340 thousand every month. From December 1, 2013 to November 30, 2018, rent is RMB391 thousand every month. From June 1, 2014 to May 31, 2019, rent is RMB32 thousand every month.
	Zheng Cai-Hong	Plant and dormitory	From November 1, 2015 to February 28, 2019, rent is RMB635 thousand every month.
Dongguan Shuang-Ying Photoelectric technology Co, Ltd.	Zheng Cai-Hong	Plant and dormitory	From January 1, 2017 to December 31, 2022, rent is RMB100 thousand every month.
Don Guan Cheng Da Metal Product Company Limited	Zheng Cai-Hong	Plant and dormitory	From July 1, 2015 to June 30, 2020, rent is RMB390 thousand every month.
Dongguan Chensong Plastic Co., Ltd.	Sun Yu-Hao	Plant and dormitory	From May 1, 2015 to April 30, 2020 rent is RMB663 thousand every month. From May 1, 2015 to April 30, 2020 rent is RMB636 thousand every month.

b. The future minimum lease payments of non-cancellable operating lease were as follows:

	December 31	
	2016	2015
Not later than 1 year	$ 213,936	$ 228,500
Later than 1 year and not later than 5 years	436,930	608,648
	$ 650,866	$ 837,148

32. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group adopts prudent risk management strategy and performs audit on a regular basis. The capital structure of the Group is determined according to the business development strategies and operational requirements.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

1) Financial assets and liabilities not carried at fair value that differences between carrying amounts and fair values were as follows:

	December 31			
	2016		2015	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost - convertible bonds	$ 745,238	$ 803,600	$ 730,070	$ 812,000

2) Fair value hierarchy

	December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Convertible bonds	$ 803,600	$ -	$ -	$ 803,600

	December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Convertible bonds	$ 812,000	$ -	$ -	$ 812,000

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 17,328	$ -	$ -	$ 17,328
Financial liabilities at FVTPL				
Other	-	-	33,760	33,760

	December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 11,480	$ -	$ -	$ 11,480
Financial liabilities at FVTPL				
Other	-	-	11,840	11,840

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2016

	Financial Liabilities at Fair Value Through Profit or Loss
Balance at January 1, 2016	$ (11,840)
Recognized in profit or loss	(21,920)
Balance at December 31, 2016	$ (33,760)

For the year ended December 31, 2015

	Financial Liabilities at Fair Value Through Profit or Loss
Balance at January 1, 2015	$ (335)
Issued in current period	(8,960)
Recognized in profit or loss	(2,581)
Conversion of convertible bonds	36
Balance at December 31, 2015	$ (11,840)

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

Derivatives: The right of redemption and put are estimated fair value by convertible bonds with binomial tree method using price volatility (significant unobservable inputs). When the increase in price volatility, the fair value of these derivatives would increase.

c. Categories of financial instruments

	December 31	
	2016	2015
Financial assets		
Loans and receivables (1)	$ 5,283,584	$ 5,271,940
Available-for-sale financial assets	17,328	11,480
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Others	33,760	11,840
Amortized cost (2)	4,003,426	3,565,107

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, trade and other receivables, and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade and other payables, payables on equipment, and bonds payable issued.

d. Financial risk management objectives and policies

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

a) Foreign currency risk

The Group use foreign exchange forward contracts to eliminate currency exposure in foreign currency risk. The change of rate eliminated by the profit and loss of the terms of the hedge derivatives so the market price risk is not martial.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be a decrease of $12,280 thousand and $25,972 thousand for the years ended December 31, 2016 and 2015 in post-tax income.

b) Interest rate risk

The Group was exposed to fair value interest rate risk in relation to fixed-rate bank borrowings. The bonds payable are fixed-rate and measured at amortized cost, so changes in rate will not have effect on the cash flow in the future.

The sensitivity analysis assumed hold the bank borrowings in the reporting period and 1% change in rates it would be a decrease of $12,450 thousand and $8,987 thousand for the years ended December 31, 2016 and 2015 in post-tax income.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Assumed the listed equity securities in the reporting period and 5% change in price it would be a decrease of $866 thousand and $574 thousand for the years ended December 31, 2016 and 2015 in comprehensive income.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the ended December 31, 2016 and 2015 the unused bank borrowings is $1,570,000 thousand and $2,098,175 thousand.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2016

	Up to 1 Year	Later Than 1 Year and Up to 2 Years	Later Than 2 Years and Up to 3 Years	Over 3 Years	Total
Nonderivative financial liabilities					
Notes payable	$ 650	$ -	$ -	$ -	$ 650
Trade payables	918,163	-	-	-	918,163
Payables on equipment	46,890	-	-	-	46,890
Other payables	790,897	-	-	-	790,897
Other payables to related parties	1,588	-	-	-	1,588
Current tax liabilities	13,408	-	-	-	13,408
Current portion of long-term borrowings	4,167	-	-	-	4,167
Bonds payables	-	-	-	745,238	745,238
Long-term borrowings	-	1,262,500	233,333	-	1,495,833
	$ 1,775,763	$ 1,262,500	$ 233,333	$ 745,238	$ 4,016,834

December 31, 2015

	Up to 1 Year	Later Than 1 Year and Up to 2 Years	Later Than 2 Years and Up to 3 Years	Over 3 Years	Total
Nonderivative financial liabilities					
Short-term borrowings	$ 32,825	$ -	$ -	$ -	$ 32,825
Notes payable	1,301	-	-	-	1,301
Trade payables	818,284	-	-	-	818,284
Trade payables to related parties	1,646	-	-	-	1,646
Payables to equipment	69,181	-	-	-	69,181
Other payables	859,709	-	-	-	859,709
Other payables to related parties	2,091	-	-	-	2,091
Current tax liabilities	113,099	-	-	-	113,099
Current portion of long-term borrowings	20,833	-	-	-	20,833
Bonds payables	-	-	-	730,070	730,070
Long-term borrowings	-	983,333	45,834	-	1,029,167
	$ 1,918,969	$ 983,333	$ 45,834	$ 730,070	$ 3,678,206

36. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and related parties are disclosed below.

a. Sales of goods

Line Items	Related Party Categories	For the Year Ended December 31 2016	2015
Sales	Associates	$ 24,271	$ 42,874
	Others	-	8
		$ 24,271	$ 42,882

b. Receivable from related parties (excluding loans to related parties)

Line Items	Related Party Categories	December 31 2016	2015
Trade receivables	Associates	$ 19,739	$ 18,325
Other receivables	Associates	$ 53,116	$ 64,189
	Others	-	872
		$ 53,116	$ 65,061

c. Payables to related parties (excluding by related party categories)

Line Items	Related Party Categories	For the Year Ended December 31 2016	2015
Trade payables	Others	$ -	$ 1,646
Other payables	Associates	$ 1,356	$ -
	Others	232	2,091
		$ 1,588	$ 2,091

The related parties trading conditions were no difference between the Groups and common customer.

For the years ended December 31, 2016 and 2015, no impairment loss was recognized for trade receivables from related parties.

d. Other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31 2016	2015
Other expense	Others	$ -	$ 365
Other revenue	Associates	$ -	$ 3,766
	Others	304	2,513
		$ 304	$ 6,279
Processing fee	Others	$ 24,025	$ 88,352

Line Items	Related Party Categories	December 31 2016	2015
Receipts in advance	Associates	$ 1,514	$ 2,691
Other current liabilities	Associates	$ 1,085	$ 2,484

e. Rental revenue

Related Party Categories	Rental Objective	Rental Payment	For the Year Ended December 31 2016	2015
Associates	Jiangsu Province Southeast Economic Development Zone 28 Jiulong Road	Plant and dormitory rent paid every month	$ 7,106	$ 6,786
	Shanghai City Songjiang Zone Sijing Town 368. the nine road	Plant rent paid every month	-	121
			$ 7,106	$ 6,907

f. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2016 and 2015 were as follows:

	For the Year Ended December 31	
	2016	2015
Short-term benefits	$ 47,049	$ 64,533
Post-employment benefits	1,612	1,351
	$ 48,661	$ 65,884

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

g. The transaction about the Group purchase Cheng Yee Enterprise Ltd., please see Note 29.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of imported raw materials guarantees or the deposit for court guarantees:

	December 31	
	2016	2015
Property, plant and equipment - land	$ 79,244	$ 79,244
Property, plant and equipment - buildings	41,710	43,126
Prepaid lease payments	16,333	18,905
Other financial assets - current	83,394	82,105
	$ 220,680	$ 223,380

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2016 were as follows:

a. Coxon Industry Ltd. had commitments to buy machinery and equipment to comply with repair construction contracts which amounted to $9,586 thousand, of which $9,082 thousand had been paid and booked under prepayment on equipment.

b. Sun Can International Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $7,201 thousand, of which $5,658 thousand had been paid and booked under prepayment on equipment.

c. Cheng Da Industry Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $4,702 thousand, of which $2,351 thousand had been paid and booked under prepayment on equipment.

d. Dong Guan Cheng Da Metal Product Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $79,688 thousand, of which $37,461 thousand had been paid and booked under prepayment on equipment.

e. Coxon Industry (Changshu) Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $1,470 thousand, of which $905 thousand had been paid and booked under prepayment on equipment.

f. Sinxon Plastic (Dong Guan) Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $78,748 thousand, of which $65,959 thousand had been paid and booked under prepayment on equipment.

g. Dong Guan Chensong Plastic Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $67,981 thousand, of which $51,507 thousand had been paid and booked under prepayment on equipment.

h. Plenty Link Technology Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $17,179 thousand, of which $515 thousand had been paid and booked under prepayment on equipment.

i. Shanghai Teckyork Enterprise Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $8,333 thousand, of which $2,650 thousand had been paid and booked under prepayment on equipment.

j. Dongguan Shuang-Ying Photoelectric technology Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $112,997 thousand, of which $95,418 thousand had been paid and booked under prepayment on equipment.

k. The digital camera lawsuit between JCD Corporation (hereinafter referred to as JCD) and the Company is summarized as below.

   1) Lawsuit matters: JCD applied to the Japan commercial arbitration association for a tort arbitration in relation to its forbidding of the Company from producing and selling the digital camera lens designed by JCD as well as its demand for payment of US$2,662 thousand, JPY635 thousand and RMB393 thousand as compensation in 2010.

   2) Lawsuit status up to report date: According to the verdict of the Japan commercial arbitration association, Tokyo No. 10-11 is summarized as below.

      a) The Company (the defendant) should pay JCD US$1,441 thousand, JPY1,270 thousand and the related accrued interests from November 24, 2010 up to the date when total compensation is made using 6% annual interest rate.

      b) The Company cannot manufacture and sell the suspended category of digital camera zooms.

      c) The Company needs to pay JCD lawsuit cost JPY1,562 thousand.

   According to the verdict admitted by Japanese commercial arbitration and Taoyuan District Court, JCD had requested the Company to pay enforcement fee, including NT$43,901 thousand for the compensation fee, NT$251 thousand for execution fee, and the related interest expense from November 24, 2010 up to the date when total compensation is made using 6% annual interest rate.

   The Company applied to the Taoyuan District Court for stopping the enforcement action on March 12, 2015, and the Taoyuan District Court ruled in temporarily respiting the enforcement action on March 20, 2015. By providing NT$13,400 thousand Negotiable Certificate of Deposit as guarantee fund, which was classified under the item - "Other financial asset - current", the enforcement action has been temporarily stopped.

Up to December 31, 2016, both the Taoyuan District Court of first instance and High Court of second instance judged against the interlocutory appeal of the Company, which included the application of withdrawing the enforcement action of paying compensation fee and the judgement related to compensation liability made by Japanese commercial arbitration being invalid. The Company, however, has appealed to the Supreme Court against the previous sentence. All relevant enforcement fee and interest expense $61,192 thousand were estimated and recorded under the item - "Other payables".

37. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 45,811	6.94 (USD:RMB)	$ 1,477,414
USD	35,371	32.25 (USD:NTD)	1,140,902
EUR	20	7.29 (EUR:RMB)	691
EUR	11	1.05 (EUR:USD)	373
EUR	2	33.90 (EUR:NTD)	81
JPY	106	0.06 (JPY:RMB)	29
JPY	14,373	0.01 (JPY:USD)	3,961
JPY	1,080	0.28 (JPY:NTD)	298
HKD	636	0.89 (HKD:RMB)	2,645
HKD	273	0.13 (HKD:USD)	1,136
HKD	9,705	4.16 (HKD:NTD)	40,352
RMB	29	4.62 (RMB:NTD)	134
RMB	53	0.14 (RMB:USD)	244
			$ 2,668,260
Non-monetary items			
Investments accounted for using equity method			
RMB	61,334	4.62 (RMB:USD)	$ 283,179
USD	1,644	32.25 (USD:NTD)	53,006
			$ 336,185
Financial liabilities			
Monetary items			
USD	12,084	6.94 (USD:RMB)	$ 389,708
USD	22,142	32.25 (USD:NTD)	714,086
EUR	4	7.29 (EUR:RMB)	134
JPY	10,376	0.06 (JPY:RMB)	2,860
JPY	197,483	0.01 (JPY:USD)	54,426
JPY	17,570	0.28 (JPY:NTD)	4,842
HKD	1,838	0.89 (HKD:RMB)	7,642

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
HKD	$ 34	0.13 (HKD:USD)	$ 142
HKD	1,292	4.16 (HKD:NTD)	5,371
RMB	1,980	0.14 (RMB:USD)	9,141
RMB	80	4.62 (RMB:NTD)	368
			$ 1,188,720

(Concluded)

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 25,109	6.49 (USD:RMB)	$ 824,208
USD	64,291	32.83 (USD:NTD)	2,110,349
EUR	37	7.10 (EUR:RMB)	1,313
EUR	1	35.88 (EUR:NTD)	51
JPY	50	0.05 (JPY:RMB)	14
JPY	14	0.01 (JPY:USD)	4
JPY	175	0.27 (JPY:NTD)	48
HKD	356	0.84 (HKD:RMB)	1,507
HKD	209,387	0.13 (HKD:USD)	886,755
HKD	4,808	4.24 (HKD:NTD)	20,363
RMB	7,426	0.15 (RMB:USD)	37,094
			$ 3,881,706
Non-monetary items			
Investments accounted for using equity method			
RMB	4,484,667	0.15 (RMB:USD)	$ 672,700
USD	2,567	32.83 (USD:NTD)	84,262
			$ 756,962
Financial liabilities			
Monetary items			
USD	12,409	6.49 (USD:RMB)	$ 407,313
USD	1,593	32.83 (USD:NTD)	52,292
JPY	43,089	0.05 (JPY:RMB)	11,750
JPY	397,953	0.01 (JPY:USD)	108,522
JPY	32,804	0.27 (JPY:NTD)	8,946
HKD	2,887	0.84 (HKD:RMB)	12,227
HKD	600	0.13 (HKD:USD)	2,539
HKD	4,296	4.24 (HKD:NTD)	18,195
RMB	21,956	0.15 (RMB:USD)	109,671
RMB	4,216	4.99 (RMB:NTD)	21,059
			$ 752,514

For the years ended December 31, 2016 and 2015, (realized and unrealized) net foreign exchange gains were $90,138 thousand and $124,616 thousand, respectively. It is impractical to disclose net foreign exchange gain by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities.

38. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Lending funds to others: Table 1 (attached)

b. Providing endorsements or guarantees for others: Table 2 (attached)

c. Holding of securities at the end of the period (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (attached)

d. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 % of paid-in capital or more: 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. Purchase or sales of goods from or to related parties reaching NT$100 million or 20 % of paid-in capital or more: Tables 4 (attached)

h. Trade receivables from related parties reaching NT$100 million or 20 % of paid-in capital or more: Table 5 (attached)

i. Trading in derivative instruments: Notes 7 and 19

j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Table 8 (attached)

k. Information on investees: Table 6 (attached)

Information on investments in Mainland China:

a. Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland China area: Table 7 (attached)

b. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Table 7 (attached)

   1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

3) The amount of property transactions and the amount of the resultant gains or losses.

4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Taiwan and South China
- South China (the chief operating range are domestic sales)
- Shanghai
- Changshu
- Others

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	For the Year Ended December 31, 2016						
	Taiwan and South China	South China	Shanghai	Changshu	Others	Adjustments and Elimination	Total
Segment revenues and results							
Revenues from external customers	$ 3,006,075	$ 1,188,592	$ 557,320	$ 1,328,403	$ 64,521	$ -	$ 6,144,911
Inter-segment revenues	2,405,459	2,312,937	4,047	50,745	56,699	(4,829,887)	-
Segment revenues	$ 5,411,534	$ 3,501,529	$ 561,367	$ 1,379,148	$ 121,220	$ (4,829,887)	$ 6,144,911
Segment income	$ 189,598	$ (595,995)	$ 18,557	$ 40,449	$ 16,288	$ 44,694	$ (286,409)
Interest income							9,296
Other income							107,789
Finance cost							(36,415)
Other expense and loss							(224,954)
Income from continuing operating before income tax							$ (430,693)
Segment assets							
Assets	$ 3,801,584	$ 4,293,629	$ 1,021,670	$ 3,035,177	$ 295,924	$ (2,416,392)	$ 10,031,592
Investments							409,858
Deferred income tax assets							164,503
Total assets							$ 10,605,953
Depreciation and amortization	$ 144,340	$ 487,976	$ 54,096	$ 66,114	$ 6,607		$ 759,133
Acquisition of property, plant and equipment	$ 17,683	$ 164,979	$ 11,779	$ 47,421	$ 955		$ 242,817

	For the Year Ended December 31, 2015						
	Taiwan and South China	South China	Shanghai	Changshu	Others	Adjustments and Elimination	Total
Segment revenues and results							
Revenues from external customers	$ 6,518,462	$ 1,654,619	$ 635,844	$ 1,002,331	$ 76,765	$ -	$ 9,888,021
Inter-segment revenues	5,293,235	2,199,670	10,395	63,285	-	(7,566,585)	-
Segment revenues	$ 11,811,697	$ 3,854,289	$ 646,239	$ 1,065,616	$ 76,765	$ (7,566,585)	$ 9,888,021
Segment income	$ 488,267	$ 427,575	$ 61,695	$ 54,820	$ 19,470	$ 22,622	$ 1,074,449
Interest income							11,978
Other income							165,368
Finance cost							(52,011)
Other expense and loss							(239,371)
Income from continuing operating before income tax							$ 960,413
Segment assets							
Assets	$ 5,860,831	$ 4,916,116	$ 1,040,200	$ 2,661,966	$ 280,443	$ (4,017,567)	$ 10,741,989
Investments							824,787
Deferred income tax assets							93,727
Total assets							$ 11,660,503
Depreciation and amortization	$ 380,000	$ 266,067	$ 64,682	$ 96,494	$ 11,305		$ 818,548
Acquisition of property, plant and equipment	$ 111,073	$ 239,157	$ 19,988	$ 41,410	$ 2,844		$ 414,472

Segment profit represented the profit before tax earned by each segment without gain or loss on disposal of property, plant and equipment, interest income, dividend income, gain on disposal of investment, share of profits or loss of associates, net exchange gain or loss, net profit or loss of financial assets measured at fair value through profit or loss, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2016	2015
Plastic components	$ 5,367,841	$ 8,949,547
Molds	379,529	652,234
Others	397,541	286,240
	$ 6,144,911	$ 9,888,021

c. Geographical information

The Group operates in three principal geographical areas - Taiwan and China.

The Group’s revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets December 31	
	2016	2015	2016	2015
Taiwan	$ 242,230	$ 1,026,343	$ 155,449	$ 167,116
China	3,230,805	3,432,349	3,740,324	4,434,887
America	126,388	325,259	-	-
Japan	35,241	57,756	-	-
Others	2,510,247	5,046,314	-	-
	$ 6,144,911	$ 9,888,021	$ 3,895,773	$ 4,602,003

Non-current assets exclude non-current assets classified as held for sale, financial instruments, and deferred tax assets.

d. Information about major customers

Individual customers accounting for at least 10% of net sales for the years ended December 31, 2016 and 2015 were as follows:

	For the Year Ended December 31	
Customer	**2016**	**2015**
Customer A	$ 614,422	$ 979,512

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts		Reasons for Short-term Financing	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	Coxon Industry (Changshu) Co., Ltd.	Sinxon Plastic (Dong Guan) Ltd.	Other receivables	Yes	$ 282,020	$ 277,020	$ 277,020	5.31	Financing	Interest income	$ 4,485	Working capital	-	$ -	$ 1,546,918	$ 1,546,918
		Dong Guan Chensong Plastic Co., Ltd.	〃	〃	94,840	92,340	92,340	5.31	〃	Interest income	2,039	〃	-	-	1,546,918	1,546,918
		Changshu Huaxon Industry Co., Ltd.	〃	〃	127,100	106,191	106,191	5.31	〃	Interest income	6,770	〃	-	-	1,546,918	1,546,918
2	Sun Can International Ltd.	Coxon Precise International Ltd.	〃	〃	116,340	112,875	112,875	1.50	〃	Interest income	1,694	〃	-	-	1,579,075	1,579,075
3	Coxon Industry Ltd.	Coxon Industry (Changshu) Co., Ltd.	〃	〃	493,050	-	-	1.50	〃			〃	-	-	1,502,381	1,502,381
		Sun Can International Ltd.	〃	〃	49,219	-	-	5.31	〃	Interest income	1,617	〃	-	-	1,502,381	1,502,381
		Cheng Da Industry Ltd.	〃	〃	66,480	32,250	32,250	1.50	〃	Interest income	807	〃	-	-	1,502,381	1,502,381
		Hang Yuan Enterprise Ltd.	〃	〃	66,480	64,500	64,500	1.50	〃	Interest income	968	〃	-	-	1,502,381	1,502,381
4	Dong Guan Chensong Plastic Co., Ltd.	Sinxon Plastic (Dong Guan) Ltd.	〃	〃	101,680	-	-	5.31	〃	Interest income	2,806	〃	-	-	1,124,387	1,124,387
5	Dong Guan Cheng Da Metal Product Co., Ltd.	Sinxon Plastic (Dong Guan) Ltd.	〃	〃	195,660	161,595	161,595	5.30	〃	Interest expense	6,144	〃	-	-	528,736	528,736

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Coxon Precise Industrial Co., Ltd.	Cheng Da Industry Ltd.	100% subsidiary of the Company's investments	$ 1,186,554	$ 105,040	$ -	$ -	$ -	-	$ 2,373,109	Y	N	N	
		Hang Yuan Enterprise Ltd.	100% subsidiary of the Company's investments through Cheng Yee Enterprise Ltd.	1,186,554	166,200	-	-	-	-	2,373,109	Y	N	N	

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Coxon Precise Industrial Co., Ltd.	Stocks							
	CALIN Technology Co., Ltd.	None	Available-for-sale financial assets - current	721,988	$ 17,328	0.68	$ 17,328	
	Kin Tin Optotronic Co., Ltd.	〃	Financial assets measured at cost - non-current	2,255,193	$ -	6.37	$ -	Note
	CGK International Co., Ltd.	〃	Financial assets measured at cost - non-current	1,800,000	56,345	5.00	-	
					$ 56,345		$ -	
Cheng Da Industry Ltd.	Taising Coxon Limited	Its director is the chairman of the parent company	Financial assets measured at cost - non-current	847,500	$ -	17.89	$ -	Note

Note: The financial assets measured at cost are unlisted stocks. The assets were assessed as impaired with small chance of recovery so impairment loss was recognized.

TABLE 4

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade (Payable) or Receivable			Note
			Purchase/(Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total	
Coxon Precise Industrial Co., Ltd.	Coxon Industry Ltd.	Subsidiaries	Purchases	$ 829,569	33	120 days	In accordance with mutual agreements	120 days	Other payables	$ 167,341	23	
	Sun Can International Ltd.	〃	Purchases	1,511,866	60	120 days	In accordance with mutual agreements	120 days	Trade payables	512,146	71	
Coxon Industry Ltd.	Coxon Precise Industrial Co., Ltd.	〃	Sales	829,569	95	120 days	In accordance with mutual agreements	120 days	Trade receivables	167,341	88	
	Dong Guan Chensong Plastic Co., Ltd.	〃	Purchases	775,222	100	120 days	In accordance with mutual agreements	120 days	Trade payables	215,230	99	
Sun Can International Ltd.	Coxon Precise Industrial Co., Ltd.	〃	Sales	1,511,866	100	120 days	In accordance with mutual agreements	120 days	Trade receivables	512,146	91	
	Sinxon Plastic (Dong Guan)	〃	Purchases	1,423,527	100	120 days	In accordance with mutual agreements	120 days	Trade payables	214,414	100	
Dong Guan Chensong Plastic Co., Ltd.	Coxon Industry Ltd.	〃	Sales	775,222	67	120 days	In accordance with mutual agreements	120 days	Trade receivables	215,230	39	
Sinxon Plastic (Dong Guan) Ltd.	Sun Can International Ltd.	〃	Sales	1,423,527	70	120 days	In accordance with mutual agreements	120 days	Trade receivables	214,414	44	

Note: The related party transactions between subsidiaries have been eliminated already.

TABLE 5

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Coxon Industry Ltd.	Coxon Precise Industrial Co., Ltd.	Ultimate parent company	$ 167,341	4.96	$ -	-	$ -	$ -
Sun Can International Ltd.	Coxon Precise Industrial Co., Ltd.	Ultimate parent company	512,146	2.95	-	-	-	-
	Coxon Precise International Limited	Associate	112,876 (Note 1)	-				
Dong Guan Cheng Da Metal Product Co., Ltd.	Sinxon Plastic (Dong Guan) Ltd.	Associate	170,661 (Note 1)	-	-	-	-	-
Dong Guan Chensong Plastic Co., Ltd.	Coxon Industry Ltd.	Ultimate parent company	215,230	3.60	-	-	-	-
Sinxon Plastic (Dong Guan) Ltd.	Sun Can International Ltd.	Ultimate parent company	214,414	6.64	-	-	-	-
Coxon Industry (Changshu) Co., Ltd.	Changshu Huaxon Industry Co., Ltd.	Associate	106,927 (Note 1)	-	-	-	-	-
	Sinxon Plastic (Dong Guan) Ltd.	Associate	279,329 (Note 1)	-	-	-	-	-

Note 1: Listed on other receivables.

Note 2: The related party transactions between subsidiaries had been eliminated already.

TABLE 6

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	Shares	%	Carrying Amount			
Coxon Precise Industrial Co., Ltd.	Teckyork Enterprise Co., Ltd.	Samoa	Global investing activities	$ 1,044,773	$ 1,044,773	17,569,700	100	$ 1,734,674	$ 19,136	$ 19,136	
	Sun Can International Ltd.	Samoa	Global investing activities	551,004	551,004	16,932,762	100	1,579,074	(167,391)	(164,894)	
	Coxon Industry Ltd.	Samoa	Global investing activities	1,371,321	1,371,321	42,870,000	100	1,496,931	(277,076)	(276,782)	
	Cheng Da Industry	Samoa	Global investing activities	1,098,824	1,098,824	35,769,500	100	848,204	(55,995)	(55,995)	
	Cheng Yee Enterprise Ltd.	Samoa	Global investing activities	1,723,671	1,723,671	43,000,000	100	1,846,814	(37,600)	(37,600)	
	Soartek Optoelectronics Technology Co., Ltd.	Taiwan	Manufacturing and sale of nonmetal molding and automobile parts	51,000	51,000	5,100,000	100	47,522	62	62	
	Plenty Link Technology Co., Ltd.	Virgin Islands	Global investing activities	177,023	-	9,900,000	55	138,739	(62,982)	(34,640)	
Teckyork Enterprise Co., Ltd.	Vastech Industrial Co., Ltd.	Samoa	Global investing activities	97,290	97,290	3,000,000	100	106,987	4,637	4,637	
Cheng Yee Enterprise Ltd.	Hang Yuan Enterprise Ltd.	Samoa	Global investing activities	1,213,600	1,213,600	40,000,000	100	1,533,723	103,878	103,878	
	Coxon Precise International Limited	Virgin Islands	Global investing activities	91,020	91,020	3,000,000	100	166,901	(151,355)	(151,355)	
	Coxon Medical Limited	Samoa	Global investing activities	159,600	159,600	5,000,000	80	144,629	17,724	14,179	
Soartek Optoelectronics Technology Co., Ltd.	Hsiangtek Optical Technology Co., Ltd.	Samoa	Global investing activities	18,021	18,021	601,000	100	15,888	13	13	
Coxon Industry Ltd.	Siix Coxon Precision Phils, Inc.	Philippines	Manufacturing and sale of nonmetal molding	121,642	121,642	4,050,000	45	53,006	(66,206)	(29,819)	
Plenty Link Technology Co., Ltd.	Shuang Ying Science and Technology Ltd.	Taiwan	Manufacturing of optical instrument and electronic components	16,500	-	1,650,000	55	14,237	(4,114)	(2,263)	

Note: All investment and the equity of investee company are eliminated upon consolidation.

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outward	Inward							
Shanghai Teckyork Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	$ 484,400	Investment through third party	$ 667,893	$ -	$ -	$ 667,893	$ 58,590	100	$ 58,590	$ 659,106	$ -	
Shanghai Sonor Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	151,375	〃	218,175	-	-	218,175	(22,369)	100	(22,369)	68,985	-	
Vastech Plastic (Shanghai) Industrial Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	90,825	〃	141,310	-	-	141,310	4,657	100	4,657	99,943	-	
Changshu Huaxon Industry Co., Ltd.	Manufacturing, assembling and sale of optical disc drive, digital camera parts, electric parts and nonmetal molding	938,525	〃	64,270	-	-	64,270	(12,961)	100	(12,961)	847,095	-	
Changshu Houkennixx Plastic Product Co., Ltd.	Manufacturing, assembling and sale of plastic products	299,850	〃	-	-	-	-	(18,114)	25	(4,572)	39,711	-	
Sinxon Plastic (Dong Guan) Ltd.	Manufacturing and sale of nonmetal molding and automobile parts	550,844	〃	320,818	-	-	320,818	(282,357)	100	(243,368)	1,111,601	-	
Coxon Industry (Changshu) Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	1,211,000	〃	1,506,273	-	-	1,506,273	87,396	100	87,396	1,546,918	-	
Toyo Precision Appliance (Kunshan) Co., Ltd.	Manufacturing and processing of sheet metal-press work parts	936,141	〃	194,278	-	-	194,278	(498,091)	30	(150,226)	243,468	-	
Shanghai Coxon Medical Ltd.	Manufacturing of medical materials	149,770	〃	23,120	-	-	23,120	14,212	80	11,369	123,620	-	
GoerXon Optical Precision Industry Co., Ltd.	Manufacturing and sale of precision plastic injection parts	957,098	Note 2	-	-	-	-	(16,909)	25	(3,921)	-	-	
Dong Guan Cheng Da Metal Product Company Ltd.	Manufacturing instrument, electronic products and plastic products	145,871	Investment through third party	141,448	-	-	141,448	(22,846)	100	(22,846)	528,736	-	
Dong Guan Chensong Plastic Co., Ltd.	Manufacturing and sale of metal and nonmetal molding and automobile parts	1,367,130	〃	471,320	-	-	471,320	(286,291)	100	(322,608)	1,156,896	-	
Dong Guan Shuang-Ying Photoelectrio technology Co., Ltd.	Manufacturing of optical instrument and electronic components	160,930	〃	-	88,511	-	88,511	(12,158)	55	(6,687)	143,427	-	

Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$3,837,416	$6,394,783	NA

(Continued)

Note 1: See Table 4.

Note 2: Investment through Changshu Huaxon Industry Co., Ltd. All investment had been withdrawn at the end of December 31, 2016.

Significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 4.

Endorsements/guarantees provided with investee companies in Mainland China, either directly or indirectly through a third party: See Table 2.

Financing provided with investee companies in Mainland China, either directly or indirectly through a third party: None.

Other transaction effects significantly profit and loss or financial situation: None.

(Concluded)

TABLE 8

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
0	Coxon Precise Industrial Co., Ltd.	Coxon Industrial Ltd.	a	Other receivables	$ 323	Note	-
			a	Trade payables	167,341	Note	2
			a	Purchases	829,569	Note	14
		Dong Guan Chensong Plastic Co., Ltd.	a	Sales	94	Note	-
		Sun Can International Ltd.	a	Other receivables	926	Note	-
			a	Trade payables	512,146	Note	5
			a	Purchases	1,511,866	Note	25
		Techyork Enterprise Co., Ltd.	a	Other receivables	606	Note	-
		Hang Yuan Enterprise Ltd.	a	Other receivables	1,800	Note	-
			a	Trade payables	5,494	Note	-
			a	Purchases	14,341	Note	-
			a	Manufacturing overhead	411	Note	-
		Coxon Medical Ltd.	a	Other receivables	242	Note	-
		Cheng Da Industrial Ltd.	a	Other receivables	480	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	a	Trade receivables	55	Note	-
			a	Trade payables	1,695	Note	-
			a	Payables on equipment	1,506	Note	-
			a	Purchases	10,903	Note	-
		Dong Guan Chensong Plastic Co., Ltd.	a	Trade receivables	3,321	Note	-
			a	Trade payables	640	Note	-
			a	Payables on equipment	1,679	Note	-
			a	Sales	8,188	Note	-
		Plenty Link Technology Co., Ltd.	a	Trade receivables	7,893	Note	-
			a	Other receivables	112	Note	-
			a	Sales	7,896	Note	-
1	Coxon Industrial Ltd.	Coxon Precise Industrial Co., Ltd.	b	Trade receivables	167,341	Note	2
			b	Other payables	323	Note	-
			b	Sales	829,569	Note	14
		Sinxon Plastic (Dong Guan) Ltd.	c	Sales	25,091	Note	1
		Dong Guan Chensong Plastic Co., Ltd.	a	Trade receivables	20,330	Note	-
			a	Other receivables	19,811	Note	-
			a	Trade payables	215,230	Note	2
			a	Sales	19,434	Note	-
			a	Purchases	775,222	Note	13
		Sun Can International Ltd.	c	Interest income	1,617	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Cheng Da Industrial Ltd.	c	Other receivables	$ 32,250	Note	-
			c	Interest income	807	Note	-
		Hang Yuan Enterprise Ltd.	c	Other receivables	64,500	Note	1
			c	Interest income	968	Note	-
		Plenty Link Technology Co., Ltd.	c	Trade receivables	3,321	Note	-
			c	Sales	3,322	Note	-
2	Dong Guan Chensong Plastic Co., Ltd.	Coxon Precise Industrial Co., Ltd.	b	Trade receivables	640	Note	-
			b	Other receivables	1,679	Note	-
			b	Trade payables	3,321	Note	-
			b	Sales	1,326	Note	-
			b	Purchases	9,514	Note	-
		Coxon Industrial Ltd.	b	Trade receivables	215,230	Note	2
			b	Trade payables	20,330	Note	-
			b	Payables on equipment	19,811	Note	-
			b	Sales	775,222	Note	13
			b	Purchases	19,434	Note	-
		Dong Guan Cheng Da Metal Product Co., Ltd.	c	Other payables	704	Note	-
			c	Manufacturing overhead	2,538	Note	-
		Coxon Industry (Changshu) Ltd.	c	Trade receivables	3,567	Note	-
			c	Other receivables	92,980	Note	1
			c	Sales	170	Note	-
			c	Finance cost	2,039	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	c	Other receivables	187	Note	-
			c	Trade payables	12,974	Note	-
			c	Other payables	1,507	Note	-
			c	Sales	25,665	Note	-
			c	Purchases	56,902	Note	1
			c	Interest income	2,806	Note	-
		Shanghai Techyork Enterprise Co., Ltd.	c	Trade receivables	3,736	Note	-
			c	Other receivables	3,289	Note	-
			c	Sales	566	Note	-
3	Sun Can International Ltd.	Coxon Precise Industrial Co., Ltd.	b	Trade receivables	512,146	Note	5
			b	Other payables	926	Note	-
			b	Sales	1,511,866	Note	25
		Coxon Industrial Ltd.	c	Finance cost	1,617	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	a	Trade receivables	52,325	Note	-
			a	Other receivables	60,479	Note	1
			a	Trade payables	214,414	Note	2
			a	Purchases	1,423,527	Note	23
		Coxon Precise International Limited	c	Other receivables	112,875	Note	1
			c	Interest income	1,694	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
4	Sinxon Plastic (Dong Guan) Ltd.	Dong Guan Chensong Plastic Co., Ltd.	c	Trade receivables	$ 14,481	Note	-
			c	Payables on equipment	187	Note	-
			c	Sales	56,902	Note	1
			c	Purchases	25,665	Note	1
			c	Finance cost	2,806	Note	-
		Sun Can International Ltd.	b	Trade receivables	214,414	Note	2
			b	Trade payables	52,325	Note	-
			b	Payables on equipment	60,479	Note	1
			b	Sales	1,423,527	Note	23
		Dong Guan Cheng Da Metal Product Co., Ltd.	c	Trade receivables	130	Note	-
			c	Trade payables	110	Note	-
			c	Other payables	172,269	Note	2
			c	Sales	2,558	Note	-
			c	Purchases	709	Note	-
			c	Manufacturing expense	8,619	Note	-
			c	Finance cost	6,144	Note	-
		Coxon Industrial Ltd.	c	Purchases	25,091	Note	1
		Shanghai Techyork Enterprise Co., Ltd.	c	Trade receivables	419	Note	-
			c	Other receivables	2,144	Note	-
			c	Sales	729	Note	-
		Shanghai Sonor Enterprise Co., Ltd.	c	Trade receivables	302	Note	-
			c	Sales	458	Note	-
		Coxon Precise Industrial Co., Ltd.	b	Trade receivables	1,695	Note	-
			b	Other receivables	1,506	Note	-
			b	Trade payables	55	Note	-
			b	Sales	13,011	Note	-
			b	Purchases	1,894	Note	-
			b	Manufacturing expense	214	Note	-
		Coxon Industry (Changshu) Ltd.	c	Trade receivables	3,597	Note	-
			c	Other receivables	2,455	Note	-
			c	Trade payables	279,329	Note	3
			c	Sales	7,705	Note	-
			c	Finance cost	4,485	Note	-
5	Techyork Enterprise Co., Ltd.	Coxon Precise Industrial Co., Ltd.	b	Other payables	606	Note	-
		Hang Yuan Enterprise Ltd.	c	Trade receivables	1,084	Note	-
			c	Other payables	1,226	Note	-
			c	Service revenue	1,084	Note	-
			c	Service cost	1,716	Note	-
		Shanghai Techyork Enterprise Co., Ltd.	a	Trade payables	112	Note	-
			a	Manufacturing overhead	101	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
6	Shanghai Techyork Enterprise Co., Ltd.	Techyork Enterprise Co., Ltd.	b	Trade receivables	$ 112	Note	-
			b	Sales	101	Note	-
		Shanghai Sonor Enterprise Co., Ltd.	c	Other receivables	18,624	Note	-
			c	Other payables	45	Note	-
			c	Rent revenue	7,463	Note	-
	.		c	Other income	7,868	Note	-
		Coxon Industry (Changshu) Ltd.	c	Purchases	411	Note	-
			c	Manufacturing overhead	33	Note	-
		Shanghai Coxon Medical Limited	c	Rent revenue	5,112	Note	-
			c	Other income	96	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	c	Trade payables	419	Note	-
			c	Payables on equipment	2,144	Note	-
			c	Purchases	729	Note	-
		Dong Guan Chensong Plastic Co., Ltd.	c	Trade payables	633	Note	-
			c	Payables on equipment	6,392	Note	-
			c	Manufacturing overhead	566	Note	-
7	Shanghai Sonor Enterprise Co., Ltd.	Shanghai Techyork Enterprise Co., Ltd.	c	Other receivables	45	Note	-
			c	Other payables	18,624	Note	-
			c	Rent expense	7,463	Note	-
			c	Operating expense	7,868	Note	-
		Coxon Industry (Changshu) Ltd.	c	Trade receivables	1,649	Note	-
			c	Sales	2,639	Note	-
			c	Purchases	4	Note	-
			c	Manufacturing overhead	56	Note	-
		Shanghai Coxon Medical Limited	c	Sales	223	Note	-
			c	Other income	4,474	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	c	Trade payables	302	Note	-
			c	Purchases	458	Note	-
8	Changshu Huaxon Industry Co., Ltd.	Coxon Industry (Changshu) Ltd.	c	Other receivables	2,696	Note	-
			c	Other payables	106,927	Note	1
			c	Rent revenue	33,817	Note	1
			c	Finance cost	6,770	Note	-
9	Coxon Precise International Limited	Sun Can International Ltd.	c	Other payables	112,875	Note	1
			c	Finance cost	1,694	Note	-
10	Hang Yuan Enterprise Ltd.	Coxon Precise Industrial Co., Ltd.	b	Trade receivables	5,494	Note	-
			b	Other receivables	1,800	Note	-
			b	Service revenue	14,752	Note	1
		Coxon Industrial Ltd.	c	Other payables	64,500	Note	-
			c	Finance cost	968	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Techyork Enterprise Co., Ltd.	c	Trade receivables	$ 1,226	Note	-
			c	Other payables	1,084	Note	-
			c	Service revenue	1,716	Note	-
			c	Service cost	1,084	Note	-
		Coxon Industry (Changshu) Ltd.	a	Trade receivables	10,456	Note	-
			a	Trade payables	25	Note	-
			a	Sales	32,094	Note	1
			a	Purchases	1,223	Note	-
11	Coxon Industry (Changshu) Ltd.	Coxon Precise Industrial Co., Ltd.	b	Sales	456	Note	-
			b	Purchases	550	Note	-
		Shanghai Techyork Enterprise Co., Ltd.	c	Sales	444	Note	-
		Shanghai Sonor Enterprise Co., Ltd.	c	Other payables	1,649	Note	-
			c	Sales	60	Note	-
			c	Purchases	57	Note	-
			c	Manufacturing overhead	2,582	Note	-
		Changshu Huaxon Industry Co., Ltd.	c	Other receivables	106,927	Note	1
			c	Other payables	2,696	Note	-
			c	Rent expense	33,817	Note	1
			c	Interest income	6,770	Note	-
		Dong Guan Chensong Plastic Co., Ltd.	c	Other receivables	92,980	Note	1
			c	Payables on equipment	3,567	Note	-
			c	Purchases	170	Note	-
			c	Interest income	2,039	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	c	Other receivables	279,329	Note	3
			c	Trade payables	3,597	Note	-
			c	Payables on equipment	2,455	Note	-
			c	Purchases	7,705	Note	-
			c	Interest income	4,485	Note	-
		Hang Yuan Enterprise Ltd.	b	Trade receivables	25	Note	-
			b	Other payables	10,456	Note	-
			b	Sales	1,223	Note	-
			b	Purchases	32,094	Note	1
12	Coxon Medical Limited	Coxon Precise Industrial Co., Ltd.	b	Other payables	242	Note	-
		Shanghai Coxon Medical Limited	a	Trade payables	17,001	Note	-
			a	Purchases	56,699	Note	1
13	Shanghai Coxon Medical Limited	Shanghai Techyork Enterprise Co., Ltd.	c	Manufacturing overhead	2,137	Note	-
			c	Operating expense	3,071	Note	-
		Shanghai Sonor Enterprise Co., Ltd.	c	Purchases	223	Note	-
			c	Manufacturing overhead	3,979	Note	-
			c	Operating expense	495	Note	-
		Coxon Medical Limited	b	Trade receivables	17,001	Note	-
			b	Sales	56,699	Note	1

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
14	Cheng Da Industrial Ltd.	Coxon Precise Industrial Co., Ltd.	b	Other payables	$ 480	Note	-
		Coxon Industrial Ltd.	c	Other payables	32,250	Note	-
			c	Finance cost	807	Note	-
15	Dong Guan Cheng Da Metal Product Co., Ltd.	Dong Guan Chensong Plastic Co., Ltd.	c	Trade receivables	704	Note	-
			c	Sales	2,538	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	c	Trade receivables	1,718	Note	-
			c	Other receivables	170,661	Note	2
			c	Trade payables	53	Note	-
			c	Other payables	77	Note	-
			c	Sales	2,560	Note	-
			c	Purchases	1,190	Note	-
			c	Manufacturing overhead	1,368	Note	-
			c	Other income	6,768	Note	-
			c	Interest income	6,144	Note	-
		Dongguan Shuang-Ying Photoelectric technology Co., Ltd.	c	Other receivables	2,132	Note	-
16	Plenty Link Technology Co., Ltd.	Coxon Precise Industrial Co., Ltd.	b	Trade payables	7,893	Note	-
			b	Other payables	112	Note	-
			b	Purchases	5,709	Note	-
			b	Operating expense	2,187	Note	-
		Coxon Industrial Ltd.	c	Other payables	3,321	Note	-
			c	Operating expense	3,322	Note	-
17	Dong Guan Shuang-Ying Photoelectric technology Co., Ltd.	Dong Guan Cheng Da Metal Product Co., Ltd.	c	Other payables	2,132	Note	-

Note 1: The numbers above are identified as follows:

a. "0" for the Company
b. "1" for the subsidiary

Note 2: The flow of transactions was as follows:

a. From the Company to the subsidiary
b. From the subsidiary to the Company
c. Between subsidiaries

Note 3: The transaction terms with the related party are not significantly different from those to third parties.

Note 4: For assets and liabilities, the amount is shown as a percentage to consolidated total assets as of December 31, 2016, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2016.

(Concluded)