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POU CHEN CORPORATION

2015 ANNUAL REPORT

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Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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   Telephone number: (04) 7685660

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   Address: 12F., No. 156, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City
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5. Name of the overseas stock exchange where the Company's overseas securities are transacted and inquiry method for information regarding such overseas securities: N/A.

6. Website of the Company: http://www.pouchen.com

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I. LETTER TO SHAREHOLDERS

1.1 Operational Review

The annual revenue of the Company in 2015 was NT$12.7 billion, and it's consolidated revenue was NT$269.1 billion an increase of 10.29% over NT$244 billion in 2014; the consolidated operating income was NT$12.4 billion, an increase of 55.96% compare to NT$7.9 billion of operating income from the previous year; the net income attributed to owners of the Company was NT$9.5 billion, up by 10.63% compare to the NT$8.6 billion in 2014, earnings per share increase by NT$0.31, from NT$2.93 to NT$3.24 in 2015. (Please refer to Schedule 1 and Schedule 1-1)

(1) Operating revenue

In 2015, the Company's consolidated revenue increased by NT$25.1 billion, which could be attributed to steady growth in the manufacturing business, improved operating efficiency and network expansion of retail business.

Our Consolidated revenue come from two major businesses, footwear and apparel manufacturing, and retailing of sporting goods and brand licensing business, contributing to 73% and 27% respectively to the revenue in 2015. (Please refer to Schedule 2)

(2) Profit from operations

In 2014, the board of Directors of our subsidiary, Yue Yuen Industrial (Holdings) Limited, adopted a resolution to increase the provision of social insurance and housing provident funds for employees at our China factories after reviewing the employee benefits policy in China. However, no additional provision was made in 2015, which was the main factor resulting in the increase of the consolidated operating income by NT$4.4 billion, a 1.34% growth from the previous year.

(3) Net income and Earnings Per Share

The 2015 net income attributable to owners of the Company increased by NT$0.9 billion while the earnings per share was up by NT$0.31.

Schedule 1: Consolidated Financial Statements

(in NT$ thousands)

Item \ Year		2015 Amount	2015 Ratio	2014 Amount	2014 Ratio	+(-)%
Operating revenue		269,081,173	100%	243,976,298	100%	10.29%
Gross profit		64,505,418	24%	55,268,748	23%	16.71%
Profit from operations		12,353,394	4%	7,920,621	3%	55.96%
Income before income tax		20,240,274	7%	15,874,379	7%	27.50%
Net income		16,601,466	6%	13,859,449	6%	19.78%
Net income attributable to	Owners of the Company	9,531,358	3%	8,615,506	4%	10.63%
	Non-controlling interests	7,070,108	3%	5,243,943	2%	34.82%
Basic earnings per share		3.24		2.93		

Schedule 1-1: Separate Financial Statements

(in NT$ thousands)

Item \ Year	2015 Amount	2015 Ratio	2014 Amount	2014 Ratio	+(-)%
Operating revenue	12,748,522	100%	12,661,506	100%	0.69%
Gross profit	3,744,314	29%	3,471,849	28%	7.85%
Profit from operations	448,660	3%	200,408	2%	123.87%
Income before income tax	10,998,814	86%	9,485,381	75%	15.96%
Net income	9,531,358	75%	8,615,506	68%	10.63%
Basic earnings per share	3.24		2.93		

Schedule 2

(in NT$ thousands)

Key Product \ Year	2015 Amount	2015 Ratio	2014 Amount	2014 Ratio
Manufacturing of shoes and apparel	195,313,401	73%	183,292,602	75%
Retailing of sporting goods and brand licensing business	72,926,712	27%	59,890,761	25%
Others	841,060	-	792,935	-
Total	269,081,173	100%	243,976,298	100%

1.2 Research and Development (R&D) Overview

The Company invested NT$6.0 billion in product research and development in 2015, 3% of revenue, almost same to the percentage of 2014. We continue to make a lot of effort into research and development (R&D) in the areas of innovation in footwear design and materials, including sample design, technology development and physics study of various raw materials to optimize manufacturing efficiency. From product development to the prototype phase, we work closely with our customers, offering project-specific professional teams and a design, research, and a development center to our major customers. We also utilize our manufacturing expertise to provide product design and development consultation, making every effort to meet customers' expectation.

1.3 Corporate social responsibility

We carry out our corporate social responsibility by strengthening our corporate governance practices and making continued efforts to maximize social value and relationships with our customers, employees, investors, suppliers, and communities, achieving corporate sustainable management and giving back to the society. The following are some of our corporate responsibility focus areas:

(1) Fire safety and workplace health and safety

The Company continues to improve workplace health and safety management by implementing source management mechanisms. Through adopting standard procedures, providing educational training, security design, supply chain safety and chemical management, and periodically review the audit procedures, we strive to provide a safe and healthy workplace for our employees.

(2) Environmental protection and energy management

The Company seeks to achieve a balance between environmental protection and production demands. Our ongoing efforts to promote and implement various anti-pollution measures, raise environmental sustainability awareness to our employees, complete key environmental data, and promote energy saving projects and energy monitoring, are some of the ways we hope to help improve our energy saving results and fulfill our corporate social responsibility.

(3) Employee and labor relations

We have established and maintained an open channel of communication between management of the Company and our employees. By offering consistent suggestions and having a complaint system in place, we welcome honest feedback from our employees and are able to provide timely responses. We dedicate ourselves in promoting the Company's core values and encouraging employee identification with the Company through annual team-building events, fostering a friendly environment and working towards becoming one of the best companies to work for.

(4) Compliance

The internal audit system of the Company evaluates and identifies risks pertaining to health, safety and human rights issues within the factories, allowing the Company to monitor and take necessary measures to minimize major accidents. We have also introduced a self-management system to enhance management performance in the factories.

1.4 2016 Business outlook

(1) Operation Guidelines

■ Footwear manufacturing

A. Devote resources in innovative research and development to gain competitive advantages

The Company will continue investments in product design, innovative footwear materials and new technologies, introduction of smart manufacturing, and creating a more flexible production model. By actively helping our customers to develop footwear that responds to trends in consumer preferences and providing value-added solutions, we value building relationships with our customers.

B. Utilize overseas production advantages to allow more flexibility in capacity allocation

Our factories in China, Vietnam and Indonesia account for 25%, 42% and 32% of the total production volume in 2015 respectively, while factories in other countries, including USA, Mexico, Cambodia, Bangladesh and Myanmar, account for approximately 1% of the 2015 total production volume. Our factories in China, Vietnam and Indonesia will remain the top three manufacturing facilities in 2016, allowing more flexibility to meet customer orders.

C. A new management model to optimize capacity by increasing automation

We expect to improve overall manufacturing efficiency by increasing automation and optimizing allocation and integration of existing facilities and manpower for new product designs. In 2016, we are also expanding capacity in Vietnam, Indonesia and Myanmar, in the hope to achieve our business objectives for steady growth by increasing overall production of existing facilities and adding new production facilities.

D. Increase added-value through diverse and innovative supply chain integration

Continue promoting supply chain integration and lower manufacturing costs by actively monitoring and improving supplier quality, and therefore enhancing operation efficiency and added-value of the Company.

■ Retailing and Brand Licensing Business

A. Complete product varieties to satisfy consumer demands

Our products range from athletic, recreational and outdoor uses, featuring athletic brands such as Nike, adidas, Puma and Converse, and other major brands such as Skechers, Levi's and Lacoste. We will continue adding product varieties to meet consumer demands.

B. Create Omni-channel retailing by developing multi-brand retail store and e-commerce platforms

The Company currently has over 7,800 counters/stores in Greater China. In 2016, we will continue expanding our counters/stores and establishing multi-brand stores and athletic retail stores. Physical stores aside, the Company also made efforts in developing e-commerce platforms, enhancing commodity circulation and de-commodification by continuously integrating online and offline resources in response to the "Internet Plus" trend in China.

C. Vertical integration, controlling the supply chain from top to bottom

Through timely feedbacks from retailers, the manufacturing end can better respond to the fast-changing consumer demands and thereby increase production flexibility and enhance supply chain management. We can provide customers with value-added services and establish a long-term business objective of providing irreplaceable integrated manufacturing services.

D. Create an athletic service platform and foster a culture that encourages sports and recreation

Through the promotion of athletic and sports events, we seek to recruit a high density cluster of membership and foster a culture that encourages sports and recreation. By integrating and providing customized products and services, we hope to meet members' needs and maximize the use of these customized services on our athletic brands.

(2)Future Development

In footwear manufacturing, we continue to invest in innovative product development, expand and adjust capacity allocation, increase automation, and promote supply chain integration to improve overall manufacturing efficiency to put the Company at a competitive advantage and leading position.

In retail and brand merchandise distribution, we seek to diversify our products and establish multichannel distribution. Our continuous efforts to advance management practices and optimize sales performance will prepare us for the rising opportunities in the sporting goods market in Greater China.

We remain committed to improving our corporate governance practices and internal management practices. By focusing on our core businesses, footwear manufacturing and distribution channels, we are confident that we can drive steady and continuous growth and achieve corporate sustainability in this coming year.

Chairman of the Board: Chan, Lu-Min

President: Lu, Chin-Chu

II COMPANY PROFILE

2.1 Date of Establishment:
September 4, 1969.

2.2 Company History

(1) The Company was founded on September 4, 1969. The Company's registered share capital was NT$ 500,000 and had around ten employees. Its primary business was manufacturing and marketing of rubber shoes.

(2) In June 1973, the Company increased its capital by cash to NT$ 12,000,000, and started manufacturing rubber sandals. The turnover was NT$ 105,530,000.

(3) In 1975, the Company purchased approximately 52,000 square meters of land located in the industrial zone of Fu Hsin Hsian, Chang Hwa. The Company's turnover was NT$ 240,770,000.

(4) In June 1976, the Company increased its capital by cash to NT$ 30,000,000, and started manufacturing rubber slip-on shoes. The turnover was NT$ 424,200,000, an 76% increase compared to last fiscal year.

(5) In May 1977, the Company increased its capital by cash to NT$ 52,000,000, and began construction of a modern factory occupying approximately 15,000 square meters in the industrial zone of Fu Hsin Hsian. The Company started manufacturing riding boots, plastic foam boards, and rubber foam sponge boards. The turnover was NT$ 498,660,000, an 18% increase compared to last fiscal year.

(6) In February 1978, the Company increased its capital by cash to NT$ 80,000,000, and started manufacturing sports shoes. The Company's turnover was NT$ 677,260,000, an 36% increase compared to last fiscal year.

(7) In 1979, the Company started to undertake the manufacturing of "Adidas" sports shoes. The Company's turnover was NT$ 815,430,000, an 20% increase compared to last fiscal year.

(8) In February 1982, the Company increased its capital by NT$ 68,100,000 based on the appreciation of assets after re-appraisal, and increased its capital by NT$ 11,900,000 with unapproriated retained earnings. The Company's capital was increased to NT$ 160,000,000, and the turnover was NT$ 1,214,110,000.

(9) In October 1983, the Company adopted HP computer equipment in production management, inventory management, accounts payable management, and calculation of salaries. The Company's turnover was NT$ 2,026,140,000, an 67% increase compared to last fiscal year.

(10) On January 1, 1984, the Ministry of Economic Affairs approved the Company's merger with Pou Yun Group. The Company's share capital after the merger was NT$ 170,000,000, and the turnover was NT$ 2,362,690,000, an 17% increase compared to last fiscal year.

(11) In December 1987, the Investment Commission of the Ministry of Economic Affairs approved PC Brothers Corporation's NT$ 180,000,000 investment, and the Company's capital was accordingly increased to NT$ 379,000,000. Although the appreciation against the New Taiwan Dollar's and the U.S Dollar in 1987, the Company's turnover reached NT$ 3,860,500,000.

(12) On May 15, 1989, the Investment Commission of the Ministry of Economic Affairs approved the Company's capital increase by cash in the amount of NT$ 180,000,000; capital increase with unapproriated retained earnings in the amount of NT$ 323,000,000; and capital increase with the Company's capital reserve in the amount of NT$ 38,000,000. The Company's total capital accordingly reached NT$ 920,000,000.

(13) On January 19, 1990, the Company was formally listed for trade on the Taiwan Stock Exchange. On June 21, the Company increased its capital with unapproriated retained earnings in the amount of NT$ 184,000,000, and increased its capital with employee bonus in the amount of NT$ 2,000,000. The Company's paid-in capital was NT$ 1,106,000,000 after capital increase.

(14)In 1994, for the purpose of the shoe business' vertical integration, the Company invested in Yue Yuen Industrial (Holdings) Limited of Hong Kong through its 100% held subsidiary Wealthplus Holdings Limited.

(15)In July 1999, the Company increased its capital with unapproriated retained earnings in the amount of NT$ 1,823,792,740 and increased its capital with the Company's capital reserve in the amount of NT$ 607,930,910. The Company's paid-in capital after capital increase was NT$ 8,511,032,800.

(16)On December 28, 1999, the Company converted its convertible bond certificates into 5,318,715 shares of common shares. After the conversion, the Company's paid-in capital was NT$ 8,564,219,950.

(17)On April 25, 2000, the Company converted its convertible bond certificates into 19,340,789 shares of common shares. After the conversion, the Company's paid-in capital was NT$ 8,757,627,840.

(18)On August 22, 2000, the Company increased its capital with unapproriated retained earnings in the amount of NT$ 2,627,288,350; increased its capital with employee bonus in the amount of NT$ 31,067,220; and increased its capital with the Company's capital reserve in the amount of NT$ 875,762,780. The Company's paid-in capital after capital increase was NT$ 12,291,746,190.

(19)On July 20, 2001, the Company increased its capital with its capital reserve in the amount of NT$ 1,229,174,610. The Company's paid-in capital after capital increase was NT$ 13,520,920,800.

(20)On July 5, 2002, the Company increased its capital with unaproriated retained earnings in the amount of NT$ 1,352,092,080; increased its capital with employee bonus in the amount of NT$ 100,717,330, and increased its capital with the Company's capital reserve in the amount of NT$ 1,352,092,080. The Company's paid-in capital after capital increase was NT$ 16,325,822,290.

(21)On July 4, 2003, the Company increased its capital with unapproriated retained earnings in the amount of NT$ 2,448,873,340, and increased its capital with employee bonus in the amount of NT$ 73,298,900. The Company's paid-in capital after the capital increase was NT$ 18,847,994,530.

(22)In December 2003, the Company officially began manufacturing and marketing TFT LCD module and MONITOR.

(23)On July 22, 2004, the Company increased its capital with unapproriated retained earnings in the amount of NT$ 1,884,799,450, and increased its capital with employee bonus in the amount of NT$ 164,539,880. In the same year, the Company converted its employee share options into common shares in the amount of NT$ 39,400,000. The Company's paid-in capital after capital increase was NT$ 20,936,733,860.

(24)On July 22, 2005, the Company increased its capital with unapproriated retained earnings in the amount of NT$ 2,049,657,390, and increased its capital with employee bonus in the amount of NT$ 42,396,910. In the same year, the Company converted its employee share options into common shares in the amount of NT$ 29,140,000. The Company's paid-in capital after capital increase was NT$ 23,057,928,160.

(25)On April 21, 2006, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 14,150,000. The Company's paid-in capital after capital increase was NT$ 23,072,078,160.

(26)On July 24, 2006, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 7,780,000. The Company's paid-in capital after capital increase was NT$ 23,079,858,160.

(27)On September 21, 2006, the Company increased its capital with unapproriated retained earnings in the amount of NT$ 1,130,750,900, and increased its capital with employee bonus in the amount of NT$ 139,514,300. The Company's paid-in capital after capital increase was NT$ 24,350,123,360.

(28)On October 20, 2006, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 30,440,000. The Company's paid-in capital after capital increase was NT$ 24,380,563,360.

(29)On January 23, 2007, the Ministry of Economic Affairs approved the Company’s conversion of employee share options and convertible corporate bonds into common shares in the amount of NT$ 24,410,000 and NT$ 21,884,100 respectively. The Company’s paid-in capital after capital increase was NT$ 24,426,857,460.

(30)On May 10, 2007, the Ministry of Economic Affairs approved the Company’s conversion of employee share options and convertible corporate bonds into common shares in the amount of NT$ 20,870,000 and NT$ 4,731,690 respectively. The Company’s paid-in capital after capital increase was NT$ 24,452,459,150.

(31)On July 25, 2007, the Ministry of Economic Affairs approved the Company’s conversion of employee share options and convertible corporate bonds into common shares in the amount of NT$ 19,300,000 and NT$ 1,537,800 respectively. The Company’s paid-in capital after capital increase was NT$ 24,473,296,950.

(32)On August 6, 2007, the Company increased its capital with unapproriated retained earnings in the amount of NT$ 486,209,180, and increased its capital with employee bonus in the amount of NT$ 151,505,170. The Company’s paid-in capital after capital increase was NT$ 25,111,011,300.

(33)On October 19, 2007, the Ministry of Economic Affairs approved the Company’s conversion of employee share options and convertible corporate bonds into common shares in the amount of NT$ 2,730,000 and NT$ 1,858,570 respectively. The Company’s paid-in capital after capital increase was NT$ 25,115,599,870.

(34)On January 17, 2008, the Ministry of Economic Affairs approved the Company’s conversion of employee share options into common shares in the amount of NT$2,940,000. The Company’s paid-in capital after capital increase was NT$ 25,118,539,870.

(35)On April 17, 2008, the Ministry of Economic Affairs approved the Company’s conversion of employee share options into common shares in the amount of NT$ 17,530,000. The Company’s paid-in capital after capital increase was NT$ 25,136,069,870.

(36)On June 6, 2008, Pou Sheng International (Holdings) Ltd., whose business comprised of Retailing and Brand Licensing Business and is a subsidiary of the Company’s subsidiary, Yue Yuen Industrial (Holdings) Limited, was spun-off for listing on the main board of Hong Kong Stock Exchange.

(37)On July 31, 2008, the Ministry of Economic Affairs approved the Company’s conversion of employee share options into common shares in the amount of NT$ 9,220,000. The Company’s paid-in capital after capital increase was NT$ 25,145,289,870.

(38)On August 21, 2008, the Company increased its capital with unapproriated retained earnings and employee bonus in an aggregate amount of NT$ 2,744,315,080. The Company’s paid-in capital after capital increase was NT$ 27,889,604,950.

(39)On October 23, 2008, the Ministry of Economic Affairs approved the Company’s conversion of employee share options into common shares in the amount of NT$ 9,650,000. The Company’s paid-in capital after capital increase was NT$ 27,899,254,950.

(40)On January 16, 2009, the Ministry of Economic Affairs approved the Company’s conversion of employee share options into common shares in the amount of NT$ 800,000, and approved the cancellation of the Company’s treasury shares in the amount of NT$ 500,000,000. After the respective capital increase and reduction, the Company’s paid-in capital was NT$ 27,400,054,950.

(41)On April 14, 2009, the Ministry of Economic Affairs approved the Company’s conversion of employee share options into common shares in the amount of NT$ 620,000, and approved the cancellation of the Company’s treasury shares in the amount of NT$ 275,000,000. After the respective capital increase and reduction, the Company’s paid-in capital was NT$ 27,125,674,950.

(42)On May 19, 2009, the Ministry of Economic Affairs approved the cancellation of the Company’s treasury shares in the amount of NT$ 70,000,000. The Company’s paid-in capital after capital reduction was NT$ 27,055,674,950.

(43)On August 19, 2009, the Company increased its capital with unapproriated retained earnings and employee bonus in an aggregate amount of NT$ 1,372,182,330. The Company's paid-in capital after capital increase was NT$ 28,427,857,280.

(44)On January 22, 2010, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 2,990,000. The Company's paid-in capital after capital increase was NT$ 28,430,847,280.

(45)On March 24, 2010, the Company, by virtue of auction pursuant to the "Taiwan Stock Exchange Corporation Rules Governing Auction of Listed Securities by Consignment," sold 166,500,000 shares of Global Brands Manufacture Ltd. ("GBM"), which was collectively held by the Company and its subsidiaries Pou Shine Investments Co., Ltd, Barits Development Corporation and Pou Yuen Technology Co., Ltd. After the sale, the Company's combined shareholding of GBM decreased to 9.28% from 49.37%.

(46)On April 20, 2010, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 250,000. The Company's paid-in capital after capital increase was NT$ 28,431,097,280.

(47)On August 11, 2010, the Company increased its capital with unapproriated retained earnings in the amount of NT$ 559,961,940. The Company's paid-in capital after capital increase was NT$ 28,991,059,220.

(48)On October 21, 2010, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 6,500,000. The Company's paid-in capital after capital increase was NT$ 28,997,559,220.

(49)On April 18, 2011, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 3,060,000. The Company's paid-in capital after capital increase was NT$ 29,000,619,220.

(50)On July 15, 2011, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 3,740,000. The Company's paid-in capital after capital increase was NT$ 29,004,359,220.

(51)On October 26, 2011, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 82,030,000. The Company's paid-in capital after capital increase was NT$ 29,086,389,220.

(52)On January 18, 2012, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 155,080,000. The Company's paid-in capital after capital increase was NT$ 29,241,469,220.

(53)On May 1, 2012, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 161,370,000. The Company's paid-in capital after capital increase was NT$ 29,402,839,220.

(54)On July 17, 2012, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 13,820,000. The Company's paid-in capital after capital increase was NT$ 29,416,659,220.

(55)On October 26, 2012, the Ministry of Economics approved the Company's conversion of employee share options into common shares in the amount of NT$ 15,190,000. The Company's paid-in capital after capital increase was NT$ 29,431,849,220.

(56)On April 22, 2013, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 5,951,820. The Company's paid-in capital after capital increase was NT$ 29,437,801,040.

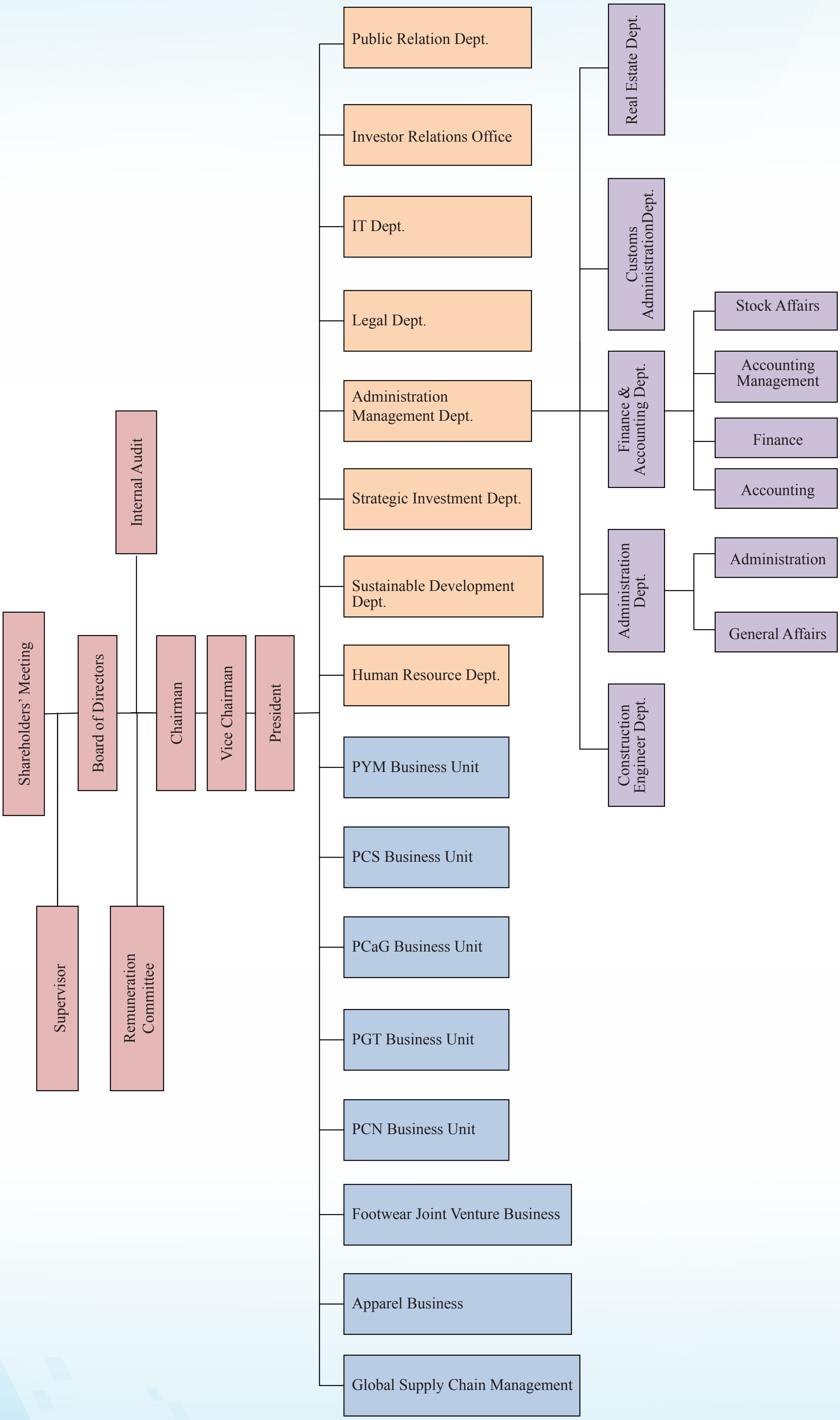
(57)On July 29, 2013, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 3,571,090. The Company's paid-in capital after capital increase was NT$ 29,441,372,130.

(58)On October 21, 2015, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT$ 26,500,000. The Company's paid-in capital after capital increase was NT$ 29,467,872,130.

III. CORPORATE GOVERNANCE REPORT

3.1 Organization

(1) Organization structure



(2) Business conducted by each major department

<table>
<tr><th colspan="2">Name of department</th><th>Business conducted by the department</th></tr>
<tr><td colspan="2">Global Supply Chain Management</td><td>Innovative research, development, manufacture and sale of all kinds of molds, jigs, footwear injection material, footwear surface material, footwear bottom material, leather material and packaging material; and all kinds of consortium purchasing, strategic purchasing and trade services.</td></tr>
<tr><td colspan="2">Apparel Business</td><td>Management of all kinds of apparel businesses.</td></tr>
<tr><td colspan="2">Footwear Joint Venture Business</td><td>Management of footwear joint venture business.</td></tr>
<tr><td colspan="2">PCN Business Unit</td><td>Research, development, manufacture and sale of all kinds of footwear.</td></tr>
<tr><td colspan="2">PGT Business Unit</td><td>Research, development, manufacture and sale of all kinds of footwear.</td></tr>
<tr><td colspan="2">PCaG Business Unit</td><td>Research, development, manufacture and sale of all kinds of footwear.</td></tr>
<tr><td colspan="2">PCS Business Unit</td><td>Research, development, manufacture and sale of all kinds of footwear.</td></tr>
<tr><td colspan="2">PYM Business Unit</td><td>Research, development, manufacture and sale of all kinds of footwear.</td></tr>
<tr><td colspan="2">Human Resource Department</td><td>Enacting human resource management rules and policies, conducting human resource related operations, recruiting and hiring management, planning and distributing salaries and bonus, implementation and management of performance management, and planning and implementation of education and training.</td></tr>
<tr><td colspan="2">Sustainable Development Department</td><td>Responsible for enacting and promoting corporate social responsibility (“CSR”) policies.</td></tr>
<tr><td colspan="2">Strategic Investment Department</td><td>Budget management, operational analysis, and investment review and planning.</td></tr>
<tr><td rowspan="5">Administration Management Department</td><td>Construction Engineer Department</td><td>Contracting, managing, supervising and checking of the construction, reconstruction, extension, renovation, decoration and fixing of buildings.</td></tr>
<tr><td>Administration Management Office</td><td>Asset management, factory management and maintenance, vehicle management and general affairs management.</td></tr>
<tr><td>Finance and Accounting Department</td><td>Financial logistics, capital utilization and management, financing planning, risk management of assets and debts, establishment of accounting system, account books and tax management, preparation and analysis of financial statements, shareholder service management, and counseling and supervision of the accounting policies and the financial and accounting operating principles adopted by the company in which the Company invests.</td></tr>
<tr><td>Customs Administration Department</td><td>Import and export business, international trade affairs, logistics and customs business.</td></tr>
<tr><td>Real Estate Department</td><td>Management of land development and real estate investment.</td></tr>
<tr><td colspan="2">Legal Department</td><td>Legal consultation, contract document management, legal compliance and legal risk control and management.</td></tr>
<tr><td colspan="2">IT Department</td><td>Planning, development, promotion and maintenance of information system.</td></tr>
<tr><td colspan="2">Investor Relations Office</td><td>File relevant information with the competent authority, disclose such information and speak on behalf of the Company.</td></tr>
<tr><td colspan="2">Public Relation Department</td><td>Planning and management of and consultation on public affairs.</td></tr>
<tr><td colspan="2">Internal Audit</td><td>Compliance auditing and consultation on all internal managerial rules and control systems.</td></tr>
</table>

3.2 Information of Directors, Supervisors, President, Vice President, Senior Managers, and Managers of each department and subsidiaries and branches

(1) Directors and Supervisors

A. Information of the Directors and Supervisors

April 17, 2016; Unit: shares

Title	Nationality or registration area	Name	Date of appointment	Term Year(s)	Date of first appointment	Shares held upon appointment		Number of shares held currently		Shares currently held by spouse or underage children		Shares held in the name of others		Education and/or experiences	Positions held concurrently in the Company and other companies	Other managers, Directors or Supervisors who is this person's spouse or relative(s) within the second degree of kinship		
						Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation
Chairman	Panama	PC Brothers Corporation	2013.06.14	3	1992.08.08	213,280,710	7.24%	213,280,710	7.24%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: Chan, Lu-Min	2013.06.14	3	1992.08.08	776,452	0.03%	366,452	0.01%	0	0.00%	0	0.00%	Statistics Department, National Chung Hsing University Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 1	N/A	N/A	N/A
Vice Chairman	R.O.C.	Tsai, Nai-Fung	2013.06.14	3	1980.03.26	11,055,727	0.38%	6,055,727	0.21%	5,000,000	0.17%	0	0.00%	Senior high school Chairman and Non- Executive Director of Pou Sheng International (Holdings) Limited	Note 2	N/A	N/A	N/A
Director	R.O.C.	Tzong Ming Investments Co., Ltd.	2013.06.14	3	2013.06.14	6,340,933	0.22%	6,340,933	0.22%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: Tsai, Min-Chieh	2013.06.14	3	2013.06.14	3,271,485	0.11%	3,471,485	0.12%	0	0.00%	0	0.00%	Finance Department, Wharton School of the University of Pennsylvania, USA Financial Analytics, Finance Department at Bloomberg News, USA	N/A	N/A	N/A	N/A
Director	R.O.C.	Chang Ming Investments Co., Ltd.	2013.06.14	3	2007.04.24	3,184,870	0.11%	3,184,870	0.11%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: Lu, Chin-Chu	2013.06.14	3	2011.03.07	2,354,470	0.08%	2,237,470	0.08%	190,300	0.01%	0	0.00%	Department of Mechanical Engineering, Oriental Institute of Technology Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 3	N/A	N/A	N/A
Director	R.O.C.	Lai Chia Investments Co.,Ltd.	2015.06.12	1	2007.04.24	2,677,700	0.09%	2,677,700	0.09%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: Tsai, Ming-Lun	2015.06.12	1	2015.06.12	30,000	0.00%	30,000	0.00%	0	0.01%	0	0.00%	Master's Degree, Graduate School of Design, Harvard University, USA Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 4	N/A	N/A	N/A
Independent Director	R.O.C.	Chen, Bor-Liang	2013.06.14	3	2013.06.14	3,374	0.00%	3,374	0.00%	0	0.00%	0	0.00%	Ph.D. in Applied Mathematics, National Chiao Tung University Professor of the Department of Business Administration, National Taichung University of Science and Technology Professor of the Department of Applied Mathematics, Tunghai University	N/A	N/A	N/A	N/A
Independent Director	R.O.C.	Chiu, Tien-I	2013.06.14	3	2013.06.14	0	0.00%	0	0.00%	0	0.00%	0	0.00%	S.J.D.,Tunghai University Partner, Chiu & Chien, Attorneys at Law Adjunct Assistant Professor of the Department of Financial and Economic Law, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Supervisor	R.O.C.	Sheachang Enterprise Corporation	2013.06.14	3	2003.10.03	4,413,010	0.15%	4,413,010	0.15%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: Lin, Yuan-Lang	2013.06.14	3	2010.06.17	0	0.00%	0	0.00%	34,837	0.00%	0	0.00%	National Taichung University of Education County Head of Nantou County Legislator Member of National Assembly	Note 5	N/A	N/A	N/A
Supervisor	R.O.C.	Ever Green Investments Corporation	2013.06.14	3	2007.04.24	23,216,045	0.79%	23,216,045	0.79%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: Chen, Huan-Chung	2013.06.14	3	2010.10.19	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Industrial Management, National Taiwan University of Science and Technology Vice President, E.Sun Bills Finance Corp.	Note 6	N/A	N/A	N/A

Note 1: Chairman of the Company; President of the Administration Management Department of the Company; Chairman of Barits Development Corporation, Song Ming Investments Co., Ltd., Yu Hong Development Co., Ltd., Pou Shine Investments Co., Ltd., Techview International Technology Inc., Chung Ming Investments Co.,Ltd., Chang Ming Investments Co.,Ltd., Tzong Ming Investments Co.,Ltd., Tung Sheng Investments Co.,Ltd., Pro Arch International Development Enterprise Inc., Pou Jen Industrial Co., Ltd., Pou Zhi Investments Co., Ltd; Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Pou Chien Chemical Co., Ltd., Pou Chien Technology Co., Ltd., Yue Yuen Charity Foundation, Yue Yuen Educational Foundation, Ruen Chen Investment Holding Co., Ltd., Windsor Entertainment Co., Ltd. and Nan Shan Life Insurance Co., Ltd.; Supervisor of Orisol Taiwan Limited.

Note 2: Vice Chairman of the Company and Barits Development Corporation; Chairman of Orisol Taiwan Limited and Pou Yu Biotechnology Co., Ltd.; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Song Ming Investments Co., Ltd., Pou Jen Industrial Co., Ltd., San Fang Chemical Industry Co., Ltd., Yue Yuen Educational Foundation, Yue Yuen Charity Foundation and Elitegroup Computer Systems Co., Ltd.; Chairman and Non-Executive Director of Pou Sheng International (Holdings) Limited.

Note 3: President of the Company; President of the Company's Global Supply Chain Management Department; Chairman of Pou Chien Technology Co., Ltd., Pou Chien Chemical Co., Ltd., PCG Bros Inc. and Pou Hui Investments Co., Ltd., Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, the subsidiaries of Wealthplus Holdings Limited, Barits Development Corporation, Pou Jen Industrial Co., Ltd., Yue Dean Technology Corporation, San Fang Chemical Industry Co., Ltd., Evermore Chemical Industry Co., Ltd., Prosperous Industrial (Holdings) Ltd. and Yin Hwa International Lasts Co., Ltd.; non-executive Director of Luen Thai Holdings Limited; Chairman and executive Director of Yue Yuen Industrial (Holdings) Limited.

Note 4: Executive senior manager of the Company; executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 5: Chairman of Yue Yuen Charity Foundation and Yue Yuen Educational Foundation.

Note 6: Independent non-executive Director of Pou Sheng International (Holdings) Limited and Partner of Wang Tong & Co., CPAs.

B. Major shareholders of the Company's corporate shareholders

April 17, 2016

Name of corporate shareholder	Major shareholders of the corporate shareholder	
	Shareholder	Ratio (%)
PC Brothers Corporation	Plantegenet Group Limited	100.00
Tzong Ming Investments Co., Ltd.	Tsai, Chi-Jui	66.55
	Chuan Mou Investments Co.,Ltd.	33.45
Chang Ming Investments Co., Ltd.	Chuan Mou Investments Co.,Ltd.	100.00
Lai Chia Investments Co.,Ltd.	Wu, Hui-Chi	7.90
	Hsiao, Hsiu-Chen	7.90
	Hsu, Hsiang-Ming	7.90
	Hu, Chia-Ho	7.90
	Kuo, Hsiu-Ping	7.90
	Yang, Ching-Ju	7.90
	Wu, Chin-Tiao	15.80
	Liao, Shu-Ying	15.80
	Liang, Chia-Wen	4.18
	Chiu, Chao-Tien	4.18
	Shih, Neng-Kuei	4.18
	Chan, Hui-Chuan	4.18
	Chen, Yi-Chun	4.28
Sheachang Enterprise Corporation	Tsai, Chi-Jui	56.07
	Tsai, Chi-Neng	16.22
	Tsai, Chi-Hu	7.03
	Tsai, Chi-Chien	11.22
	Tsai, Nai-Fung	3.50
	Lin, Li-Men	5.00
	Hsieh, Shu-Chuan	0.96
Ever Green Investments Corporation	Chung Ming Investments Co.,Ltd.	28.26
	Santarem Pte Ltd.	71.74

C. Major shareholders of the Company's major corporate shareholders

April 17, 2016

Name of corporate shareholder	Major shareholders of the corporate shareholder	
	Shareholder	ratio (%)
Plantegenet Group Limited	World Future Investments Ltd.	56.06
	Large Scale Development Ltd.	16.22
	Value Chain Development Ltd.	16.22
	All Frontier Developments Ltd.	8.00
	Yourday Investments Ltd.	3.50
Chuan Mou Investments Co., Ltd.	Santarem Pte. Ltd.	49.82
	Shun Tai Investments Co., Ltd.	20.41
	Kai Tai Investments Co., Ltd.	7.97
	Evergreen Investments Co., Ltd.	6.71
	Yu Chi Investments Co., LTD.	3.27
	Yu Li Investment Co., Ltd.	3.22
	Cheng Ming Investment Co., Ltd.	3.20
	Pou Shin Investment Co., Ltd.	3.20
	Yu Jie Investments Co., LTD.	2.20
Chung Ming Investments Co., Ltd.	Tsai, Chi-Jui	93.71
	Chuan Mou Investments Co.,Ltd.	6.29
Santarem Pte. Ltd.	Sitori Trading Limited	100.00

D. Information of Directors and Supervisors

Requirements / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence requirements										Number of public companies in which the person holds a concurrent position as an independent director
	An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant ("CPA"), or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experiences in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	Not an employee of the Company or any of its affiliates	Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares	Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs	Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings	Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company	Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the Taipei Exchange	Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company	Not been a person of any conditions defined in Article 30 of the Company Law	Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law	
PC Brothers Corporation Representative: Chan, Lu-Min			✔			✔	✔			✔	✔	✔		0
Tsai, Nai-Fung			✔			✔	✔	✔		✔	✔	✔	✔	0
Tzong Ming Investments Co., Ltd. Representative: Tsai, Min-Chieh			✔	✔	✔	✔	✔	✔	✔	✔	✔	✔		0
Chang Ming Investments Co., Ltd. Representative: Lu, Chin-Chu			✔			✔	✔	✔		✔	✔	✔		0
Lai Chia Investments Co., Ltd. Representative: Tsai, Ming-Lun			✔			✔	✔	✔		✔	✔	✔		0
Chen, Bor-Liang	✔			✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	0
Chiu, Tien-I	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	0
Sheachang Enterprise Corporation Representative: Lin, Yuan-Lang			✔	✔	✔	✔	✔	✔	✔	✔	✔	✔		0
Ever Green Investments Corporation Representative: Chen, Huan-Chung		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔		1

(2) Information of President, Vice President, Senior Managers, Managers of each department and subsidiaries and branches

April 17, 2016; Unit: shares

Title	Nationality	Name	Date of appointment	Shares held		Shares held by spouse or underage children		Shares held in the name of others		Main education and/or experiences	Positions held concurrently in other companies	Officer who is this person's spouse or relative(s) within the second degree of kinship		
				Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)			Title	Name	Relation
Chairman and President of the Administration Management Department	R.O.C.	Chan, Lu-Min	1996.07.01	366,452	0.01	0	0.00	0	0.00	Statistics Department, National Chung Hsing University Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 1	N/A	N/A	N/A
President and the President of Global Supply Chain Management Department	R.O.C.	Lu, Chin-Chu	2006.07.27	2,237,470	0.08	190,300	0.00	0	0.00	Department of Mechanical Engineering, Oriental Institute of Technology Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 2	N/A	N/A	N/A
President of Apparel Business Department	R.O.C.	Kuo, Tai-Yu	1995.08.08	0	0.00	0	0.00	0	0.00	Department of Food Science and Biotechnology, National Chung Hsing University Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 3	N/A	N/A	N/A
President of Footwear Joint Venture Business Department	R.O.C.	Kung, Sung-Yen	2003.10.03	2,045,083	0.07	243,916	0.00	0	0.00	Department of Electronics, Dah-Chin Commercial & Industrial Vocational High School Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 4	N/A	N/A	N/A
Executive Senior Manager	R.O.C.	Ho, Ming-Kun	2006.03.03	296,640	0.01	362	0.00	0	0.00	Department of Accountancy, National Cheng Kung University Manager, Deloitte Executive Senior Manager of the Company	Note 5	N/A	N/A	N/A
Senior Manager	R.O.C.	Chang, Yea-Fen	2012.10.31	360,687	0.01	0	0.00	0	0.00	Master of Business Administration, Texas A&M University Senior Manager of Financial Department of the Company	Note 6	N/A	N/A	N/A
Senior Manager	R.O.C.	Wu, Hui-Chi	2015.12.25	0	0.00	10,000	0.00	0	0.00	Master of Accountancy, Golden Gate University, USA Senior Manager of Accounting Department of the Company	N/A	N/A	N/A	N/A
Executive Senior Manager	R.O.C.	Tsai, Ming-Lun	2016.03.24	30,000	0.00	0	0.00	0	0.00	Graduate School of Design, Harvard University, USA Executive Senior Manager of the Company	Note 7	N/A	N/A	N/A
Executive Senior Manager	R.O.C.	Ho, Yue-Ming	2016.03.24	0	0.00	0	0.00	0	0.00	College of Law, National Taiwan University Executive Senior Manager of the Company	N/A	N/A	N/A	N/A

Note 1: Chairman of the Company; President of the Administration Management Department of the Company; chairman of Barits Development Corporation, Song Ming Investments Co., Ltd., Yu Hong Development Co., Ltd., Pou Shine Investments Co., Ltd., Techview International Technology Inc., Chung Ming Investments Co.,Ltd., Chang Ming Investments Co.,Ltd., Tzong Ming Investments Co.,Ltd., Tung Sheng Investments Co.,Ltd., Pro Arch International Development Enterprise Inc., Pou Jen Industrial Co., Ltd., Pou Zhi Investments Co., Ltd; Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Pou Chien Chemical Co., Ltd., Pou Chien Technology Co., Ltd., Yue Yuen Charity Foundation, Yue Yuen Educational Foundation, Ruen Chen Investment Holding Co., Ltd., Windsor Entertainment Co., Ltd. and Nan Shan Life Insurance Co., Ltd.; Supervisor of Orisol Taiwan Limited.

Note 2: President of the Company; President of the Company's Global Supply Chain Management Department; Chairman of Pou Chien Technology Co., Ltd., Pou Chien Chemical Co., Ltd., PCG Bros Inc. and Pou Hui Investments Co., Ltd., Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, the subsidiaries of Wealthplus Holdings Limited, Barits Development Corporation, Pou Jen Industrial Co., Ltd., Yue Dean Technology Corporation, San Fang Chemical Industry Co., Ltd., Evermore Chemical Industry Co., Ltd., Prosperous Industrial (Holdings) Ltd. and Yin Hwa International Lasts Co., Ltd.; non-executive Director of Luen Thai Holdings Limited; Chairman and executive Director of Yue Yuen Industrial (Holdings) Limited.

Note 3: President of the Company's Apparel Business Department; executive Director of Eagle Nice(International) Holdings Limited; Chairman of Din Sen Garment Enterprise CO., LTD.; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited and Pou Yu Biotechnology Co., Ltd.

Note 4: President of the Company's Footwear Joint Venture Business Department; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited, Zhong Shan Pou Shen Footwear Shoes Co., Ltd., Yang Zhou Bao Yi Shoes Manufacturing Co., Ltd. and Pei Xian Bao Yi Shoes Manufacturing Co., Ltd..

Note 5: Chairman of Pou Yuen Technology Co., Ltd. and Lai Chia Investments Co.,Ltd.; Director of Wealthplus Holdings Limited and its subsidiary, the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Barits Development Corporation, Yue Dean Technology Corporation, Windsor Entertainment Co., Ltd., Pou Hui Investments Co., Ltd., Pou Shine Investments Co., Ltd., Tzong Ming Investments Co.,Ltd., Chung Ming Investments Co.,Ltd., Tung Sheng Investments Co.,Ltd., Chang Ming Investments Co.,Ltd., Pro Arch International Development Enterprise Inc., Techview International Technology Inc., Global Biotech Inc., Pan Asia Insurance Services Co., Ltd., Pou Huang Investments Co., Ltd. and Yu Hong Development Co., Ltd.; Supervisor of Pou Chien Technology Co., Ltd., Pou Jen Industrial Co., Ltd., Pou Yii Development Co., Ltd., Song Ming Investments Co., Ltd., Pou Yu Biotechnology Co., Ltd. and Pou Zhi Investments Co., Ltd.; member of the consolidation committee for conducting land consolidation in Taichung An-Ho land consolidation area.

Note 6: Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Tzong Ming Investments Co., Ltd., Chung Ming Investments Co., Ltd., Tung Sheng Investments Co.,Ltd., Pou Hui Investments Co., Ltd., Pou Yi Investments Co., Ltd., Song Ming Investments Co., Ltd. and Chang Ming Investments Co.,Ltd.; Supervisor of Pou Shine Investments Co., Ltd..

Note 7: Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

3.3 The remuneration paid to Directors, Supervisors, President and Vice President in the prior year

(1) Remuneration paid to Directors (including independent Directors)

(in NT$ thousands)

Title	Name	Remuneration for the Director								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees												Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Director from an Investe Company Other than the Company's Subsidiary
		Salary (A)		Pension (B) (Note 2)		Remuneration (C) (Note 3)		Allowance (D)				Salary, bonus and special fees etc. (E)		Pension (F) (Note 2)		Employee compensation (G) (Note 3)				Exercisable Employee share Options (H) (thousand shares) (Note 5)		New Restricted Employee Shares (I) (thousand shares)				
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	
																Amount of cash	Amount of stock	Amount of cash	Amount of stock							
Chairman	PC Brothers Corporation Representative: Chan, Lu-Min	10,112	10,112	0	0	95,154	95,154	1,497	1,497	1.12	1.12	11,230	52,269	0	0	4,049	0	4,049	0	2,619	2,619	0	0	1.28	1.71	None
Vice Chairman	Tsai, Nai-Fung																									
Director	Tzong Ming Investments Co., Ltd. Representative: Tsai, Min-Chieh																									
Director	Tsai, Chi-Chien (Note 1)																									
Director	Chang Ming Investments Co., Ltd. Representative: Lu, Chin-Chu																									
Director	Lai Chia Investments Co., Ltd. Representative: Tsai, Ming-Lun																									
Independent Director	Chen, Bor-Liang																									
Independent Director	Chiu, Tien-I																									

(next page follows)

(following the preceding page)

Range of Remuneration	Name of Directors			
	Aggregate amount of the preceding four remuneration items (A+B+C+D)		Aggregate amount of the preceding seven remuneration items (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT$ 2,000,000	Tzong Ming Investments Co., Ltd., Chang Ming Investments Co., Ltd., Lai Chia Investments Co., Ltd., Tsai, Chi-Chien, Chan, Lu-Min, Tsai, Min-Chieh, Tsai Ming-Lun, Lu, Chin-Chu, Chen, Bor-Liang, Chiu, Tien-I	Tzong Ming Investments Co., Ltd., Chang Ming Investments Co., Ltd., Lai Chia Investments Co., Ltd., Tsai, Chi-Chien, Chan, Lu-Min, Tsai, Min-Chieh, Tsai Ming-Lun, Lu, Chin-Chu, Chen, Bor-Liang, Chiu, Tien-I	Tzong Ming Investments Co.,Ltd., Chang Ming Investments Co.,Ltd., Lai Chia Investments Co.,Ltd., Tsai, Chi-Chien, Tsai Ming-Lun, Tsai, Min-Chieh, Chen, Bor-Liang, Chiu, Tien-I	Tzong Ming Investments Co.,Ltd., Chang Ming Investments Co.,Ltd., Lai Chia Investments Co.,Ltd., Tsai, Chi-Chien, Tsai, Min-Chieh, Chen, Bor-Liang, Chiu, Tien-I
NT$ 2,000,000 (included)～ NT$ 5,000,000 (excluded)				Tsai, Ming-Lun
NT$ 5,000,000 (included) ～ NT$ 10,000,000 (excluded)	Tsai, Nai-Fung	Tsai, Nai-Fung	Tsai, Nai-Fung Chan, Lu-Min Lu, Chin-Chu	Tsai, Nai-Fung
NT$ 10,000,000 (included) ～ NT$ 15,000,000 (excluded)				
NT$ 15,000,000 (included) ～ NT$ 30,000,000 (excluded)				Chan, Lu-Min
NT$ 30,000,000 (included) ～ NT$ 50,000,000 (excluded)				Lu, Chin-Chu
NT$ 50,000,000 (included)～ NT$ 100,000,000 (excluded)	PC Brothers Corporation	PC Brothers Corporation	PC Brothers Corporation	PC Brothers Corporation
More than NT$ 100,000,000				
Total	12 persons	12 persons	12 persons	12 persons

Note 1: Resignation as a director on March 4, 2015.

Note 2: The amount of pension actually paid by the Company and Companies in the consolidated financial statements in the 2015 consolidated financial statements.

Note 3: Approved by the Board of Directors on March 24, 2016.

Note 4: The calculation is based on the net income of Company's 2015 separate financial statement.(NT$ 9,531,358 thousand).

Note 5: Exercisable Employee Share Options was received by the Directors with a concurrent position as an employee in 2007 to 2010 (not including the number of shares the Directors have already purchased by exercising employee share options).

(2) Remuneration paid to Supervisors

(in NT$ thousands)

Title	Name	Supervisors' remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%) (Note 2)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Salary (A)		Remuneration (B) (Note 1)		Allowance (C)				
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	
Supervisor	Sheachang Enterprise Corporation	0	0	6,582	6,582	360	1,588	0.07	0.09	None
	Representative: Lin, Yuan-Lang									
Supervisor	Ever Green Investments Corporation									
	Representative: Chen, Huan-Chung									

Range of Remuneration	Name of Supervisors	
	Aggregate amount of the preceding three remuneration items (A+B+C)	
	The Company	Companies in the consolidated financial statements
Less than NT$ 2,000,000	Sheachang Enterprise Corporation Lin, Yuan-Lang Chen, Huan-Chung	Sheachang Enterprise Corporation Lin, Yuan-Lang Chen, Huan-Chung
NT$ 2,000,000 (included)～ NT$ 5,000,000 (excluded)	Ever Green Investments Corporation	Ever Green Investments Corporation
NT$ 5,000,000 (included)～NT$ 10,000,000 (excluded)		
NT$ 10,000,000 (included)～NT$ 15,000,000 (excluded)		
NT$ 15,000,000 (included)～NT$ 30,000,000 (excluded)		
NT$ 30,000,000 (included)～NT$ 50,000,000 (excluded)		
NT$ 50,000,000 (included)～NT$ 100,000,000 (excluded)		
More than NT$ 100,000,000		
Total	4 persons	4 persons

Note 1: Approved by the Board of Directors on March 24, 2016.

Note 2: The calculation is based on the net income of Company's 2015 separate financial statement.(NT$ 9,531,358 thousand).

(3) Remuneration paid to President and Vice President

(in NT$ thousands)

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B) (Note 1)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Employee Compensation (D) (Note 2)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net income (%) (Note 3)</th><th colspan="2">Exercisable Employee Share Options (thousand shares) (Note 4)</th><th colspan="2">New Restricted Employee Shares (thousand shares)</th><th rowspan="3">Compensation paid to the President and Vice President from an Invested Company Other Than the Company’s Subsidiary</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The Company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>Amount of cash</th><th>Amount of stock</th><th>Amount of cash</th><th>Amount of stock</th></tr>
<tr><td>Chairman and President of the Administration Management Department</td><td>Chan, Lu-Min</td><td rowspan="4">12,041</td><td rowspan="4">24,438</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">10,494</td><td rowspan="4">54,264</td><td rowspan="4">7,083</td><td rowspan="4">0</td><td rowspan="4">7,083</td><td rowspan="4">0</td><td rowspan="4">0.31</td><td rowspan="4">0.90</td><td rowspan="4">4,047</td><td rowspan="4">4,047</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">None</td></tr>
<tr><td>President and the President of Global Supply Chain Management Department</td><td>Lu, Chin-Chu</td></tr>
<tr><td>President of Apparel Business Department</td><td>Kuo, Tai-Yu</td></tr>
<tr><td>President of Footwear Joint Venture Business Department</td><td>Kung, Sung-Yen</td></tr>
</table>

(next page follows)

(following the preceding page)

Range of Remuneration	Name of President and Vice President	
	The Company	Companies in the consolidated financial statements
Less than NT$ 2,000,000		
NT$ 2,000,000 (included) ～NT$ 5,000,000 (excluded)		
NT$ 5,000,000 (included) ～NT$ 10,000,000 (excluded)	Lu, Chin-Chu Chan, Lu-Min Kung, Sung-Yen Kuo, Tai-Yu	
NT$ 10,000,000 (included) ～NT$ 15,000,000 (excluded)		Kung, Sung-Yen
NT$ 15,000,000 (included) ～NT$ 30,000,000 (excluded)		Chan, Lu-Min Kuo, Tai-Yu
NT$ 30,000,000 (included) ～NT$ 50,000,000 (excluded)		Lu, Chin-Chu
NT$ 50,000,000 (included) ～NT$ 100,000,000 (excluded)		
More than NT$ 100,000,000		
Total	4 persons	4 persons

Note 1: The amount of pension actually paid by the Company and Companies in the consolidated financial statements in the 2015 consolidated financial statements.

Note 2: Approved by the Board of Directors on March 24, 2016.

Note 3: The calculation is based on the net income of Company's 2015 separate financial statement.(NT$ 9,531,358 thousand).

Note 4: Exercisable Employee Share Options was received by the Directors with a concurrent position as an employee in 2007 to 2010 (not including the number of shares the Directors have already purchased by exercising employee share options).

(4) Name of officers distributing employee dividends and distribution status

(in NT$ thousands)

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Amount of stock</th><th>Amount of cash (Note1)</th><th>Total</th><th>Ratio of Total Amount to Net Income (%) (Note 2)</th></tr>
<tr><td rowspan="7">Officer</td><td>Chairman and President of Administration Management Department</td><td>Chan, Lu-Min</td><td rowspan="7">0</td><td rowspan="7">8,396</td><td rowspan="7">8,396</td><td rowspan="7">0.09</td></tr>
<tr><td>President;
President of Global Supply Chain Management Department</td><td>Lu, Chin-Chu</td></tr>
<tr><td>President of Apparel Business Department</td><td>Kuo, Tai-Yu</td></tr>
<tr><td>President of Footwear Joint Venture Business Department</td><td>Kung, Sung-Yen</td></tr>
<tr><td>Executive Senior Manager</td><td>Ho, Ming-Kun</td></tr>
<tr><td>Senior Manager</td><td>Chang, Yea-Fen</td></tr>
<tr><td>Senior Manager</td><td>Wu, Hui-Chi</td></tr>
</table>

Note 1: Approved by the Board of Directors on March 24, 2016.

Note 2: The calculation is based on the net income of Company's 2015 separate financial statement.(NT$ 9,531,358 thousand).

(5) Comparison the ratio of The Company and Companies in the consolidated financial statements' Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy, standards and composition of remuneration payment, procedures to determine the remuneration, and the connection between the remuneration payment and the Company's performance and future risks.

Items / Title	Ratio of Total Amount to Net Income (%)			
	2015		2014	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	1.12%	1.12%	2.05%	2.05%
Supervisors	0.07%	0.09%	0.13%	0.15%
President and Vice President	0.31%	0.90%	0.52%	1.46%

The policies and standards of the Company's remuneration payment to the Directors, Supervisors, President and Vice President are in accordance with the Company's Articles of Incorporation, the standard salary of the position among the same industry, the scope of duties and responsibilities of the position in the Company, and the contribution of such position to the Company's operational goals. And the reasonable remuneration payment is determined taking into account the decision making risks assumed by such position, the risk of failing to achieve the operational goals and risk of failing to comply with relevant policies and laws. The remuneration payment will be reviewed by the Remuneration Committee and adopted at the Board of Directors' meeting.

3.4 Implementation of Corporate Governance

(1) Operations of the Board of Directors

The Board of Directors' meeting has been called for six times in the prior year, in which the attendance of the Directors and Supervisors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate (%)	Notes
Chairman	PC Brothers Corporation Representative: Chan, Lu-Min	6	0	100.00	
Vice Chairman	Tsai, Nai-Fung	3	3	50.00	
Director	Tsai, Chi-Chien	0	0	0.00	Resignation on 2015.03.04
Director	Tzong Ming Investments Co., Ltd. Representative: Tsai, Min-Chieh	5	1	83.33	
Director	Chang Ming Investments Co., Ltd. Representative: Lu, Chin-Chu	5	1	83.33	
Director	Lai Chia Investments Co., Ltd. Representative: Tsai, Ming-Lun	3	0	100.00	Appointed on 2015.06.12
Independent Director	Chen, Bor-Liang	6	0	100.00	
Independent Director	Chiu, Tien-I	6	0	100.00	
Supervisor	Sheachang Enterprise Corporation Representative: Lin, Yuan-Lang	6	0	100.00	
Supervisor	Ever Green Investments Corporation Representative: Chen, Huan-Chung	6	0	100.00	

Other matters legally required to be specified:

I. The matters specified under Article 14-3 of the Securities and Exchange Act and other matters adopted at the Board of Directors' meeting which the Independent Director(s) disapproves or holds reserved opinions thereto and such disapproval or reserved opinions are recorded or stated in a written statement (the following items should be specified: the date and term of the Board of Directors' meeting, content of the proposal, all Independent Directors' opinions and the Company's response to such opinions):
N/A

II. Recusal of Directors due to conflict of interests in certain proposals (the following items should be specified: name of the Director, content of the proposal, reason for the recusal and participation in the voting):

1. The 16th meeting of the Company's Board of Directors' on its 21st term on March 24, 2015:
   (1) In the proposal to determine the Company's officers' remuneration proposed by the Company's Remuneration Committee, Director Chan, Lu-Min and Director Lu, Chin-Chu recused in discussion and voting of such proposal due to conflict of interests resulting from their concurrent position as the Company's officers.
2. The 17th meeting of the Company's Board of Directors' on its 21st term on April 30, 2015:
   (1) In the proposal to determine the remuneration for the Company's Directors and Supervisors and distribution amount of employee dividends in 2014, Director Tsai, Min-Chieh and Director Tsai, Nai-Fung (attended by Director Chan, Lu-Min as proxy) recused in discussion and voting where these Directors have personal interests therein.

(2) In the proposal to determine the Company's officers' remuneration, Director Chan, Lu-Min and Director Lu, Chin-Chu recused in discussion and voting of such proposal due to conflict of interests resulting from their concurrent position as the Company's officers.

3. The 19th meeting of the Company's Board of Directors' on its 21st term on August 14, 2015:

(1) In the proposal to determine the distribution of remuneration for the Company's Directors and Supervisors in 2014, Director Chan, Lu-Min, Director Tsai, Min-Chieh, Director Tsai, Nai-Fung and Director Lu, Chin-Chu (attended by Director Chan, Lu-Min as proxy) recused in discussion and voting where these Directors have personal interests therein.

(2) In the proposal to determine the Company's officers' employee dividends in 2014, Director Chan, Lu-Min and Director Lu, Chin-Chu (attended by Director Chan, Lu-Min as proxy) recused in discussion and voting of such proposal due to conflict of interests resulting from their concurrent position as the Company's officers.

III. Assessment of the goal and implementation of enhancing the Board of Directors' duties and responsibilities in the current year and the prior year.

The Company's Board of Directors' operations are in compliance with the provisions of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". The Company has enacted its "Regulations governing the Board of Directors' Meeting" and the internal control system "Management of Operations of the Board of Directors' Meeting" in compliance with relevant laws and regulations. The Company discloses and updates regularly on the Market Observation Post System ("MOPS") website the attendance of the Directors and Supervisors in the Board of Directors' meetings and advanced training of Directors, and the Company also discloses on the Company's website the Directors' CV, the Independent Directors' education and working experiences and material resolutions adopted at the Board of Directors' meeting on the Company's website. To enhance the corporate governance and strengthen the duties and responsibilities of the Board of Directors, two independent directors have been elected on June 14, 2013 to participate in operations of the Board of Directors. To strengthen corporate administration and supervision thereof, the independent directors attended the Board of Directors' meetings personally or by proxy to be informed of enforcement situations of the Company's financial, business and material operational plans. The Board of Directors has appointed two independent directors and one independent external personnel on June 14, 2013 to be the member of the Remuneration Committee of the 2nd term to assess regularly whether the Directors, the Supervisors and the officers have achieved their goals of performance. The Remuneration Committee also performs the duty of advising the content and amount of remuneration for each Director, Supervisor and officer. In addition, six directors and three independent directors will be elected in the 2016 annual general meeting of shareholders on June 15, 2016, and an audit committee will be established to act as supervisors.

(2) Operational status of the audit committee or the Supervisors' participation in the Board of Directors' meeting:

A. Operational status of the audit committee: three independent directors will be elected and an audit committee will be established to act as supervisors in the Company's 2016 annual general meeting of shareholders on June 15, 2016.

B. Operational status of the Supervisors' participation in the Board of Directors' meeting:

The Board of Directors' meeting has been called for six times in the prior year, in which the attendance of the Supervisors is as follows:

Title	Name	Attendance in person	Attendance Rate (%)	Notes
Supervisor	Sheachang Enterprise Corporation Representative: Lin, Yuan-Lang	6	100.00	
Supervisor	Ever Green Investments Corporation Representative: Chen, Huan-Chung	6	100.00	

Other matters legally required to be specified:

I. Formation and duties of Supervisors:

1. Communications between the Supervisors and the Company's employees and shareholders:
The Company's Supervisors visit the Company occasionally and communicate with the Company's employees to be informed of the Company's financial and business conditions. The Supervisors also participate in the annual general shareholders' meeting and answer questions raised by the Company's shareholders.

2. Communications between the Supervisors and the head of the Company's internal audit department and the CPA:

(1) Communications between the Supervisors and the head of the Company's internal auditor:

A. The head of the internal auditor selected and certified the self-assessment procedures and prepared audit reports in accordance with the audit plan every month. The audit report delivered such results to each Supervisor via email or in person every month after such results are submitted to and approved by the Chairman of the Board of Directors. If any Supervisor has any comments about the reports, such Supervisor will communicate with the head of the internal auditor through verbal consultation, through the phone or via email. The Supervisors have replied and no dissenting opinions occur.

B. The head of the Company's internal auditor attended the Board of Directors' meeting and presented the audit reports, with which the Directors and Supervisors are able to be informed of the Company's internal audit status promptly.

The communication between the Company's Supervisors and the head of the Company's internal auditor is smooth.

(2) Communications between the Supervisors and the Company's CPA:
The Company's Supervisor would communicate with the CPA occasionally about the content of the Company's financial statement, and such communication has been smooth so far.

II. In the event that the Supervisors stated their opinions in the Board of Directors' meeting, the following information shall be specified: date and term of the meeting, content of the proposal, results of the voting and how the Company deals with the Supervisors' opinions.
The Supervisors attended the Board of Directors' meeting this year and last year, and did not raise objections towards the proposals discussed in the meeting.

(3) The Company's operational status of corporate governance and the discrepancy with "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons

Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	v		The company has enacted the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies", and disclosed such rules on the Company's website for established good corporate governance.	No Discrepancy
II. Shareholding structure and shareholders' rights i. Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	v		i. To protect the shareholders' rights, the Company has enacted the "Corporate Governance Best Practice Principles" for compliance. The Company has also established the position of spokesperson and the contact for investor relationship services, responsible for handling shareholder matters. The legal department will assist in handling the shareholder matters relating to legal issues.	No Discrepancy
ii. Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	v		ii. The Company files changes of shareholding on the monthly basis of major shareholders' (the shareholders holding more than 10% of the Company's total issued and outstanding shares) in compliance with relevant regulations. The list of major shareholders can be found in the shareholder registry which obtain in book closure date .	No Discrepancy
iii. Does the company establish and execute the risk management and firewall system within its conglomerate structure?	v		iii. The Company not only established risk control and management, but also established relevant operating provisions in the internal control system regarding the operational, business and financial dealings with specified companies and affiliates. The Company also assists and urge its subsidiaries to build a written	No Discrepancy

Evaluation Item	Operational status			Discrepancy with “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons
	Yes	No	Summaries	
			internal control system, and enact “Operational Procedures for Making Endorsements and Guarantees”, “Operating Procedures for Loaning of Company Funds”, “Procedures for Acquisition and Disposal of Assets” and other relevant management regulations according to their operating conditions for implement the risk control and management mechanism with its subsidiaries. For preventing irregular transactions, business dealings with the affiliates, such dealings will be deemed to be made with other independent third parties. The risk control and management mechanisms and fire walls between the affiliates have been set up properly.	
iv. Does the company establish internal rules against insiders trading with undisclosed information?	v		iv. The Company has enacted and compliance with “Procedures for Handling Material Inside Information” and “Management Procedures for the Prevention of Insider Trading’. The Company educates its directors, supervisors, officers, employees and other person(s) who may receive the Company’s material inside information based on his/her identity, profession or controlling power from time to time about legal compliance, and that they shall perform their duties with the care of a good administrator and loyalty and in good faith in accordance with the material resolutions and shall sign the non-disclosure agreement.	No Discrepancy
III. Organization and duties of the Board of Directors i. Does the Board develop and implement a diversified policy for the composition of its members?	v		i. The members of the Company’s Board of Directors have enacted diversified guidelines, including but not limited to different genders, ages and educational	No Discrepancy

Evaluation Item	Operational status			Discrepancy with “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons
	Yes	No	Summaries	
			backgrounds, based on the Company’s operations, business model and development needs. In the 21st term of the Company’s Board of Directors, there are five directors and two independent directors, with one female among the five directors. The professional knowledge and skill backgrounds of the directors are diversified, including the industry, financial accounting, techniques, management and legal. All the directors are equipped with necessary knowledge, skills and general capacity to perform their duties.	
ii. Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	v		ii. The Company has established the Remuneration Committee and also enacted, implemented its organizational rules. Upon expiration of the 21st term of the Company’s Directors and Supervisors in 2016, three independent directors will be elected and the Audit Committee will be established. Other types of functional committees will be established according to the Company’s actual needs.	No Discrepancy
iii. Does the company establish a standard to measure the performance of the Board, and implement it annually?	v		iii. The Company has enacted the “Procedures for Evaluating the Board of Directors’ Performance”. Each Director should evaluate himself/herself and the Board of Directors should evaluate by others at least once every year. The results of such evaluation shall be submitted to the first Board of Directors’ meeting after the year ends. The items to be evaluated in the evaluation of the Board of Directors’ performance include the following five aspects: (1) Degree of involvement in the Company’s operations.	No Discrepancy

Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
			(2) Raising the quality of the Board of Directors' decision. (3) Organization and structure of the Board of Directors. (4) Election and advanced training of the Directors. (5) Internal control. Items to be evaluated in the evaluation of the Directors' performance include the following six aspects: (1) Understanding of the Company's goals and missions. (2) Understanding of director's duties. (3) Degree of involvement in the Company's operations. (4) Management and communications with respect to internal relationship. (5) Professionalism and continuing education of the Directors. (6) Internal control. The 21st term of the Company's Board of Directors has completed the evaluation in December, 2015, each Directors and Board of Directors evaluated himself/herself. The results of such evaluation are all "Excellent" and submitted to the Board of Directors' meeting on March 24, 2016.	
iv. Does the company regularly evaluate the independence of CPAs?	v		iv. The Company shall evaluate the independence of the Company's CPA at least once every year. The following items will be examined to evaluate the	No Discrepancy

Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
			independence of the CPA: such CPA not being the Company's director, supervisor, officer or personnel with significant influences, conflict of interests, not being appointed by the Company to provide certification services for five consecutive years and obtaining the "Certified Public Accountant Independent Declaration". The results will be submitted to the Board of Directors after evaluating and confirming the CPA'S independence.	
IV. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has set up a stakeholder section and contact email address (ir@pouchen.com) on the Company's website. There will be specified personnel responsible for accepting the application and referring the application to relevant responsible unit, according to the scope and nature of the issues in the stakeholders' concern, to handle and reply. The Company has also set up the communication contact and email address for individual stakeholder (investors, clients, employees, supplier and CSR related) to respond promptly and properly to stakeholders' concerns about material CSR issues.	No Discrepancy
V. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has designated Grand Fortune Securities Co., Ltd. to act as the Company's stock agency to handle shareholder matters, and to solve each type of stock-related problems by providing the investors with consultation and communication services.	No Discrepancy
VI. Information disclosure i. Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		i. The Company has set up its website (address: http://www.pouchen.com) to disclose its financial, business and corporate governance information. There are specified personnel responsible for updating the	No Discrepancy

Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
			information thereon, and relevant information can also be found on the M.O.P.S. website.	
ii. Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	v		ii. 1. The Company has set up an English version website. 2. The Company has appointed specified personnel to be responsible for collection of the Company's information and disclosure of material information. The speech by the Company will all be made by the spokesperson. 3. All relevant information of participated investor conference provided by the Company disclose in the Company's website.	No Discrepancy

Item	Operational status	Discrepancy with "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
VII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors):		

Yes, other important information to better understand the corporate governance is as follows:

i. Employees' rights: The Company ensured the protection of its employees' welfare; retire system and all kinds of welfare through compliance with the Labor Standards Act and the Company's human resources regulations.

ii. Care for staff: The Company builds close relationship with its employees trust and rely on each other, by enhancing the welfare system that stabilizes the employees' lives and building sound education and training systems, such as welfare subsidies provided by the Employee Welfare Committee (for birthday, marriage, funeral, giving birth, being wounded or sick, help for emergencies, etc.), education subsidies (for activities to promote health, speeches given by celebrities, all types of short-term courses, etc.), entertainment (subsidies for traveling, family day, activities held by associations and all types of entertainment activities), group insurance for employees. In addition, the Company provides shuttle buses for employees to get to and off work, and parking lots for employees to park their cars. The Company cooperates with hospitals such as Chang Hwa Christian Hospital, Taichung Veterans General Hospital and China Medical University Hospital to provide first aid, wound care, and health consultation and examination, and to hold workshops on health related topics in the Company. Besides, there are female doctors providing medical services in the Company from time to time to ensure better medical care for female employees.

iii. Relationship with investors: The Company has established the spokesperson office to be responsible for building a channel of mutual communications between the Company and the investors, so as to increase the transparency and asymmetry of information disclosure. The Company discloses its financial, business and corporate governance information on the MOPS website and the Company's website in accordance with relevant laws, and the Company also participates in investor conferences and provides investor services mailbox to respond to questions raised and suggestions provided by shareholders.

iv. Relationship with suppliers: The Company's personnel follow high moral standards. In addition to self-restraint, they also require that the major suppliers execute "Honest Transaction Agreement" or provide the Company with honesty declaration or honesty mechanism related documents. The Company emphasizes the importance of stability and high quality of goods supply. Before purchasing the goods, the Company will make cautious evaluation and comply with the Company's operating procedures. The Company and the suppliers will assume the responsibilities and obligations under the contracts, and cooperate in refining the products. The Company is able to maintain good and stable cooperative relationship with its suppliers.

v. Stakeholders' rights: The Company is dedicated to building diversified communication channels for and providing sufficient information to its clients, shareholders and relevant stakeholders. The Company collects issues concerned by the stakeholders and examines whether the actions taken by the Company have responded effectively to the stakeholders.

vi. Continuing education for Directors and Supervisors:

The advanced training by the Directors, Supervisors and officers in the last fiscal year is as follow:

Item	Operational status	Discrepancy with "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons

Title	Name	Continuing education		Sponsor	Name of the course	Hours
		From	To			
Representative of corporate director (Chairman and President of Administration Management Department)	Chan, Lu-Min	2015.03.02	2015.03.02	Taiwan Securities Association	Legal Analysis and Practice of Business Mergers And Acquisitions Act	3
		2015.05.05	2015.05.05	Taiwan Academy of Banking and Finance	Corporate Governance 2.0 – Global View and Taiwan Experiences Workshop	3.5
Director	Tsai, Nai-Fung	2015.08.27	2015.08.27	Securities and Futures Institute	Corresponding Strategies for Directors and Supervisors and Cross-Border Tax Examination	3
		2015.09.18	2015.09.18	Securities and Futures Institute	Workshop for Directors and Supervisors of TWSE/GTSM Listed Companies, Workshop on New Perspectives of Corporate Honesty Risk Control and Management and Social Responsibility	3
Representative of corporate director	Tsai, Min-Chieh	2015.03.02	2015.03.02	Taiwan Securities Association	Legal Analysis and Practice of Business Mergers And Acquisitions Act	3
		2015.05.27	2015.05.27	Securities and Futures Institute	Leader Conference on Corporate Ethics for TWSE Listed Companies	3
Representative of corporate director (President)	Lu, Chin-Chu	2015.07.22	2015.07.22	Taiwan Academy of Banking and Finance	Corporate Governance Conference – Enhancing Corporate Governance and Planning for Succession	3
		2015.12.02	2015.12.02	Securities and Futures Institute	Advanced Conference on Practice of Directors and Supervisors (including Independent Directors) – Discussion on Employee Dividend Strategies and Utilization of Tools	3

Items		Operational status					Discrepancy with "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
Title	Name	Continuing education		Sponsor	Name of the course	Hours	
		From	To				
Representative of corporate director (Executive Senior Manager)	Tsai, Ming-Lun	2015.07.22	2015.07.22	Taiwan Academy of Banking and Finance	Corporate Governance Conference – Enhancing Corporate Governance and Planning for Succession	3	
		2015.08.14	2015.08.14	Securities and Futures Institute	Conference on Legal Compliance with Respect to Share Transaction between Insiders of TWSE Listed Companies	3	
		2015.09.25	2015.09.25	Corporate Operation Association	Course Series on Analysis of Latest Amendment to the Company Act and Practical Planning	3	
		2015.10.30	2015.10.30	Corporate Operation Association	Regulations on Prohibition of Insiders' Trading and How to Avoid Violating such Regulations	3	
Independent Director	Chen, Bor-Liang	2015.03.02	2015.03.02	Taiwan Securities Association	Legal Analysis and Practice of Business Mergers And Acquisitions Act	3	
		2015.08.14	2015.08.14	Securities and Futures Institute	Conference on Legal Compliance with Respect to Share Transaction between Insiders of TWSE Listed Companies	3	
Independent Director	Chiu, Tien-I	2015.05.05	2015.05.05	Taiwan Academy of Banking and Finance	Corporate Governance 2.0 – Global View and Taiwan Experiences Workshop	3.5	
		2015.12.09	2015.12.09	Securities and Futures Institute	Advanced Conference on Practice of Directors and Supervisors (including Independent Directors) – Strategies and Key Performance Index	3	
Representative of corporate supervisor	Lin, Yuan-Lang	2015.10.28	2015.10.28	Corporate Operation Association	Practice of Board of Directors' Meeting	3	
		2015.12.21	2015.12.21	Accounting Research and Development Foundation	Legal Risk Considerations and Case Analysis on Pursuit of "Advertisement and Spokesperson" by Enterprises	3	
Representative of corporate supervisor	Chen, Huan-Chung	2015.01.07	2015.01.07	Republic of China Certified Public Accountant	Analysis on IFRS9 Categorization and Loss Evaluation	4	
		2015.07.29	2015.07.29	Republic of China Certified Public Accountant	Analysis on the New Company Regulations and Future Practice	3	

Title	Name	Continuing education		Sponsor	Name of the course	Hours
		From	To			
Executive Senior Manager	Ho, Ming-Kun	2015.12.24	2015.12.25	Accounting Research and Development Foundation	Continuing Courses for Accounting Officers of Issuers, Securities Firms and TWSE	12
Senior Manager	Wu, Hui-Chi	2015.12.24	2015.12.25	Accounting Research and Development Foundation	Continuing Courses for Accounting Officers of Issuers, Securities Firms and TWSE	12

vii. Implementation of risk management policies and risk measuring standards: The Company has enacted "Risk Management Rules" to expressly specify the risk management policies. Through risk control and management in the internal control system, the Company's management is able to recognize the potential risks arising from internal or external incidents during the Company's operations, including the risk of failure to reach the goals, the risk of financial reports, the risk of legal compliance, the risk of cheating and potential risk arising from irregular transactions. Such risks will be taken into account and relevant personnel will be properly informed of the recognized risks continuously. Business and management meetings will be called for each business unit once every six months, so as to conduct analysis and prepare strategies to respond to relevant risks and guidelines for each type of operations taking into account past performances, current operations and future plans.

viii. Implementation of customer policies: The Company insists in respect, loyalty, novelty and services when dealing with its clients. The Company knows its clients' needs and provides its clients with products and services of excellent quality that exceeds such products and services' price. For many years, the Company has earned its clients' trust and maintained good relationship with its clients. The order from clients has been increasing steadily.

ix. Liability insurance purchased by the Company for its Directors and Supervisors: Since 2015, the Company has bought director and supervisor liability insurance for all its Directors and Supervisors.

x. Recusal by the Director in the proposal where such Director has conflict of interests: The Company's Directors strictly abide by the principles of conflict of interests. Where there is Director involved in conflict of interests in certain proposal, such Director will proactively recuse himself/herself from discussion and resolution of such proposal. In addition, two independent directors have been elected for the Company, who will provide professional and cogent suggestions regarding the Company's operational strategies. In discussion of any proposals by the Board of Directors, the Board of Directors will take into account the opinions of independent directors to protect the Company's interests. The Company has enacted "Management Operations regarding Transactions between Related Parties" in its internal control system to ensure implementation of recusal by the related parties due to conflict of interests. Besides, the Supervisors also attend the Board of Directors' meeting, and each Board of Directors' meeting minutes are delivered to Directors and Supervisors for their reference.

VIII. Has the company implemented a self-evaluation report on corporate governance or has it authorized any other professional organization to conduct such evaluation? If so, please describe the opinion from the Board, the result of self or authorized evaluation, the major deficiencies, suggestions, or improvements:

No, the Company has not prepared corporate governance self-evaluation reports or outsourced other professional institution(s) to prepare such reports so far; however, the Company is in compliance with relevant regulations with respect to its corporate governance matters, and the Company was rated top 5% in 1st Corporate Governance Assessment for TWSE Listed Companies and top 6% to 20% in 2nd Corporate Governance Assessment for TWSE Listed Companies.

(4) Organization, duties and operational status of the Remuneration Committee

A. Information of the members of the Remuneration Committee

Title	Requirements / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria								Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Notes
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	Not an employee of the Company or any of its affiliates	Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares	Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs	Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings	Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company	Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof	Not a person of any conditions defined in Article 30 of the Company Law		
Independent Director	Chen, Bor-Liang	✔			✔	✔	✔	✔	✔	✔	✔	✔	0	
Independent Director	Chiu, Tien-I	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	0	
Other	Lee, Ton-Han			✔	✔	✔	✔	✔	✔	✔	✔	✔	0	

B. Operational status of the Remuneration Committee

(A) There are three members in the Company's Remuneration Committee.

(B) The term of the current Remuneration Committee: from June 14, 2013 to June 13, 2016. The Remuneration Committee's meeting was held for four times in the prior year. The qualifications and attendance of the members of the Remuneration Committee are as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate (%)	Note
Convener	Chen, Bor-Liang	4	0	100.00	
Member	Chiu, Tien-I	4	0	100.00	
Member	Lee, Ton-Han	3	1	75.00	

Other matters legally required to be specified:

I. If the Board of Directors refuses to accept or modify the suggestions provided by the remuneration committee, the meeting date, session, agenda content, results resolved by the Board of Directors and the measures taken by the Company in response to the Remuneration Committee's opinions shall be elaborated (if the Board of Directors approved a remuneration plan better than that suggested by the Remuneration Committee, the reasons and the difference shall be elaborated): N/A.

II. If any member has any opposite opinion or reservation against the resolution of the Remuneration Committee and such opinion or reservation has been recorded or declared in writing, the meeting date, session, agenda content, the opinions of all members of the Remuneration Committee and the measure taken in response to the members' opinions shall be elaborated: N/A.

(5) Performance of corporate social responsibility

Items to be assessed	Operational status			Discrepancy with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
I. Implementation of Corporate Governance i. Does the company declare its corporate social responsibility policy and examine the results of the implementation?	v		i. After joining Fair Labor Association ("FLA") in 2011, 1. The Company has enacted "Corporate Social Responsibility Best Practice Principles", implementing corporate governance, developing sustainable environment, maintaining social public interests and enhancing relevant information disclosure, so as to reach the goal of sustainable development. 2. The Company sets up the mutual CSR implementation standards for the group in accordance with the FLA standards. In addition to compliance with local regulations, the Company also proactively cares about its employees' mental and physical health and development, for the purpose of its goal to build the best work place. At the same time, the Company also emphasizes environmental protection issues, performs energy conservation and carbon reduction, dedicates itself to investing in social capital and participates in activities of social public interests. The main aspects to be developed are as follows: (1) Increase the harmony between the Company and its employees, and care for development of the community A. Make the internal systems in compliance with requirements of local regulations, protect employees' legal rights, and discover and solve problems by internal examination. Results of performance: internal self-examination of legal compliance was completed in 41 factories around the globe in 2015. The Company's head office also conducted complete audit to these 41 factories, rated these factories according to audit results for management purposes, and has been tracking the improvement results. B. Build internal consensus and mutual recognition through all kinds of activities, and promote harmony between the Company and its	No Discrepancy

Items to be assessed	Operational status			Discrepancy with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
			employees through all kinds of communication channels, such as symposiums, to be closer with employees, shorten the distance between the management and employees and reduce misunderstandings and frictions. Results of performance: all the factories hold employee symposiums quarterly, set up life guidance office, hotlines and emails, etc. to deal with the complaints raised by employees and provide mental health consultation. C. Visit the employees' family regularly to know about their families and lives, provide appropriate assistance when necessary, care for stay-at-home children and minority groups in the community and help with the community development. Results of performance: the Company has held activities such as regular family visit for 3,147 persons, parent-child activities where 3,380 persons participated, scholarship for 1,500 students in the community, summer camp for stay-at-home children in China where 260 children of the employees participated, provision of accommodation and commodities for employees if the conditions so required in each area, care for and visit to the home for the aged and disabled persons in the community, visit to orphanages, volunteer services in the community, etc. (2) Promote employees' safety and health, and lower environmental impact A. Safety, health and fire control: Increase safety of working sites by purchasing safe machines and equipment and continued improvement, and eliminate potential fire disaster concerns by installing more fire-control equipment, enhancing relevant trainings and promoting electronic equipment examinations. Results of performance: the Company has invested over USD 5 million in fire-control and safety improvement construction of	

Items to be assessed	Operational status			Discrepancy with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons
	Yes	No	Summaries	
			factories in 2015 (the Company has invested over USD 23 million in fire-control in 2014 and 2015), and implemented safety examination and improvement for all high-risk machines in all factories, raising the equipment safety standards step by step. B. Environmental protection and energy conservation: Look up relevant regulations proactively, consult with the government when appropriate, examine and audit regularly, ensure the factories operate in accordance with the requirements by the government and clients, cooperate with suppliers to develop energy-saving technologies, promote projects of energy conservation in factories, and raise the energy conservation performance in factories. Results of performance: Planned by the Company’s head office, “Energy Online Monitoring System” is gradually set up in the factories in each area since 2015, so as to get hold of energy consumption instantaneously and to fix abnormal situations promptly. The project of energy conservation in factories has also reached at least 10% of energy conservation.	
ii. Does the company provide educational training on corporate social responsibility on a regular basis?	v		ii. The Company holds corporate responsibility related trainings for managers and employees through the “Business Management Meeting” and “Team Building” activities every year to enhance employees’ sense of social responsibility by participating in community public affairs and donations. The Company wishes to promote economic, environmental and social progresses with such activities, and truly meet the expectation of “benefitting the hometown; connecting with the world”.	No Discrepancy
iii. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the	v		iii. There is Sustainable Development Group in the Company’s head office, which is responsible for three areas of work under the CSR related business group, including legal compliance, environmental protection, safety and hygiene, and employee relationship. The Sustainable Development Group enacts relevant policies and management rules for personnel of all factories to comply with.	No Discrepancy

Items to be assessed	Operational status			Discrepancy with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons
	Yes	No	Summaries	
corporate social responsibility policies and reporting to the board?			Through training, guiding and auditing, the Sustainable Development Group assists the factories in raising the CSR management performance. The Sustainable Development Group is required to report to the decision-making officers the CSR planning, development and results every six months.	
iv. Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	v		iv. The Company enacts reasonable remuneration policies for each level of personnel to ensure the remuneration planning is consistent with the organization’s strategic goals and stakeholders’ interests. The Company combines employee performance management system and CSR, and effectively connects the incentive and disciplinary system to the performance management system.	No Discrepancy
II. Sustainable environment development i. Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	v		i. In consideration of the clients’ relevant strategies regarding the non-toxic materials and sustainable development, the Company conducts examination and management on environmental impact factors step by step. The Company selects the materials in compliance with its clients’ standards of material quality, and relevant materials all meet the standards set by its clients. The Company incrementally uses environmental-friendly materials such as TPU or PLA for the shoe materials, simultaneously promotes better manufacturing processes, decreases production of wasted materials and categorizes part of the wastes for recycle and reuse.	No Discrepancy
ii. Does the company establish proper environmental management systems based on the characteristics of their industries?	v		ii. The Company enacts environmental protection related standards for all its factories’ compliance, encourages the factories to promote systematic management structure according to the spirit of the ISO 14001 environmental management system, and performs the work of environmental protection.	No Discrepancy
iii. Does the company monitor the impact of climate change on its	v		iii. The Company has set up greenhouse gas check system to check relevant information, and step by step promotes clean and low-carbon fuels and energy	No Discrepancy

Items to be assessed	Operational status			Discrepancy with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?			conservation projects to reduce the impact resulted from greenhouse gas emission.	
III. Preserving Public Welfare i. Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	v		i. The Company enacts the code of conduct for the group in accordance with ILO conventions on core labor standards, FLA code of conduct and relevant local labor laws. The Company will never use child labor or commit forced labor, respects employees' freedom of association, and prohibits discrimination when hiring employees or receipt of any bribe. 1. The Company respects and cares for its employees, emphasizes human-based management and incentive measures, encourages employees' positive actions, prohibits harassing or abusing employees in the work place and has set up a complaint channel and specified personnel to be responsible for labor safety and life guidance, who will handle relevant violations immediately once such violations are found. 2. The Company purchases social insurance or commercial insurance in compliance with local regulations, entitles employees to annual leave, birth leave, marital leave and other legally required welfare, establishes protective measures for pregnant women and breastfeeding women, and provides scholarship and emergency allowance for employees in need for help. 3. The Company regularly examines the legal compliance status of each factory through internal audit and the implementation results, and charges relevant unit with the improvement.	No Discrepancy
ii. Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	v		ii. The Company has set up a complaint channel and specified personnel to be responsible for labor safety and life guidance, who will handle relevant violations immediately once such violations are found.	No Discrepancy

Items to be assessed	Operational status			Discrepancy with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
iii. Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	v		iii. In compliance with requirements by the government, the clients, NGO and other stakeholders, the Company effectively operates and keeps improving each safety and hygiene management measures, and invests resources in improving the work environment to ensure employees' safety and health. The Company also prepares standardized teaching materials to conduct training programs for employees of different nationalities.	No Discrepancy
iv. Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	v		iv. The Company releases material information through regional periodicals in each place or releases official notices to inform the employees of such information, so as to ensure the consistency of information. The Company also delivers information through training programs, instructions for the in-charge, symposiums for employees and the representative of labor association, so as to ensure that the employees understand the Company's systems and policies.	No Discrepancy
v. Does the company provide its employees with career development and training sessions?	v		v. The Company's employee training planning is based on the Company's business goal "emphasis on human capital, human-based principle, building a role model of CSR for the whole industry" as the structure. In addition to conformity with the Company's business prospects and goals, the annual training is also planned taking into account the employees' personal development plans, the training system of each level and function, quality management system and relevant regulations. The Company also enacted "Regulations on Education and Training Management" for compliance. (1) Training courses: A. General employee: employees' work capacity training and the Company's core value training. B. Professional system: develop the "professional training courses" of each professional system in accordance with the capacity and professional requirements. Management system: plan the "management capacity courses for high-level manager, mid-level and first-line manager and management trainee" for each such level in accordance with the Company's core and	No Discrepancy

Items to be assessed	Operational status: Yes	Operational status: No	Operational status: Summaries	Discrepancy with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
			management function development to enhance the work capacity of employees of each level, build consensus among internal employees of the group and ensure they agree with the organization's value, so that the group may reach the best business performance. (2) Personal development plans: Enact employees' personal development plans and annual training courses for each unit based on the capacity evaluation results and annual performance evaluation development. In addition to equipping the employees with professional knowledge, the Company also provides training resources to strengthen the employees' management capability, self-developing capacity and common working techniques, so as to enrich the employees' knowledge, raise the overall employee qualities and improve the business performance.	
vi. Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	v		vi. To protect relevant rights and obligations of the consumers and clients, the Company has adopted the following management strategies towards suppliers: (1) The suppliers shall abide by the group's management rules governing materials prohibited/restricted in the supply chain; (2) The suppliers shall execute the group's green promise statement; (3) The suppliers shall satisfy the group's basic legal compliance requirements (dangerous material management, green products management and environmental quality) and continue to develop green matters (low carbon management, waste management, energy management, water resources management, ecology park, etc.); (4) Manage the suppliers by means of on-site audit from time to time and regular evaluation.	No Discrepancy
vii. Does the company advertise and label its goods and services according to relevant regulations and international standards?	v		vii. Promote the environmental promise and green management certificate for suppliers, and part of the Company's suppliers have already obtained the management system certificates, including LWG, Oeko-Tex, Bluesign, ISO 50001, ISO 14064, PAS 2050, ISO 14001, OHSAS 18000 and ISO 9001.	No Discrepancy
viii. Does the company evaluate the	v		viii. The Company will communicate with the suppliers over environmental promises	No Discrepancy

Items to be assessed	Operational status			Discrepancy with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
records of suppliers' impact on the environment and society before taking on business partnerships?			and corporate green guidelines, and cooperate with the suppliers to establish management mechanism dedicated to environmental protection, low-carbon production management and other social responsibility management index. The green development plans produced will continue to be used in the whole supply chain. The Company also respects its clients' relevant regulations regarding specified material suppliers, complies with its clients' audit plans, and conducts audit, improvement and guidance of work safety and hygiene, prohibited/restricted material management and green management to major specified suppliers. New suppliers have to meet relevant audit standards set by the clients before they become the business partners among the supply chain that are recognized by the Company and its clients.	
ix. Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	v		ix. Through the promotion of green supply chain management, the Company has implanted the concept, requirements and management index of green management into the Company's strategic suppliers. As to the strategic suppliers that are unable to meet the group's green management index, the Company will demand improvement within a specified period of time. In the event of failure to meet the index after improvement, such supplier will be removed from the Company's supplier list.	No Discrepancy
IV. Enhancing information disclosure i. Does the Company disclose relevant and reliable CSR information on its website and the MOPS website?	v		i. The Company has set up a CSR section and provided the contact email address on the Company's website to disclose the Company's CSR related information and keep good and continuous information feedback and communication channel between the Company and the stakeholders, so as to express its earnest attitude to satisfy the stakeholders' needs for the Company's information and lower their discrimination toward the Company. At the same time, the Company will release the CSR report on its website every year to explain the results of its CSR implementation.	No Discrepancy
V. If the Company has enacted its corporate social responsibility best practice principles according to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe the operational status and discrepancy:				

Items to be assessed	Operational status			Discrepancy with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
The Company has enacted the "Corporate Social Responsibility Best Practice Principles" in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", implemented such rules accordingly, no discrepancy so far.				
VI. Other important information to facilitate better understanding of the Company's implementation of CSR: The Company has enacted the "Corporate Social Responsibility Best Practice Principles", prepared the "Corporate Social Responsibility Report" to set forth the operational status of CSR, and disclosed such rules and report on the MOPS website and the Company's website.				
VII. Other information regarding the Company's "Corporate Social Responsibility Report" if such report is verified by certifying institution(s): N/A.				

(6) Implementation of ethical corporate management

Items to be assessed	Operational status			Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
I. Enacting ethical corporate management policies and plans i. Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		i. The Company has enacted "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Corporate Management and Conduct Guidelines", and relevant internal rules, expressly setting forth the ethical corporate management policies, measures and commitment by the Board of Directors and the management to execute such management policies.	No Discrepancy
ii. Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	V		ii. 1. The Company's "Procedures for Ethical Corporate Management and Conduct Guidelines" expressly prescribes the plans to prevent unethical conducts, including the operating procedures, conduct guidelines and education training. 2. In the event of any unethical conduct by the Company's employee, which is proven true after investigation, such event will be handled in accordance with relevant laws and the Company's "Incentive and Disciplinary Regulations". Where the employee objects to the accused violation and disciplinary decision, such employee may file a complaint according to the "Management Rules of Employee Complaints".	No Discrepancy
iii. Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		iii. In addition to raising the Company's personnel's moral standards and strengthening their self-restraint, the Company also requires that the major suppliers execute "Honest Transaction Agreement" or provide the Company with honesty declaration or honesty mechanism related documents. In addition, to ensure performance of ethical	No Discrepancy

Items to be assessed	Operational status			Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
			corporate management, the Company establishes effective accounting system and internal control system. The internal auditor will examine the implementation status of each system regularly and report such status to the Board of Directors.	
II. Implementing ethical corporate management i. Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		i. Before entering into a business relationship with any third party, the Company will consider the legality and reputation of such third party to avoid business deal with the counterparty who has unethical records. The contract the Company enters into with the business counterparty shall include the provisions requiring compliance with ethical corporate management policies and the Company may terminate or rescind the contract at any time where the business counterparty is involved with unethical conducts.	No Discrepancy
ii. Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		ii. The president of the Company's Administration Management Department is the convener of the ethical corporate management group, within which the managers of the Legal Department, the Global Supply Chain Management Department and the Human Resource Department are the members, responsible for promoting the ethical corporate management policies and the preventive plans, and reporting to the Board of Directors regularly.	No Discrepancy
iii. Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		iii. The Company's "Procedures for Ethical Corporate Management and Conduct Guidelines" and "Ethical Conduct Standards" have expressly provided the policies to prevent conflict of interests. In addition to proactive investigation, the Company also established complaint channel on the internal and external website (HQ@pouchen.com) to deal with	No Discrepancy

Items to be assessed	Operational status			Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
			potential violation of laws or moral standards in the industry, and the disciplinary decisions will be made according to the actual situations.	
iv. Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		iv. The Company performs ethical corporate management, and has set up effective accounting system and internal control system. The internal auditor will examine the implementation status regularly and prepare the audit report to submit to the Board of Directors.	No Discrepancy
v. Does the company regularly hold internal and external educational trainings on operational integrity?	V		v. To perform the ethical corporate management policies, the Company's Legal Department will hold educational promotions and trainings regarding ethical conducts. The ideal and regulations regarding ethical corporate management will be promoted through conference for new employees and the website promotions.	No Discrepancy
III. Operational status of the Company's complaint mechanism i. Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		i. The Company's "Procedures for Ethical Corporate Management and Conduct Guidelines" has expressly provided the report and incentive system, and provided complaint channel and contact email address (HQ@pouchen.com) on the Company's internal and external websites, which serve as the complaint and report channel for internal and external personnel of the Company, and such complaint and report will be handled by specified personnel.	No Discrepancy
ii. Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		ii. The Company has enacted standard operating procedures for investigating the complaints received and relevant confidentiality mechanism. The receipt, investigation process and investigation results of the reported case will be recorded and preserved. Where a violation stands, relevant personnel will prepare a report promptly, report to the management and	No Discrepancy

Items to be assessed	Operational status			Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons
	Yes	No	Summaries	
			make disciplinary decisions according to the situations	
iii. Does the company provide proper whistleblower protection ?	V		iii. The Company will keep the complainant's identity in secrecy, and take appropriate measures to protect the complainant from improper treatment for his/her complaint.	No Discrepancy
IV. Enhancing information disclosure i. Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		i. The Company's "Ethical Corporate Management Best Practice Principles" and corporate governance related information has been disclosed on the Company's website (address: http://www.pouchen.com).	No Discrepancy
V. If the Company has enacted its ethical corporate management best practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the operational status and discrepancy: The Company has enacted and implemented the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Corporate Management and Conduct Guidelines", implemented such rules accordingly, and found no discrepancy so far.				
VI. Other important information to facilitate the understanding of the Company's implementation of ethical corporate management: 1. As a preliminary condition to perform the ethical corporate management, the Company complies with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflict of Interest, relevant regulations governing TWSE listed companies or other related laws governing business acts. 2. The Company's "Management Procedures for the Operation of Board of Directors' Meeting" has provided the conflict of interest system for directors. For the proposal proposed in the Board of Directors' meeting, the director with personal interest or the corporate shareholder's interest therein, which may harm the Company's interest, may state his/her opinions and reply to enquiries, shall not participate in the discussion and resolution, shall recuse himself/herself from the discussion and resolution, and shall not vote on behalf of other director as his/her proxy. 3. The Company's "Management Procedures to Prevent Insider Trading" has expressly provided that its Directors, Supervisors, officers and employees shall not disclose the material inside information he/she knows to third parties, shall not make enquiries or collect undisclosed material inside information of the Company which is unrelated to his/her personal duties from the one who is informed of such material inside information, and shall not disclose to third parties the undisclosed material inside information he/she obtains other than during the course of performing his/her duties. 4. The Company has enacted "Procedures for Handling Material Inside Information" to build a sound system to handle and disclose material inside information, to prevent improper disclosure of information and ensure consistency and accuracy of the information released by the Company to the public.				

(7) If the Company has enacted corporate governance best practice principles and relevant rules, please disclose the method for inquiry:

The Company has enacted “Corporate Governance Best Practice Principles”, “Corporate Social Responsibility Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, “Ethical Conduct Standards” and relevant regulations, which can be found on the Company’s website, http://www.pouchen.com, or the MOPS website.

(8) Other important information to facilitate the understanding of the Company’s implementation of corporate governance

As the preliminary condition to perform ethical corporate management, the Company is in compliance with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, relevant regulations governing TWSE/GTSM listed companies or other related laws governing business acts. In addition, the Company’s “Rules of Procedure for Board of Directors’ Meeting” and “Management Procedures for the Operation of Board of Directors’ Meeting” have provided the conflict of interest system for directors. For the proposal proposed in the Board of Directors’ meeting, the director with personal interest or the corporate shareholder’s interest therein, which may harm the Company’s interest, may state his/her opinions and reply to enquiries, shall not participate in the discussion and resolution, shall recuse himself/herself from the discussion and resolution, and shall not vote on behalf of other director as his/her proxy.

The Company’s “Management Procedures to Prevent Insider Trading” has expressly provided that its Directors, Supervisors, officers and employees shall not disclose the material inside information he/she knows to third parties, shall not make enquiries or collect undisclosed material inside information of the Company which is unrelated to his/her personal duties from the one who is informed of such material inside information, and shall not disclose to third parties the undisclosed material inside information he/she obtains other than during the course of performing his/her duties.

The Company has enacted “Procedures for Handling Material Inside Information” to build a sound system to handle and disclose material inside information, to prevent improper disclosure of information and ensure consistency and accuracy of the information released by the Company to the public. The implementation status of these procedures has been as expected.

(9) Internal control system implementation status

POU CHEN CORPORATION

Statement of Internal Control System

Date: March 24, 2016

Based on the findings of its self-assessment, the Company states the following with regard to its internal control system during the year 2015:

I. The Company acknowledges that it is the Company's board of directors' and officers' responsibility to establish, implement, and maintain an adequate internal control system. Our internal control system is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness and transparency of our reporting, compliance with applicable rules, laws and regulations, and achievement of other goals.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes in environment and circumstances. Nevertheless, the Company's internal control system has self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations"). The criteria adopted by the Regulations identify five key components of the managerial control processes: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each of the five components has several items respectively; please refer to the Regulations for such items.

IV. The Company has evaluated the effectiveness of the design and operation of its internal control system based on the aforementioned criteria.

V. Based on the findings of the evaluation, the Company believes that on December 31, 2015, it has maintained an effective internal control system (including the supervision and management of its subsidiaries) in order to understand the extent that its operations have reached effectiveness and efficiency; the reliability, timeliness and transparency of the reports; compliance with applicable rules, laws and regulations; and to provide reasonable assurance over achieving the aforementioned goals.

VI. This Statement will constitute a major part of the Company's 2015 Annual Report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII. It is hereby declared that this Statement is adopted at the Board of Directors' meeting on March 24, 2016, with all seven attending directors approving the content of this Statement.

Pou Chen Corporation

Chairman of the Board: Chan, Lu-Min

President: Lu, Chin-Chu

(10) In the recent fiscal year and as of the date of this Annual Report, facts about penalties imposed upon the Company and its internal personnel for their violation of the internal control system, major defects and the corrective actions taken: N/A.

(11) In the recent fiscal year and as of the date of this Annual Report, the material resolutions resolved in the shareholders' meeting and Board of Directors:

A. Material resolutions adopted in the 2015 annual general shareholders' meeting and the implementation status thereof:

Date	The type of meeting	Material resolutions adopted at the shareholders' meeting	Implementation status
2015.06.12	Annual general shareholders' meeting	Ratification: i. Ratification of the Company's 2014 Business Report and Financial Statements.	The resolution has been implemented accordingly.
		ii. Ratification of the Company's 2014 Profit Distribution.	The ex-dividend record date is July 13, 2015, and the cash dividends have been distributed on August 5, 2015.
		Discussion i. Discussion to amend the Company's "Articles of Incorporation".	The Company is now operating in accordance with the amended Articles of Incorporation.
		ii. Discussion to amend the Company's "Operating Procedures for Loaning of Company Funds".	The Company is now operating in accordance with the amended "Operating Procedures for Loaning of Company Funds".
		iii. Reelected one of the Company's Directors.	One Director has been reelected.
		iv. Discussion to release the non-compete restrictions from the Company's Directors.	All Directors and representatives of corporate director are in compliance with relevant laws.

B. Material Resolutions during the Board of Directors Meeting in 2015 and as of the date of this Annual Report:

Date	Term	Material resolutions
2015.03.24	16th meeting of the 21st Board of Directors	1. Adopted the Company's 2014 Business Report and Financial Statements. 2. Adopted the Company's 2014 Statement of Internal Control System. 3. Adopted the remuneration for the Company's officers. 4. Adopted the amendment of the Company's "Articles of Incorporation". 5. Adopted the amendment of the Company's "Operating Procedures for Loaning of Company Funds". 6. Reelected one of the Company's Directors. 7. Adopted the proposal to release the non-compete restrictions from the Company's Directors. 8. Adopted the line of credit for the Company to lend funds from financial institutions. 9. Adopted the resolution for the Company to make endorsement and guarantee for its subsidiary. 10. Relevant matters regarding convening the Company's 2015 annual general shareholders' meeting.
2015.04.30	17th meeting of the 21st Board of Directors	1. Adopted the amount of the Company's 2014 distribution for directors and supervisors remuneration and employee dividends. 2. Adopted the remuneration for the Company's officers. 3. Adopted the Company's 2014 profit distribution. 4. Adopted the line of credit for the Company to lend funds from financial institutions. 5. Adopted the line of credit for the Company to make and remove endorsement and

Date	Term	Material resolutions
		guarantee for its subsidiary.
2015.05.15	18th meeting of the 21st Board of Directors	Adopted the line of credit for the Company to make endorsement and guarantee for its subsidiary.
2015.08.14	19th meeting of the 21st Board of Directors	1. Adopted the Company's 2014 remuneration distribution for directors and supervisors. 2. Adopted the Company's 2014 dividend distribution for officers and employees. 3. Adopted the line of credit for the Company to lend funds from financial institutions. 4. Adopted the line of credit for the Company to make and remove endorsement and guarantee for its subsidiary. 5. Adopted the proposal to issue new shares due to exercise of share options by the Company's employee.
2015.11.13	20th meeting of the 21st Board of Directors	1. Adopted the proposal to purchase the "liability insurance for directors, supervisors and major employees". 2. Adopted the proposal to enact the Company's "Procedures for Evaluating the Board of Directors' Performance". 3. Adopted the proposal to enact the Company's "Operating Procedures for Application of Suspending and Resuming Transactions". 4. Adopted the proposal to enact the Company's "Risk Management Rules". 5. Adopted the line of credit for the Company to lend funds from financial institutions.
2015.12.25	21st meeting of the 21st Board of Directors	1. Adopted the amendment of the Company's "Articles of Incorporation". 2. Adopted the proposal to appoint the new officer. 3. Adopted the remuneration for the new officer. 4. Adopted the Company's 2016 Business Plan. 5. Adopted the Company's 2016 Internal Audit Plan. 6. Adopted the independence evaluation of the Company's CPA and the CPA's appointment and remuneration. 7. Adopted the enactment of the Company's "Ethical Conduct Standards".
2016.03.24	22nd meeting of the 21st Board of Directors	1. Adopted the amendment of the Company's "Articles of Incorporation". 2. Adopted the amount of the Company's 2015 distribution for director and supervisor remuneration and employee dividends. 3. Adopted the Company's 2015 Business Report and Financial Statements. 4. Adopted the Company's 2015 Statement of Internal Control System. 5. Adopted the remuneration for the Company's officers. 6. Adopted the proposal to appoint the new officer. 7. Adopted the remuneration for the new officer. 8. Adopted the proposal to enact the Company's "Organizational Rules for the Audit Committee". 9. Adopted the amendment of the Company's "Rules for Election of Directors and Supervisors". 10. Adopted the amendment of the Company's "Procedures for Acquisition and Disposal of Assets". 11. Adopted the amendment of the Company's "Rules and Procedures of Shareholder Meetings". 12. Adopted the amendment of the Company's "Operational Procedures for Loaning of Company Funds". 13. Adopted the amendment of the Company's "Operational Procedures for Making Endorsements and Guarantees". 14. Adopted the proposal to enact the Company's "Ethical Conduct Standards". 15. Adopted the proposal to release the non-compete restrictions from the Company's officers. 16. Adopted the proposal to elect new directors (including three independent directors). 17. Adopted the nomination and reviewed the list of independent director candidates. 18. Adopted the proposal to release the non-compete restrictions from the Company's

Date	Term	Material resolutions
		Directors. 19. Relevant matters regarding convening the Company's 2016 annual general meeting of shareholders. 20. Adopted the application for increasing and renewing the line of credit for the Company to lend funds from financial institutions. 21. Adopted the line of credit for the Company to make endorsement or guarantee for its subsidiary.
2016.04.29	23rd meeting of the 21st Board of Directors	1. Adopted the Company's 2015 profit distribution. 2. Adopted the review of the nomination list of independent directors to be elected at the Company's 2016 annual general shareholders' meeting.

(12) In recent fiscal year and as of the date of this Annual Report, major contents of the record or written statements made by any director or supervisor dissenting to important resolutions adopted by the Board of Directors: N/A.

(13) In recent fiscal year and as of the date of this Annual Report, facts regarding resignation and discharge of the Chairman, President, accounting head, financial head, head of the internal auditors and head of the research and development department: N/A.

3.5 Information Regarding the Company's Audit Fees

A. Information regarding the Company's audit fees

(in NT$ thousands)

Accounting firm	Name of the CPA	Audit fees	Non-Audit Fees					CPA's audit time period	Notes
			Design of the system	Registration with the competent authority	Human resources	Others	Sum		
Deloitte &Touche	Wu, Ker-Chang Yu, Hung-Bin	10,870	0	40	0	0	40	2015 Q1~Q3 quarterly financial reports and 2015 annual financial report	None

B. Intervals of the fees for the CPA

Unit: in NT$

	Items of fees / Intervals of the amount	Audit fees	Non-audit fees	Total
1	Less than 2,000,000		V	
2	2,000,000 (included)～4,000,000			
3	4,000,000 (included)～6,000,000			
4	6,000,000 (included)～8,000,000			
5	8,000,000 (included)～10,000,000			
6	More than 10,000,000	V		V

C. The facts of changing the CPA Firm and the CPA fee paid in the year of change decreased from the preceding year: N/A.

D. Decrease of CPA fee by more than 15% compared with that in the preceding year: N/A.

3.6 Information Regarding the change of Certified Public Accountant Firm: N/A (as of the date of this Annual Report).

3.7 The Company's Chairman, President, Officer in charge of Financial or Accounting Affairs having served in the Firm where the Certified Public Accountant Firm serves or Its Affiliated Enterprise in the prior year: N/A.

3.8 Transfer of Equity Interests and/or Pledge of or Changes in Equity Interests by Directors, Supervisors, Managers or Major Shareholders with a Stake of More than 10 Percent

Unit: shares

Title	Name	Year 2015		Until April 17 of the year	
		Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge	Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge
Chairman of the Board	PC Brothers Corporation	0	(53,668,000)	0	0
	Representative: Chan, Lu-Min (President of the Administration Management Department)	0	0	0	0
Vice Chairman of the Board	Tsai, Nai-Fung (Note 1)	(5,000,000)	0	0	0
Director	Tzong Ming Investments Co., Ltd.	0	0	0	0
	Representative: Tsai, Min-Chieh	0	0	0	0
Director	Chang Ming Investments Co., Ltd.	0	0	0	0
	Representative: Lu, Chin-Chu (President; President of the Global Supply Chain Management Department) (Note 1)	(51,000)	0	0	0
Director	Lai Chia Investments Co.,Ltd.	0	0	0	0
	Representative: Tsai, Ming-Lun (Executive Senior Manager) (Note 2)	0	0	0	0
Independent Director	Chen, Bor-Liang	0	0	0	0
Independent Director	Chiu, Tien-I	0	0	0	0
Supervisor	Sheachang Enterprise Corporation	0	0	0	0
	Lin, Yuan-Lang	0	0	0	0
Supervisor	Ever Green Investments Corporation	0	0	0	0
	Chen, Huan-Chung	0	0	0	0
President of Apparel Business Department	Kuo, Tai-Yu	0	0	0	0
President of Footwear Joint Venture Business Department	Kung, Sung-Yen	0	0	0	0
Executive Senior Manager	Ho, Ming-Kun	0	0	0	0
Executive Senior Manager	Ho, Yu-Ming (Note 3)	0	0	0	0
Senior Manager	Chang, Yea-Fen (Note 4)	241,000	0	0	0
Senior Manager	Wu, Hui-Chi (Note 5)	0	0	0	0

Note 1: The counterparty of the share transfer is a related party. The information about the share transfer is as follows:

Name	Reason for share transfer	Date of transfer	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Number of shares	Transaction price
Tsai, Nai-Fung	Disposal (as gift)	2015.06.12	Tsai Hsu, Shu-Chun	Spouse	5,000,000	N/A
Lu, Chin-Chu	Disposal (as gift)	2015.12.18	Lu, Yi-Shan	Father and daughter	17,000	N/A
			Lu, Yen-Miao	Father and daughter	17,000	N/A
			Lu, Chien-Yu	Father and daughter	17,000	N/A

Note 2: Elected as director on June 12, 2015, and appointed as officer in the Board of Directors' meeting on March 24, 2016.

Note 3: Appointed as officer in the Board of Directors' meeting on March 24, 2016.

Note 4: Exercised employee share options on August 25, 2015.

Note 5: Appointed as officer in the Board of Directors' meeting on December 25, 2015.

3.9 Relationship among the Top Ten Shareholders

April 17, 2016 (Unit: Shares)

Name	Shares held by him/her/itself		Shares held by the spouse or underage children		Shareholding by nominee arrangement		Name and relationship between the Company's top ten shareholders, or spouses or relatives within two degrees		Notes
	Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)	Name	Relations	
PC Brothers Corporation	213,280,710	7.24	0	-	0	-	N/A	-	-
Representative: Chan, Lu-Min	366,452	0.01	0	-	0	-	N/A	-	-
Chuan Mou Investments Co., Ltd.	163,425,022	5.55	0	-	0	-	Kai Tai Investments Co., Ltd.	The invested company under the evaluation of equity method	-
Chairman: Lee, A-Chuan	165,536	0.01	100	-	0	-	N/A	-	-
Red Magnet Developments Limited	135,594,174	4.60	0	-	0	-	N/A	-	-
Representative: Wu, Pan-Tsu	0	-	0	-	0	-	N/A	-	-
Kai Tai Investments Co.,Ltd.	134,162,557	4.55	0	-	0	-	Chuan Mou Investments Co., Ltd.	The invested company under the evaluation of equity method	-
Chairman: Chen, Ying-Ta	0	-	0	-	0	-	N/A	-	-
Taishin International Bank Trust Account - Tsai, Chi Jui	101,951,385	3.46	0	-	0	-	N/A	-	-
Fubon Life Insurance Co., Ltd.	94,620,956	3.21	0	-	0	-	N/A	-	-
Bank of Taiwan in custody for UOB-Kay Hian (Hong Kong) Limited	80,243,904	2.72	0	-	0	-	N/A	-	-
Mega International Commercial Bank in custody for Mega Securities (Hong Kong) Limited	54,826,517	1.86	0	-	0	-	N/A	-	-
Standard Chartered Bank in custody for DBS Bank (No. 0600049662)	53,732,759	1.82	0	-	0	-	N/A	-	-
Citibank (Taiwan) in custody for Singapore Government	52,429,822	1.78	0	-	0	-	N/A	-	-

3.10 The number of Shares of an Enterprise held by the Company, the Company's Directors, Supervisors and Officers and the Enterprises Controlled by the Company Directly or Indirectly, and the Consolidated Shareholding Percentage

March 31, 2016 (Unit: Shares)

Affiliated Company	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Officers		Total Ownership	
	Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)
Wealthplus Holdings Limited	9,222,000	100.00	0	-	9,222,000	100.00
Win Fortune Investments Limited	100,000	100.00	0	-	100,000	100.00
Windsor Entertainment Co., Ltd.	10,000,000	100.00	0	-	10,000,000	100.00
Pou Shine Investments Co., Ltd.	133,094,460	100.00	0	-	133,094,460	100.00
Pan Asia Insurance Services Co., Ltd.	Note	100.00	Note	-	Note	100.00
Barits Development Corporation	230,882,558	99.49	296,670	0.13	231,179,228	99.62
Pou Yuen Technology Co., Ltd.	28,437,147	97.82	578,170	1.99	29,015,317	99.81
Pro Arch International Development Enterprise Inc.	20,000,000	100.00	0	0	20,000,000	100.00
Pou Yii Development Co., Ltd.	7,875,000	15.00	39,375,000	75.00	47,250,000	90.00
Wang Yi Construction Co., Ltd.	601,755	7.82	6,910,750	89.75	7,512,505	97.57
Elitegroup Computer Systems Co., Ltd.	70,066,949	12.58	38,638,336	6.94	108,705,285	19.52
Techview International Technology Inc.	75	30.00	50	20.00	125	50.00
Ruen Chen Investment Holding Co., Ltd.	1,904,000,000	20.00	0	-	1,904,000,000	20.00

Note: the company is a limited company.

IV. CAPITAL OVERVIEW

4.1 Capital and Shares

(1) Share Capital

A. Sources of Share Capital

Unit: NT$/Shares

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
1992.05	10	150,000,000	1,500,000,000	133,116,000	1,331,160,000	—	—	—
1993.12	10	185,000,000	1,850,000,000	159,975,200	1,599,752,000	Note 1	—	—
1994.08	10	185,000,000	1,850,000,000	183,971,480	1,839,714,800	Note 2	—	—
1995.06	10	378,000,000	3,780,000,000	220,765,776	2,207,657,760	Note 3	—	—
1996.09	10	378,000,000	3,780,000,000	264,918,931	2,649,189,310	Note 4	—	—
1997.06	10	496,500,000 (including convertible corporate bonds of 50 million shares)	4,965,000,000 (including convertible corporate bonds of NT$ 500 million)	357,640,556	3,576,405,560	Note 5	—	—
1998.02	10	496,500,000 (including convertible corporate bonds of 50 million shares)	4,965,000,000 (including convertible corporate bonds of NT$ 500 million)	378,972,570	3,789,725,700	Note 6	—	—
1998.05.07	10	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT$2 billion)	568,458,855	5,684,588,550	Note 7	—	—
1998.06.02	80	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT$2 billion)	607,930,915	6,079,309,150	Note 8	—	—
1999.07.05	10	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT$2 billion)	851,103,280	8,511,032,800	Note 9	—	—
2000.01.19	conversion price 67.05	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT$2 billion)	856,421,995	8,564,219,950	Note 10	—	—
2000.05.12	conversion price 67.05	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT$2 billion)	875,762,784	8,757,627,840	Note 11	—	—
2000.07.15	10	2,303,500,000 (including	23,035,000,000 (including	1,229,174,619	12,291,746,190	Note 12	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		convertible corporate bonds of 200 million shares)	convertible corporate bonds of NT$ 2 billion)					
2001.07.20	10	2,303,500,000 (including convertible corporate bonds of 200 million shares)	23,035,000,000 (including convertible corporate bonds of NT$ 2 billion)	1,352,092,080	13,520,920,800	Note 13	–	–
2002.07.05	10	2,303,500,000 (including convertible corporate bonds of 200 million shares, employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	23,035,000,000 (including convertible corporate bonds of 2 billion, employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT$2.5 billion)	1,632,582,229	16,325,822,290	Note 14	–	–
2003.07.04	10	3,028,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	30,280,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	1,884,799,453	18,847,994,530	Note 15	–	–
2004.07.22	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share option, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,089,733,386	20,897,333,860	Note 16	–	–
2004.10.20	10	3,475,000,000 (including employee share options, preferred share	34,750,000,000 (including employee share options, preferred share options, or	2,093,362,386	20,933,623,860	Note 17	–	–

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		options or corporate bonds with options available for subscription in the amount of 250 million shares)	corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)					
2005.01.24	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,093,673,386	20,936,733,860	Note 18	—	—
2005.04.19	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,094,816,386	20,948,163,860	Note 19	—	—
2005.07.21	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,095,583,386	20,955,833,860	Note 20	—	—
2005.07.22	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,304,788,816	23,047,888,160	Note 21	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		250 million shares)						
2005.10.28	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,305,430,816	23,054,308,160	Note 22	—	—
2006.02.08	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,305,792,816	23,057,928,160	Note 23	—	—
2006.04.21	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share option, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,307,207,816	23,072,078,160	Note 24	—	—
2006.07.24	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,307,985,816	23,079,858,160	Note 25	—	—
2006.09.21	10	3,800,000,000 (including employee share options,	38,000,000,000 (including employee share options, preferred	2,435,012,336	24,350,123,360	Note 26	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)					
2006.10.20	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,438,056,336	24,380,563,360	Note 27	—	—
2007.01.23	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,442,685,746	24,426,857,460	Note 28	—	—
2007.05.10	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,445,245,915	24,452,459,150	Note 29	—	—
2007.07.25	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5	2,447,329,695	24,473,296,950	Note 30	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		the amount of 250 million shares)	billion)					
2007.08.06	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,511,101,130	25,111,011,300	Note 31	—	—
2007.10.19	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,511,559,987	25,115,599,870	Note 32	—	—
2008.01.17	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,511,853,987	25,118,539,870	Note 33	—	—
2008.04.17	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)	2,513,606,987	25,136,069,870	Note 34	—	—
2008.07.31	10	3,800,000,000 (including employee share	38,000,000,000 (including employee share	2,514,528,987	25,145,289,870	Note 35	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 2.5 billion)					
2008.08.21	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,788,960,495	27,889,604,950	Note 36	—	—
2008.10.23	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,789,925,495	27,899,254,950	Note 37	—	—
2009.01.16	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,740,005,495	27,400,054,950	Note 38	—	—
2009.04.14	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the	2,712,567,495	27,125,674,950	Note 39	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		subscription in the amount of 300 million shares)	amount of NT$ 3 billion)					
2009.05.19	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,705,567,495	27,055,674,950	Note 40	—	—
2009.08.19	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,842,785,728	28,427,857,280	Note 41	—	—
2010.01.22	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,843,084,728	28,430,847,280	Note 42	—	—
2010.04.20	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,843,109,728	28,431,097,280	Note 43	—	—
2010.08.11	10	4,500,000,000 (including	45,000,000,000 (including	2,899,105,922	28,991,059,220	Note 44	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)					
2010.10.21	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,899,755,922	28,997,559,220	Note 45	—	—
2011.04.18	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,900,061,922	29,000,619,220	Note 46	—	—
2011.07.15	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,900,435,922	29,004,359,220	Note 47	—	—
2011.10.26	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for	2,908,638,922	29,086,389,220	Note 48	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		available for subscription in the amount of 300 million shares)	subscription in the amount of NT$ 3 billion)					
2012.01.18	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,924,146,922	29,241,469,220	Note 49	—	—
2012.05.01	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,940,283,922	29,402,839,220	Note 50	—	—
2012.07.17	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,941,665,922	29,416,659,220	Note 51	—	—
2012.10.26	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,943,184,922	29,431,849,220	Note 52	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
2013.04.22	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,943,780,104	29,437,801,040	Note 53	—	—
2013.07.29	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,944,137,213	29,441,372,130	Note 54	—	—
2015.10.21	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options, or corporate bonds with options available for subscription in the amount of NT$ 3 billion)	2,946,787,213	29,467,872,130	Note 55	—	—

Note 1: Approval for capital increase in the amount of NT$ 268,592,000 based on earnings (including employee bonus NT$2,360,000): The 03 August 1993 Taiwan-Finance-Securities Letter, No. 29888.

Note 2: Approval for capital increase in the amount of NT$ 239,962,800 based on earnings: The 29 August 1994 Taiwan-Finance-Securities Letter, No. 32085.

Note 3: Approval for capital increase in the amount of NT$ 367,942,960 based on earnings: The 29 June 1995 Taiwan-Finance-Securities Letter, No. 37682.

Note 4: Approval for capital increase in the amount of NT$ 441,531,550 based on earnings: The 17 September 1996 Taiwan-Finance-Securities Letter, No. 56736.

Note 5: Approval for capital increase in the amount of NT$ 927,216,250 based on earnings: The 24 May 1997 Taiwan-Finance-Securities Letter, No. 41551.

Note 6: Approval for capital increase in the amount of NT$ 213,320,140 based on earnings: The 25 November 1997 Taiwan-Finance-Securities Letter, No. 81051.

Note 7: Approval for capital increase in the amount of NT$ 1,894,862,850 based on earnings: 07 May 1998

Taiwan-Finance-Securities Letter, No. 38354.

Note 8: Approval for capital increase in the amount of NT$ 394,720,600 based on earnings: 02 June 1998 Taiwan-Finance-Securities Letter, No. 37461.

Note 9: Approval for capital increase in the amount of NT$ 1,823,792,740 based on earnings: The 05 July 1999 Taiwan-Finance-Securities Letter, No. 61108.；capital increase in the amount of NT$ 607,930,910 based on capital reserve.

Note 10: Approval for the issuance of 5,318,715 new shares (NT$ 53,187,150) based on convertible corporate bonds: The 19 January 2000 Economics-Business Letter, No. 08910076.

Note 11: Approval for the issuance of 19,340,789 new shares (NT$ 193,407,890) based on convertible corporate bonds: The 12 May 2000 Economics-Business Letter, No. 089114934.

Note 12: Approval for capital increase in the amount of NT$ 2,658,355,570 (including employee bonus NT$ 31,067,220) based on earnings: The 15 July 2000 Taiwan-Finance-Securities Letter, No. 60739；capital increase in the amount of NT$ 875,762,780 based on capital reserve.

Note 13: Approval for capital increase in the amount of NT$ 1,229,174,610 based on capital reserve: The 20 July 2001 Taiwan-Finance-Securities Letter, No. 147283.

Note 14: Approval for capital increase in the amount of NT$ 1,452,809,410 (including employee bonus NT$ 100,717,330) based on earnings: The 05 July 2002 Taiwan-Finance-Securities Letter, No. 910137022；capital increase in the amount of NT$1,352,092,080 based on capital reserve.

Note 15: Approval for capital increase in the amount of NT$ 2,522,172,240 (including employee bonus NT$ 73,298,900) based on earnings: The 04 July 2003 Taiwan-Finance-Securities Letter, No. 0920129891.

Note 16: Approval for capital increase in the amount of NT$ 2,049,339,330 (including employee bonus NT$ 164,539,880) based on earnings: The 22 July 2004 Financial-Supervisory-Securities Letter, No. 0930132871.

Note 17: Approval for issuance of 3,629,000 (NT$ 36,290,000) new shares based on employee share options: The 20 October 2004 Economic-Authorized-Business Letter, No. 0930119770.

Note 18: Approval for issuance of 311,000 (NT$ 3,110,000) new shares based on employee share options: The 24 January 2005 Economic-Authorized-Business Letter, No. 09401010910.

Note 19: Approval for issuance of 1,143,000 (NT$ 11,430,000) of new shares based on employee share options: The 19 April 2015 Economic-Authorized-Business Letter, No. 09401066360.

Note 20: Approval for issuance of 767,000 (NT$7,670,000) new shares based on employee share options: The 21 July 2015 Economic-Authorized-Business Letter, No. 09401138550.

Note 21: Approval for capital increase in the amount of NT$ 2,092,054,300 (including employee bonus NT$ 42,396,910) based on earnings: The 22 July 2005 Financial-Supervisory-Securities Letter, No. 0940129791.

Note 22: Approval for issuance of 642,000 (NT$ 6,420,000) new shares based on employee share options: The 28 October 2005 Economic-Authorized-Business Letter, No. 09401216290.

Note 23: Approval for issuance of 362,000 (NT$ 3,620,000) news shares based on employee share options: The 28 February 2006 Economic-Authorized-Business Letter, No. 09501022210.

Note 24: Approval for issuance of 1,415,000 (NT$ 14,150,000) new shares based on employee share options: The 21 April 2006 Economic-Authorized-Business Letter, No. 09501071090.

Note 25: Approval for issuance of 778,000 (NT$ 7,780,000) new shares based on employee share options: The 24 July 2006 Economic-Authorized-Business Letter, No. 09501156300.

Note 26: Approval for capital increase in the amount of NT$ 1,270,265,200 based on earnings: The 21 September 2006 Economic-Authorized-Business Letter, No. 09501211980.

Note 27: Approval for issuance of 3,044,000 (NT$ 30,440,000) new shares based on employee share options: The 20 October 2016 Economic-Authorized-Business Letter, No. 09501237370.

Note 28: Approval for issuance of 2,441,000 (NT$ 24,410,000) new shares based on employee share options, and issuance of 2,188,410 (NT$ 21,884,100) new shares convertible corporate bonds: The 23 January 2007 Economic-Authorized-Business Letter, No. 09601017360.

Note 29: Approval for issuance of 2,087,000 (NT$ 20,870,000) new shares based on employee share options, and issuance of 473,169 (NT$ 4,731,690) new shares based on convertible corporate bonds: The 10 May 2007 Economic-Authorized-Business Letter, No. 09601101980.

Note 30: Approval for issuance of 1,930,000 (NT$ 19,300,000) new shares based on employee share options, and issuance of 153,780 (NT$ 1,537,800) new shares based on convertible corporate bonds: The 25 July 2007 Economic-Authorized-Business Letter, No. 09601173570.

Note 31: Approval for capital increase in the amount of NT$ 637,714,350 (including employee bonus NT$151,505,170) based on earnings: The 06 August 2007 Economic-Authorized-Business Letter, No. 09601187590.

Note 32: Approval for issuance of 273,000 (NT$ 2,730,000) new shares based on employee share options and issuance of 185,857 (NT$ 1,858,570) new shares based on convertible corporate bonds: The 19 October 2007 Economic-Authorized-Business Letter, No. 09601257130.

Note 33: Approval for issuance of 294,000 (NT$ 2,940,000) new shares based on employee share options: The 17 January 2008 Economic-Authorized-Business Letter, No. 09701012630.

Note 34: Approval for issuance of 1,753,000 (NT$ 17,530,000) new shares based on employee share options: The 17 April 2008 Economic-Authorized-Business Letter, No. 09701092370.

Note 35: Approval for issuance of 922,000 (NT$ 9,220,000) new shares based on employee share options: The 31 July 2008 Economic-Authorized-Business Letter, No. 09701187370.

Note 36: Approval for capital increase in the amount of NT$2,744,315,080 (including employee bonus NT$273,216,100) based on earnings: The 21 August 2008 Economic-Authorized-Business Letter, No. 09701210880.

Note 37: Approval for issuance of 965,000 (NT$ 9,650,000) new shares based on employee share options: The 23 October 2008 Economic-Authorized-Business Letter, No. 09701265620.

Note 38: Approval for issuance of 80,000 (NT$ 800,000) new shares based on employee share options, and cancellation of 50,000,000 (NT$ 500,000,000) treasury shares: The 16 January 2009 Economic-Authorized-Business Letter, No. 09801011170.

Note 39: Approval for issuance of 62,000 (NT$ 620,000) new shares based on employee share options, and cancellation of 27,500,000 (NT$ 275,000,000) treasury shares: The 14 April 2009 Economic-Authorized-Business Letter, No. 09801074100.

Note 40: Approval for cancellation of 7,000,000 (NT$ 70,000,000) treasury shares: The 19 May 2009 Economic-Authorized-Business Letter, No. 0981098500.

Note 41: Approval for capital increase by the issuance of 137,218,233 (NT$ 1,372,182,330) new shares based on undistributed earnings and employee bonus: The 19 August 2009 Economic-Authorized-Business Letter, No. 09801187410.

Note 42: Approval for capital increase by the issuance of 299,000 (NT$ 2,990,000) new shares based on employee bonus: The 22 January 2010 Economic-Authorized-Business Letter, No. 09901012630.

Note 43: Approval for issuance of 25,000 (NT$ 250,000) new shares based on employee share options: The 20 April 2010 Economic-Authorized-Business Letter, No. 09901078520.

Note 44: Approval for capital increase by the issuance of 55,996,194 new shares (NT$ 559,961,940) based on undistributed earnings: The 11 August 2010 Economic-Authorized-Business Letter, No. 09901177910.

Note 45: Approval for issuance of 650,000 (NT$ 6,500,000) new shares based on employee share options: The 21 October 2010 Economic-Authorized-Business Letter, No. 09901237790.

Note 46: Approval for issuance of 306,000 (NT$ 3,060,000) new shares based on employee share options: The 18 April 2011 Economic-Authorized-Business Letter, No. 10001075180.

Note 47: Approval for issuance of 374,000 (NT$ 3,740,000) new shares based on employee share options: The 15 July 2011

Economic-Authorized-Business Letter, No. 1000116580.

Note 48: Approval for issuance of 8,203,000 (NT$82,030,000) new shares based on employee share options: The 26 October 2011, Economic-Authorized-Business Letter, No. 10001246280.

Note 49: Approval for issuance of 15,508,000 (NT$ 155,080,000) new shares based on employee share options: The 18 January 2012 Economic-Authorized-Business Letter, No. 10101011620.

Note 50: Approval for issuance of 16,137,000 (NT$ 161,370,000) new shares based on employee share options: The 01 May 2012 Economic-Authorized-Business Letter, No. 10101077780.

Note 51: Approval for issuance of 1,382,000 (NT$ 13,820,000) new shares based on employee share options: The 17 July 2012 Economic-Authorized-Business Letter, No. 10101145420.

Note 52: Approval for issuance of 1,519,000 (NT$ 15,190,000) new shares based on employee share options: The 26 October 2012 Economic-Authorized-Business Letter, No. 10101214180.

Note 53: Approval for issuance of 595,182 (NT$5,951,820) new shares based on employee share options: The 22 April 2013 Economic-Authorized-Business Letter, No. 10201074260.

Note 54: Approval for issuance of 357,109 (NT$3,571,090) new shares based on employee share options: The 29 July 2013 Economic-Authorized-Business Letter, No. 10201144050.

Note 55: Approval for issuance of 2,650,000 (NT$26,500,000) new shares based on employee share options: The 21 October 2015 Economic-Authorized-Business Letter, No. 10401221220.

B. Type of Shares:

April 17, 2016; Unit: shares

Type of shares	Authorized Share Capital			Notes
	Issued and outstanding shares	Unissued shares	Total	
Common shares	2,946,787,213	1,553,212,787	4,500,000,000	TWSE listed shares

C. Information for Shelf Registration: N/A.

(2) Status of Shareholders

April 17, 2016; Unit: persons; shares

Shareholder's structure / Number	Governmental Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Foreigners	Total
Number of shareholders	10	83	148	76,028	849	77,118
Number of shares held	111,460,281	313,559,758	415,405,271	399,072,459	1,707,289,444	2,946,787,213
Ratio (%)	3.78%	10.64%	14.10%	13.54%	57.94%	100.00%

(3) Distribution profile of shareholding

April 17, 2016

Interval of number of shares (shares)	No. of Shareholders (persons)	Number of shares held (shares)	Ratio (%)
1 to 999	34,984	8,469,986	0.29%
1,000 to 5,000	28,647	64,625,385	2.19%
5,001 to 10,000	6,507	47,875,872	1.63%
10,001 to 15,000	2,248	27,650,262	0.94%
15,001 to 20,000	1,296	22,658,476	0.77%
20,001 to 30,000	1,161	28,289,037	0.96%
30,001 to 40,000	560	19,434,626	0.66%
40,001 to 50,000	344	15,657,840	0.53%
50,001 to 100,000	518	36,438,412	1.24%
100,001 to 200,000	281	39,441,658	1.34%
200,001 to 400,000	194	54,470,343	1.85%
400,001 to 600,000	72	35,817,490	1.22%
600,001 to 800,000	51	35,897,598	1.21%
800,001 to 1,000,000	41	36,592,758	1.24%
More than 1,000,001	214	2,473,467,470	83.93%
Total	77,118	2,946,787,213	100.00%

(4) List of major shareholders

April 17, 2016

Shares / Name of major shareholders	Number of shares held (shares)	Ratio (%)
PC Brothers Corporation	213,280,710	7.24%
Chuan Mou Investments Co., Ltd.	163,425,022	5.55%
Red Magnet Developments Limited	135,594,174	4.60%
Kai Tai Investments Co., Ltd.	134,162,557	4.55%
Taishin International Bank Trust Account - Tsai, Chi Jui	101,951,385	3.46%
Fubon Life Insurance Co., Ltd.	94,620,956	3.21%
Bank of Taiwan in custody for UOB-Kay Hian (Hong Kong) Limited	80,243,904	2.72%
Mega International Commercial Bank in custody for Mega Securities (Hong Kong) Limited	54,826,517	1.86%
Standard Chartered Bank in custody for DBS Bank (No. 0600049662)	53,732,759	1.82%
Citibank (Taiwan) in custody for Singapore Government	52,429,822	1.78%

(5) Market price per share, net value, earnings, dividends and other relevant information for the last two fiscal years

Item / Year			2014	2015	2016 (as of March 31)
Market price per share (dollars) (Note 1)	Highest Price		44.75	53.60	43.55
	Lowest Price		29.25	37.00	36.10
	Average Price		36.70	45.49	40.49
Net value per share (dollars)	Before distribution		24.02	23.52	25.16(Note 6)
	After distribution		22.52	22.02 (Note 5)	25.16(Note 6)
Earnings per share	Weighted average shares (thousand shares)		2,944,137	2,945,021	2,946,787 (Note 6)
	Earnings per share (dollars)		2.93	3.24	1.02(Note 6)
Dividends per share (dollars)	Cash dividends		1.5	1.5 (Note 5)	N/A
	Share dividends (w/o consideration)	Dividends from retained earnings	0	0	N/A
		Dividends from capital earnings	0	0	N/A
	Dividends from Capital Surplus		0	0	N/A
ROI analysis	Price-earnings ratio (Note 2)		12.44	13.89	N/A
	Price-dividend ratio (Note 3)		24.29	30.00 (Note 5)	N/A
	Cash dividend yield Rate (Note 4)		4.12%	3.33% (Note 5)	N/A

Note 1: List of the highest and lowest market price of common shares in a given year. The average market price is calculated based on closing price and transacted number of shares in a given year.

Note 2: Price-earnings (P/E) ratio＝Average closing price per share in the year／EPS.

Note 3: Price-dividend (P/D) ratio＝ Average closing price per share in the year／Cash dividend per share.

Note 4: Cash dividend yield＝Cash dividend per share／Average closing price per share in the year.

Note 5: The proposal of profit distribution in 2015 is adopted at the board of directors' meeting on April 29, 2016, and is to be resolved at the shareholders' meeting.

Note 6: The financial statement for Q1 of 2016 has been reviewed by the independent auditors.

(6) The Company's dividend policy and implementation

A. Dividend policy:

Current dividend policy pursuant to the Company's Articles of Incorporation:

Profits may be distributed according to govern by the Company Act and the Articles of Incorporation of the Company, and distribution shall be made based on a prudent principle after taking into consideration financial, business and operational factors. Distributable profits may be reserved or distributed in the form of stock dividends, cash dividends or a combination of both. To sustain the Company's operational developments and long-term plans to pursue financial prudence. The distribution of profits shall be proposed by the board of Directors, and submitted to the shareholders' meeting for approval. A portion for cash dividend shall be not less than 10% of total distribution. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profits.

Proposal to discuss and amend the dividend policy under the Company's Articles of Incorporation in the annual general meeting of shareholders on June 15, 2016:

Profits may be distributed after taking into consideration financial, business and operational factors. The distribution of profits shall be proposed by the board of Directors, and submitted to the shareholders' meeting for approval. The ratio of distribution shall be not less than 30% of the net income for each fiscal year, and a portion for cash dividend shall be not less than 30% of total distribution. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profits.

B. Proposal to distribute dividends to be resolved at shareholders' meeting of 2016:

The board of directors has adopted 2015 profit distribution proposal on April 29, 2016 to distribute cash dividends of NT$1.5 per share, all in the form of cash. The distribution will be made after the adoption of the proposal at 2016 annual general shareholders' meeting.

(7) The impact of the issuance of bonus shares proposed in the present shareholders' meeting upon the Company's business performance and earnings per share (EPS): N/A.

(8) Employees compensation, and Directors and Supervisors remuneration

A. The percentage or scope of Employees compensation, and Directors and Supervisors remuneration as set forth under the Articles of Incorporation:

The percentage or scope of Employees compensation, and Directors and Supervisors remuneration as set forth under the Articles of Incorporation for current years:

The Company shall appropriate Retained earnings available for distribution (which is income after tax less offsetting deficits, legal reserve and special reserve) for no more than 3% of such balance as remuneration of Directors and Supervisors and 1 to 5% of such balance as the employees' bonus.

Proposal to Employees compensation, and Directors and Supervisors remuneration to be resolved at shareholders' meeting of 2016:

The Company shall appropriate 1 to 5% of the profit of the fiscal year (profit shall mean the income before income tax less Employees' compensation, and Directors' and Supervisors' remuneration) for employees' compensation and may appropriate no higher than 3% of the same profit as Directors' and Supervisors' remuneration. Such employees' compensation may be in the form of stock or cash by the resolution of the board of Directors. Employees eligible for such compensation may include those of the Company's subsidiaries meeting certain conditions.

In the presence of accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees', Directors' and Supervisors' remuneration in accordance with the ratios prescribed by the preceding paragraph.

The remuneration for directors and supervisors in the preceding paragraph shall be revised as director remuneration after establishment of the Audit Committee.

B. The basis of estimated Employees compensation, and Directors and Supervisors remuneration in this fiscal period, the calculation basis of the compensation for employees in the form of shares, and the accounting policy of addressing any discrepancy between the amount of actual allocation and the estimated amount.

The amount of Employees compensation, and Directors and Supervisors remuneration is estimated based on past experiences and amount to be distributed will be estimated and recognized as fees in current financial report. In the event of significant change to the distributed amount (i.e., the change of the amount reaches the threshold to prepare a new financial report under Article 6 of the Securities and Exchange Act Enforcement Rules, which is the amount exceeding NT$10,000,000 and reaching 1% of the net operating revenue or 5% of the paid-in capital or more) determined by the board of directors after issuance of such financial report, the fees recognized for that year (the year when the employee bonus is recognized as fees) shall be adjusted accordingly. If the change does not meet the threshold of significant change, such change may be addressed as changes in accounting estimates, and be recognized in the following year. If the amount is also changed in the following year, such change shall be addressed as changes in accounting estimates on the date of the board of directors' meeting, and be recognized in the following year.

C. Information of distribution of remuneration adopted at the board of directors' meeting:

(A) The Company's board of directors has resolved on March 24, 2016 to allocate 1.8% of the profit in 2015 (the profit refers to the amount of pre-tax profit before distribution of Employees compensation, and Directors and Supervisors remuneration) for employee compensation and 0.9% for director and supervisor remuneration; the addressing of the discrepancy between the actual distributed amount and the estimated amount recognized as follows:

(in NT$ thousands)

	Employee compensation	Directors and supervisors remuneration	Status of addressing the discrepancy
Estimated amount in the year the remuneration is recognized as fees (A)	203,472	101,736	No discrepancy
Amount proposed at the Board of Directors' Meeting (B)	203,472	101,736	
Discrepancy (B)-(A)	0	0	

(B) The Employees compensation, and Directors and Supervisors remuneration is to be reported to the shareholders' meeting after amendment to the Articles of Incorporation in the annual general meeting of shareholders scheduled on June 15, 2016.

(C) The amount of employee compensation distributed in the form of shares and its percentage among the aggregate amount of after-tax net income in the separated financial report and the amount of employee compensation: N/A.

D. The remuneration actually distributed to employees, directors and supervisors in the preceding year (including number, amount and price of shares distributed); if there is discrepancy between the distributed remuneration and the remuneration proposed to be distributed, the amount and reason of the discrepancy and the status of addressing such discrepancy:

The Company's distribution of remuneration to the employees, directors and supervisors with the Company's earnings of 2014, and addressing of the discrepancy between the actual distribution amount and the estimated amount recognized as fees as follows:

(in NT$ thousands)

	Employee compensation	Remuneration for Directors and Supervisors	Status of addressing the discrepancy
Estimated amount in the year the remuneration is recognized as fees (A)	334,667	169,882	No discrepancy
Amount actually distributed (B)	334,667	169,882	
Discrepancy (B)-(A)	0	0	

(9) Shares repurchased by the Company: N/A.

4.2 Issuance of Corporate Bonds: N/A.

4.3 Issuance of Preferred Shares: N/A.

4.4 Issuance of Overseas Depository Receipts: N/A

4.5 Issuance of Employee Share Options:

(1) The Company's outstanding employee share options and its impact on shareholders' rights:

April 17, 2016

Type of employee share options	The 2nd term of employee share options
Effective date	2007.11.05
Issuance date	2007.11.06
Number of issued units	149,392,469 shares
Percentage of number of shares such share options may subscribe in total issued shares (%)	5.07
Term of share options	10 years
Exercise method	Issuance of new shares
Term and ratio of share options	1/3 of the share options may be exercised upon expiration of two years 2/3 of the share options may be exercised upon expiration of three years 3/3 of the share options may be exercised upon expiration of four years
Number of shares acquired from exercising share options	3,602,291 shares
Amount of shares acquired from exercising share options	NT$66,936,279
Number of shares that may be subscribed by unexercised share options	145,790,178 shares
Price per share for unexercised share options	NT$18.00
Percentage of number of shares such unexercised share options may subscribe in total issued shares (%)	4.95
Impact on shareholders' rights	maximum dilution rate for existing shareholders is 4.95%

(2) List of Executives Receiving Employee Share Options and the Top Ten Employees with Share Options

A. Employee share options held by officers (issued on November 6, 2007)

April 17, 2016

Title	Name	Number of share options	Percentage of number of shares such share options may subscribe in total issued shares (%)	Exercised				Unexercised			
				Number of shares	Exercise Price	Amount	Percentage of number of shares such share options may subscribe in total issued shares (%)	Number of shares	Exercise Price	Amount	Percentage of number of shares such unexercised share options may subscribe in total issued shares (%)
President of Apparel Business Department	Kuo, Tai-Yu	7,118,389 shares	0.24	482,000 shares	NT$18.00	NT$8,676,000	0.02	6,636,389 shares	NT$18.00	NT$ 119,455,002	0.23
President of Footwear Joint Venture Business Department	Kung, Sung-Yen										
President of the Global Supply Chain Management Department	Lu, Chin-Chu										
President of Administration Management Department	Chan, Lu-Min										
Executive Senior Manager	Ho, Ming-Kun										
Executive Senior Manager	Ho, Yue-Ming										
Executive Senior Manager	Tsai, Ming-Lun										
Senior Manager	Chang, Yea-Fen										
Senior Manager	Wu, Hui-Chi										

B. Top ten employees obtaining employee share options (issued on November 6, 2007)

April 17, 2016

Title	Name	Number of share options	Percentage of number of shares such share options may subscribe in total issued shares (%)	Exercised				Unexercised			
				Number of shares	Exercise Price	Amount	Percentage of number of shares such share options may subscribe in total issued shares (%)	Number of shares	Exercise Price	Amount	Percentage of number of shares such unexercised share options may subscribe in total issued shares (%)
Employee	Wu, Pan-Tsu	11,594,179 shares	0.39	1,446,000 shares	NT$18.00	NT$ 26,028,000	0.05	10,148,170 shares	NT$18.00	NT$ 182,667,060	0.34
Employee	Shih, Chih-Hung										
Employee	Hu, Chia-Ho										
Employee	Tsai, Ming-Hung										
Employee	Sung, Chien-Shih										
Employee	Hsiao, Hsiu-Chen										
Employee	Kuo, Hsiu-Ping										
Employee	Hsu, Hsiang-Ming										
Employee	Yang, Ching-Ju										
Employee	Liang, Chia-Wen										

4.6 Issuance of New Restricted of Employee Shares: N/A.

4.7 Status of Mergers and Acquisitions (including Mergers, Acquisitions and Spin-offs):N/A.

4.8 Implementation of Capital Utilization Plan: As of the date of this Annual Report, the Company has no pending capital utilization plan or completed capital utilization plan whose benefit has not yet materialized.

V. BUSINESS HIGHLIGHTS

5.1 Business Activities

(1) Scope of Business

A. Main Business

The principal of the Company's business activities are manufacturing of footwear and apparel, retailing of sporting goods and brand licensing business and other businesses.

(A) Manufacturing of shoes and apparel

The Company is a professional manufacturer of athletic, casual and outdoor footwear, with athletic footwear as its key product category, accounting for over 70% of the footwear manufacturing revenue. The Company's professional expertise allows it to be the original equipment manufacturer and original design manufacturer for leading international brands such as Nike, adidas, Reebok, Asics, Under Armour, New Balance, Puma, Converse, Salomon and Timberland. Apart from the footwear manufacturing business, the Company also operates in the manufacturing and sale of sports apparel.

(B) Retailing of sporting goods and brand licensing business

The target market for the Company's sportswear retail business is the Greater China region. Besides selling a wide variety of international brand sportswear products including footwear, apparel and accessories directly to consumers through either directly operated stores or on a wholesale basis to sub-distributors the Company is the exclusive brand licensee for Hush Puppies in Taiwan and Pony in China and Taiwan until December 31, 2018. The relevant brand licensee agreements grand the Company exclusive rights to design, develop, manufacture, market and distribute, and the flexibility to set the retail prices for the brand products at the designated locations for specified periods of time.

(C) Other Businesses

In order to maximize the value of the Company, it also diversified into real estate development, hotel operation and other businesses.

B. Revenues by Product Category

(in NT$ thousands)

Year / Key Products	2014		2015	
	Revenues	Ratio	Revenues	Ratio
Manufacturing of shoes and apparel	183,292,602	75.13%	195,313,401	72.59%
Retailing of sporting goods and brand licensing business	59,890,761	24.55%	72,926,712	27.10%
Other businesses	792,935	0.32%	841,060	0.31%
Total	243,976,298	100.00%	269,081,173	100.00%

C. Products and Services

The Company's current products include athletic and casual footwear, sports sandals, sports apparel and others. The Company is also involved in retail business, brand licensing, real estate development, hotel operation and others.

D. New Product (Service) Innovation

The Company's focus is on the footwear manufacturing business. The below lists projects and developments relating to the footwear manufacturing business:

(A) Toe Lasting Automated Inspection System

(B) Automated Vision System for Shoe Upper Processing

(C) Pattern Engineer Database Smart System

(D) Cloud-Based Shoe fitting Analysis system

(E) Teaching-Based Mold Construction System

(F) Automated Pattern Nesting System

(G) The Monitoring System for Various CNC Information

(H) Augmented Reality System

(I) Function-Oriented 3D Printing System

(J) Automated Manufacturing Technology for Various Footwear Materials

(2) Industry Overview

A. Current Industry Status and Developments

The following is current industry status of the Company’s two core business, footwear manufacturing and retail business:

(A) Global Footwear Market

From a production perspective, development in the footwear industry has been impacted by labor cost, natural resources, raw material supply, market condition and other factors. As the business environment changes, the center of global footwear production has gradually shifted over the last 30 years from Europe to Asia where costs is relatively lower. According to statistics presented in the World Footwear Yearbook, the worldwide footwear production in 2014 reached 24.3 billion pairs. Asia had an 88% dominant production share, and China, as the world’s largest manufacturing country, accounted for 65% of the total production, followed by India and Vietnam coming second and third respectively. From a consumption perspective, Europe and the USA have been the major consumption regions. However, due to the increasing consumers’ income and urbanization in emerging countries in recent years, those emerging countries now carry higher potential for consumption growth than their matured counterparts in Europe and the USA. In addition, together with its population advantage, Asia is not only the main source of footwear production but also the largest consumption market, which accounts for 52% of the global footwear consumption. At the country level, China, the USA and India are currently the world's top three largest markets for footwear consumption.

(B) Global Athletic Footwear Market

Recent increases in health awareness and recreation as well as growing participation in exercise has driven the expansion of the sporting goods market. According to statistics reported by Sporting Goods Intelligence (SGI), the global athletic footwear market has been growing at a high single-digit CAGR in the last ten years. In 2014, the market value exceeded US$52 billion and the top five major athletic footwear brands, Nike Inc., adidas Group, VF Corp., New Balance and Asics, occupied approximately 76% of the global market share, with the two largest brands, Nike and adidas, occupying nearly 58% of global market share, which evidences the importance of brand awareness in consumer purchasing behaviors. As a result, leading brands dedicate their efforts in building strong brand image and reputation and formulating marketing strategies in order to develop brand identity and to create consumer demand. Meanwhile, it is common that professional footwear manufacturers are outsourced in the performance of the production and factory management functions. Today, most of the original equipment manufacturers and original design manufacturers of athletic footwear are located in Asia, particularly in China, Vietnam and Indonesia. As footwear industry began to shift overseas, Taiwan, formerly the main footwear manufacturing supplier, has now transformed into the development center for new footwear models, materials and process, and the raw material procurement center for manufacturing facilities overseas.

(C) China's Sporting Goods Market

China's fast growing sportswear industry in the past decade has attracted global brands such as Nike and adidas to enter the market, and has also l led the development of local brand companies, including ANTA, Li-Ning, PEAK, 361° and Xtep. However, the rapid growth caused an overstretched market where homogenous competitions obviously happened among brands or retailers and ultimately resulted in product oversupply as sales slowed and inventory level rose. The overall industry growth rate experienced a slowdown since second half of 2011. The obscure business situation forced each participant of sportswear industry began to pay more attention to the subtle changes of market trends and shifts of consumer preferences and gradually developed distinct brand and product characteristics. Thereafter, the operating environment has stabilized and renewed growth in 2014 and 2015. According to data published by HSBC in September 2015, Nike and adidas were still the top two leading brands in China, each had approximately 12% market share. ANTA was the best-performing local brand, with approximately 9% market share. The above market situation indicates that international brands still outperform local brands in China. In addition, the General Administration of Sports of China reported that China's sportswear industry accounted for 0.6% of GDP in 2014, 80% of which was attributed to the sporting goods sector.

B. Relevance of upstream, midstream and downstream companies

(A) Footwear Manufacturing

Upstream: Textile/Leather/Plastics/Petroleum/Rubber
Midstream: Footwear Manufacturers
Downstream: Brand Companies
The footwear industry is divided into three sectors: upstream material suppliers, midstream manufacturers and downstream brand companies. Though each sector usually has its own operations, there is still a high interdependence within the supply chain.

Because the cost of raw materials accounts for approximately 60% of footwear production costs, the Company has long been dedicating its efforts to vertically integrate upstream raw materials. Except for petroleum products, the Company provides almost all kinds of raw materials for footwear manufacturing, including leather, synthetic leather, adhesives, molds, cardboard boxes, and shoe soles not only to its own factories but also sells to other footwear manufacturers. This supply chain integration enables the Company to more precisely manage raw material quality and lead time and raises entry barriers to for other footwear manufacturers.

In addition, the Company has established a flexible information system which allows its major customers to stay up-to-date with information regarding product development, raw material specifications, order status, lead time, and other factors. Such information system enables the Company to have better preparation and capacity allocation flexibility to achieve lean production. With the two above-mentioned advantages, the Company, as a professional manufacturer for brand athletic and casual footwear, has formed a complete supply chain by fully and successfully integrating the upstream, midstream and downstream companies and has gained a solid leading position in the industry.

(B) Retailing of sporting goods and brand licensing business

Upstream: Brand Companies/Sportswear Manufacturers/Sportswear Wholesalers

Midstream: Sportswear Retailers and Licensees of Brand Merchandise

Downstream: Consumers

Sportswear retailers and brand licensees are sales channels built by the upstream brand companies, sportswear manufacturers and wholesalers for the distribution of products or services to consumers. Through the distribution network established by sportswear retailers and brand licensees, upstream suppliers can focus on the design, development and manufacture of products, reduce costs and effectively enter into the target markets to gain market share; while the downstream consumers can quickly select and easily acquire their desired products and services, which further enhances brand loyalty of the consumers.

On the other hand, midstream retailers and brand licensees may gather feedback and suggestions from consumers and could promptly communicate market information with upstream companies, thus allowing them to better respond to the rapid changes in consumer demand by adjusting product design concept and production schedule. Concurrently, midstream retailers and brand licensees may continue to improve product and service quality by utilizing flexible purchasing strategies and tightly managing inventory and logistics processes. Specialization helps effectively increase the overall operating efficiency throughout the sportswear industry.

C. Product Development Trends and Competition

(A) Industrial Upgrading and Automated Production

Traditionally, footwear manufacturing is a labor intensive industry where the realization of automation is generally considered to be difficult. However, with labor costs rising, footwear manufacturers are compelled to find other ways to achieve better production quality and strictly control production costs, which results in constant review and improvement of existing production process. By upgrading production process and introducing excellent manufacturing technologies, dependency on labor is expected to be reduced, effectively improving overall manufacturing efficiency.

Besides, consumer demand for different and new products has inspired brands to develop innovative solutions and product design concepts. Branded companies began to launch footwear products with seamless upper and knitted construction, a transformation from traditional to automated production processes. In December 2015, adidas revealed that the Speed factory project has been launched and under the testing process in Germany and expected to produce running footwear using robots from 2016. The first 500 concept shoes are set to be delivered in the first half of 2016, with the goal to have fully automated manufacturing production in the future. The footwear manufacturing industry has now officially entered into a new era of automation.

(B) Cleaner Production and Green Industry

Following the growing awareness of and focus on environmental protection and sustainability around the world, footwear manufacturing has taken initiatives to implement green management in product design, manufacturing, marketing, purchasing, recycling, and other areas, thereby increasing product "green" value. The footwear materials that the Company uses shall be in compliance with environmental regulations and restricted substances list of branded customers as its target standards. The Company has also taken a proactive approach to the innovation in green materials, the improvement of conventional materials and the development of substitute materials to reach a balance between production costs and function, thereby integrating sustainability with the development and application of innovative materials.

The Company continues to strive for a sustainable manufacturing process without polluting the environment or risking human health and the ecosystem. Based on the respect to and protection of environment, the Company makes efforts to improve energy saving and carbon reduction to reduce the negative environmental impact during its operations, striking the balance between economic development and environmental protection to achieve the goal of corporate sustainability

(C) Development of High-performance and Technologically Advanced Shoes

With the growing consumer demands on the quality, function and added value of footwear products, in particular athletic footwear where the main functions of which are to enhance technical performance and minimize injuries from exercising, product design and development tend to focus on delivering superior shock absorption, traction and flex, as well as lightweight, moisture wicking, breathability, wrap design, and others. Footwear manufacturers continue to develop innovative materials and deliver high-performance footwear products. Footwear manufacturers incorporated new technologies into products, which enables high-tech footwear to become the latest profitability opportunities on the market.

Most technologically advanced footwear products feature instant tracking of the user’s physical condition or fitness activities and higher performance and comfort, such as shoes with responsive cushioning and dual density EVA, which provide enhanced stability and comfort. Asics, by integrating with the RunKeeper app, tracks distance and speed as users run, and suggests health management and workout plans by analyzing the big data collected. In 2015, Nike announced its first pair of self-lacing shoes, Nike Mag; the built-in responsive system provides instant and accurate adaptation to the most comfortable fit based on the biometrics of individual users. This high-performance and high-tech trend has delivered premium consumer sports experiences and provided more personalized and customized products and services.

(3) Research and Development (R&D) Overview

A. Product and technology R&D Expenses and Innovation Achievements in 2016

(A) R&D Expenses

The Company's R&D expenses in 2015 and as of March 31, 2016 were NT$ 6,008,984 thousand and NT$ 1,667,449 thousand respectively.

(B) Technology and Product Innovation Achievements

a. Digital Shoe Last Management System (March 2015 to December 2015)

b. Robotic system with vision for Shoe Buffing and Cementing Automation (January 2015 to December 2015)

c. 3D Digital Platform for Modular Design (April 2015 to December 2015)

d. Pattern Data Management System (July 2015 to December 2015)

e. Digital CNC Management System (January 2015 to December 2015)

f. Digital Conversion System for Computer-Aided Design Processes (July 2015 to December 2015)

g. Digital Sheet Application System (March 2015 to September 2015)

h. Customized Projection and Nesting System (January 2015 to June 2015)

i. Customized High Frequency Machining System (January 2015 to December 2015)

j. Customized Design System for 3D Printing (January 2015 to December 2015)

(C) Future R&D Projects

The Company will continue to improve operating procedures and utilize various e-system management software to enhance its capabilities of capacity optimization in each manufacturing facility. The Company will increase its product development capabilities, factory automation and production efficiency through the development of customized digital tools, improved production process, software and hardware system integration and creation of footwear manufacturing knowledge base. Furthermore, the Company plans to implement lean management in its supply chain, product development, business procedure, material purchasing, mold development and manufacturing process in order to reduce cost and increase efficiency. As a professional footwear manufacturer, it is the Company's goal to achieve higher operating efficiency by continuously introducing new production models and manufacturing technology into operations.

Future development projects include:

R&D Project	Status	Estimated Mass Production or Development Schedule
Automated Visual Board Lasting Inspection System	Design in progress	December 2016
Automated Visual Screening System for Shoe Upper Processing	Design in progress	December 2016
Pattern Engineer Database Smart Application System	Design in progress	December 2016
Digital Integration System for Cloud-Based Gait Analysis	Design in progress	December 2016
Injection Mold Construction Platform	Design in progress	December 2016
Pattern Grading System	Design in progress	December 2016
CNC Monitoring System	Design in progress	December 2016
Augmented Reality System	Design in progress	December 2016
Multipurpose 3D Printing Module System	Design in progress	December 2016

(4) Short-term and Long-term Business Development Plans

A. Short-term Business Development Plans

■ Footwear Manufacturing

(A) Allocate capacity of our manufacturing facilities with flexibility in response to the rapidly changing business environment.

(B) Gradually increase production automation and continue to implement capacity optimization measures.

(C) Continuously integrate supply chain resources to increase added value.

(D) Provide quality and flexible production solutions to our brand customers to achieve a mutually successful business cooperative relationship.

■ Retailing and Brand Licensing Business

(A) Increase operating efficiency by seeking optimal purchasing strategies, optimizing allocation of human resources, and enhancing information, logistics and inventory management.

(B) Diversify product portfolio to meet the full range of consumer needs.

(C) Develop multi-brand stores and e-Commerce as the implementation of an omni-retail business model.

B. Long-term Business Development Plans

■ Footwear Manufacturing

(A) Invest in product innovation and strengthen competitive advantages.

(B) Continue to train and develop human resource talents and create a sustainable business.

■ Retailing and Brand Licensing Business

(A) Vertically integrate the "smile" business model of supply and retail distribution to control the supply chain from top to bottom.

(B) Create a sports service platform and foster a culture of sports and recreation.

(C) Maintain the ability to capture consumer preferences and market trends and strive to become the partner of choice for our consumers and brand name customers.

5.2 Market Profile and Production and Sales

(1) Market Analysis

A. Sales of Products (Services) by Region

(in NT$ thousands)

Year / Region	2014		2015	
	Amount	Ratio	Amount	Ratio
Asia	111,473,442	45.69%	129,987,620	48.31%
USA	81,498,836	33.40%	80,751,723	30.01%
Europe	45,399,850	18.61%	52,111,466	19.37%
Other	5,604,170	2.30%	6,230,364	2.31%
Total	243,976,298	100.00%	269,081,173	100.00%

B. Market Share

The Company is the largest branded athletic and casual footwear manufacturer in the world, producing over 300 million pairs of shoes per year, which accounts for approximately 20% of the combined wholesale value in the global athletic and casual footwear market; it is also one of the leading sportswear retailers and distributors in China. As at December 31, 2015, the Company has 7,836 store locations in the Greater China region, including 4,943 Company-owned retail stores and 2,893 franchise stores.

C. Market Forecast and Growth

(A) Global Footwear and Athletic Footwear Market

Footwear products are consumer necessities and the trend is that spending will gradually rise as population and disposable income increases. According to the report published by market research Company, Technavio, the global footwear market is expected to grow at a CAGR of 2% and reach a market value of US$215 billion by 2019. Statistical data announced by SGI indicates that the global athletic footwear market has been growing at a high single-digit CAGR in the last five years, which is higher than the footwear market as a whole. In particular, sports giant Nike said that it expects to generate US$50 billion revenue by 2020, which equals to a sales growth at a CAGR of 10%. These reports show that increasing health awareness and growing sports participation could stimulate consumer demand for athletic footwear and support continuous and stable growth in the global footwear market.

(B) China's Sportswear Market

While China's economic growth continues to moderate, the economic structure has shifted from investment to consumption driven. In 2015, the overall retail sales of consumer goods in China reached 30.1 trillion RMB, and the contribution of consumption to social economic growth amounted to 66.4%, which is the main driving force to economic growth in China; this trend is expected to continue in 2016. According to the Guidelines on Accelerating Development of Sports Industry and Promoting Sports Consumption released by China's State Council, the scale of sports industries in the nation is expected to hit 5 trillion RMB by 2025, and the number of people who regularly participate in sporting activities will reach 500 million. The guidelines predict that the nation's sports industries will propel China's economic growth, which is currently on the rise. Today, while the sports industry accounts for 2% of the global GDP, it only accounts for 0.6% of China's GDP, which is far below the global average. Under the economic structural change, urbanization and rising consumption, consumers now have increased capabilities to choose more professional and valuable products and services, which means that China's sporting industry has the possibility of coming to a golden age in the next 10 years.

D. Competitive Advantages, Favorable and Unfavorable Factors of Development Objectives and Countermeasures

(A) Competitive Advantages and Favorable Factors

(a) Professional R&D Teams Continue to Enhance Core Technologies

The Company's R&D team has recruited talents with diverse fields of expertise. Through cross-field cooperation, the Company applies digital management tools, integrate software and hardware systems, and enhance the production planning process to improve manufacturing efficiency and production flexibility, succeed in developing 3D/2D visual technologies, and apply such technology to the robotic adhesive spray system for shoe outsoles transcends technologies. The team has also used visual technology and digital control processing equipment to quickly identify the form of material and the processing route resulting from the processing scope, thereby achieving automated manufacturing. In the meantime, other core technologies developed by the Company, such as CAD, CAM and RE, not only incorporate real-time knowledge based experiences, but also formulate computer-aided process planning strategies. Through the integration of both technologies, the Company is able to improve systems used by the factories, including surface flattening, production processes, pattern grading and multi-spindle processing technology, which can be applied to shoe molding designs or the mass production processes. In addition, the Company is dedicated to the research and development of innovative materials, enhancement and automation of manufacturing processes by actively participating in the Smart Footwear Manufacturing Coalition or through collaboration with academic research institutions and suppliers. Through the accumulation of experience in R&D collaborations for core technologies, and introduction of the innovative production model and manufacturing technologies, the Company is able to continually improve overall production efficiency and provide brand customers with more valuable products and services.

(b) Professional System Integration Experience and Capabilities

Our extensive experience from executing multiple integrated projects has enabled us to develop our professional integration capabilities, which can be divided into two categories: software and hardware integration and manufacturing process stringing and integration. Software and hardware integration includes the integration of CNC information management systems with machine tools, or automated sheet cutting systems with cutting machines. Manufacturing process stringing and integration includes data stringing between pattern grading system and manufacturing database, and the connected computing between processing center system and model database. Those are examples of our project system integration capabilities. To accommodate the future trend of automated manufacturing, we will utilize our experience in system integration in the key steps from product design to manufacturing, including 2D/3D geometry construction, database integration, stringing of manufacturing equipment and finished products, striking a balance between innovation and efficiency. By providing system stringing services at each phase, we will be able to enhance product quality and solidify our business, thereby creating opportunities for future development.

(c) Leading international Brand Customers

The Company is the largest athletic and casual footwear manufacturer in the world with the capabilities to concurrently service dozens of global brands and provide diversified and high quality products. From mass production to customized production, our flexible production methods enable us to meet various different customer demands. Due to intense competition among different brands, the global leading sports brands such as Nike, adidas, Puma and New Balance all require strict confidentiality in the product manufacturing process and request footwear manufacturers to provide exclusive production lines. We can not only construct independent production lines but also provide dedicated R&D teams and product development centers; we also collaborate with our customers in the product front-end design phase, production cycle improvement and innovations of materials and technologies, which are highly commended by our customers.

(d) Leverage in China's Sportswear Market

China's large population provides great potentials for future growth in the nation's sports market both in value and geographic areas, which could cause the sports industry to flourish. With the Company's extensive business experience in China and long-term investments in the sports and leisure industry, as well as strong partnerships with global leadings brands, it is able to establish a considerable distribution network in China that allows it to capture market trends at all times and provide a variety of distribution channels for its customers through brand licensing, which may create greater value for the Company.

(B) Unfavorable Factors and Countermeasures

(a) Labor costs continue to rise

Footwear manufacturing is a labor-intensive industry, which requires a large workforce in the production process. In recent years, minimum wage in key production countries, such as China, Indonesia and Vietnam, and other labor costs including employee benefits and pension plans continue to rise, causing a substantial increase in costs to production.

Countermeasures: the Company will continue to promote supply chain integration and various capacity optimization measures, increase automated manufacturing, flexibly adjust capacity allocation, and other countermeasures, in order to increase overall manufacturing efficiency.

(b) Intense competition in China's sportswear industry

All the leading brand companies, retailers, brand distributors and other sportswear companies are actively participating in China's sportswear market, resulting in an intensely competitive industry. Should the market become oversaturated, the Company will be more easily exposed to poor sales and excess inventory risks.

Countermeasures: the Company will adequately analyze market information to create better purchasing strategies, enhance information systems and logistics processes to strengthen inventory management and effective product distribution, diversify product portfolio and implement an omni-channel business model, and establish and develop sports service platforms by integrating online/offline resources in response to the "Internet Plus" trend in China, with the intent to optimize our profitability.

(2) Purposes of Main Products and Production Process

A. Product Purpose

Athletic footwear, casual footwear, sports sandals and sports apparel manufactured by our Company are suitable for various specialist sports or casual wearing.

B. Production Process

Purchasing → Inspection → Storage → Requisition → Cutting → Sole Finishing → Preparation → Sewing and Stitching → Warehousing → Lasting and Finishing → Packaging → Shipment

(3) Raw Material Supply

The main materials required for the manufacturing of footwear comprise two categories: shoe sole and upper. The majority of the sole materials such as rubber and EVA foam are manufactured by the Company, with a small proportion purchased from independent suppliers. On the other hand, materials of the upper, including synthetic leather and fabric, are mainly supplied by our subsidiaries, while genuine leather is either supplied by our subsidiaries or purchased from other domestic leather suppliers, or otherwise imported from overseas suppliers due to customer request or other considerations, such as price and quality. Therefore, there are no concerns surrounding supply sufficiency of the Company's raw materials.

(4) Suppliers/Customers Who Accounted for 10% or More of Total Purchase (Sales) in one of the last two fiscal years and Analysis of Changes

A. Suppliers accounted for 10% or more of our purchase for the last two fiscal years

(in NT$ thousands)

	2014				2015				As of March 31, 2016			
Item No.	Name	Amount	Percentage of net purchase for the year	Relationship with the Company	Name	Amount	Percentage of net purchase for the year	Relationship with the Company	Name	Amount	Percentage of net purchase as of the end of the previous quarter	Relationship with the Company
1	Supplier A	20,970,467	13.69	None	Supplier A	21,530,410	13.05	None	Supplier A	6,511,830	15.56	None
2	Supplier B	17,060,046	11.14	None	Supplier B	17,124,146	10.38	None	Supplier B	4,435,415	10.60	None
	Other suppliers	115,153,071	75.17		Other suppliers	126,381,844	76.57		Other suppliers	30,911,226	73.84	
	Net purchase	153,183,584	100.00		Net purchase	165,036,400	100.00		Net purchase	41,858,471	100.00	

There are only a couple of suppliers accounted for 10% or more of the purchasing of the Company in 2014, 2015 and the first quarter of 2016 and the percentage of net purchase accounted for by these suppliers remained moderate during the period. Other suppliers attributed to approximately 80% of the net purchase in total, which indicates that the Company has a stable source of supply from maintaining a mutually successful partnership with key suppliers and is able to avoid over-reliance on particular suppliers.

B. Customers accounted for 10% or more of our sales for the last two fiscal years

(in NT$ thousands)

	2014				2015				As of March 31, 2016			
Item No.	Name	Amount	Percentage of net sales for the year	Relationship with the Company	Name	Amount	Percentage of net sales for the year	Relationship with the Company	Name	Amount	Percentage of net sales as of the end of the previous quarter	Relationship with the Company
1	Customer A	51,453,012	21.09	None	Customer A	53,428,639	19.86	None	Customer A	13,052,401	19.35	None
2	Customer B	37,887,834	15.53	None	Customer B	44,260,321	16.44	None	Customer B	11,773,112	17.46	None
	Other customers	154,635,452	63.38		Other customers	171,392,213	63.70		Other customers	42,615,750	63.19	
	Net sales	243,976,298	100.00		Net sales	269,081,173	100.00		Net sales	67,441,263	100.00	

There are two customers who account for 10% or more of the sales of the Company in 2014, 2015 and the first quarter of 2016. The percentage of net sales accounted for by these two customers remains steady during the period. Other customer attributed to over 60% of the net sales, which indicates that the Company has maintained a mutually successful and close business relationship with key customers and is able to avoid over-reliance on particular customers.

(5) Production in 2014 and 2015

(in NT$ thousands; pairs)

Year / Production / Main Products	2014			2015		
	Capacity	Production	Value	Capacity	Production	Value
Manufacturing of shoes and apparel	-	307,085,000	153,357,227	-	317,526,000	161,778,735
Retailing of sporting goods and brand licensing business	-	-	44,133,710	-	-	50,357,325
Total	-	-	197,490,937	-	-	212,136,060

Note: Production refers to footwear production in pairs

(6) Sales Volume in 2014 and 2015

(in NT$ thousands; pairs)

Year / Sales / Main Products	2014				2015			
	Domestic sales		International sales		Domestic sales		International sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Manufacturing of shoes and apparel	2,881,000	1,823,736	304,204,000	181,468,866	3,107,000	2,285,999	314,419,000	193,027,402
Retailing of sporting goods and brand licensing business	-	503,393	-	59,387,368	-	668,744	-	72,257,968
Other businesses	-	792,935	-	-	-	841,060	-	-
Total	-	3,120,064	-	240,856,234	-	3,795,803	-	265,285,370

5.3 Human Resource

		2014	2015	As of April 30, 2016
Number of Employees	Direct labor	321,041	323,929	320,763
	Indirect labor	65,855	66,448	65,799
	Sales and Marketing	24,697	24,919	24,675
	Total	411,593	415,296	411,237
Average age of employees (in years)		30.94	31.88	31.92
Average length of service (in years)		4.65	5.11	5.38
Education(%)	Ph.D.	0.01	0.01	0.01
	Master's degree	0.15	0.34	0.35
	Bachelor's degree	2.07	4.93	3.73
	High school diploma	29.89	29.84	28.93
	Less than high school	67.88	64.88	66.98

5.4 Environmental Costs

(1) The following is a summary of the total loss (including damages) incurred by and penalties imposed on the Company due to environmental pollution within the latest fiscal year and as of the date of the Annual Report, as well as well as countermeasures and potential expenses:

The manufacturing and operating activities of the Group's factories strictly complies with applicable environmental regulations. In 2015, there were two environmental sanctions, both of which were attributable to boiler malfunction during operation by an independent supplier, resulting in excess pollutant emission; the aggregate amount of penalties was 60,000 RMB. The independent supplier has taken full responsibility for the malfunction and improved the boilers. There are currently no other potential expenses.

(2) ZDHC (Zero Discharge Hazardous Chemicals), a collaboration started by leading brands in response to Greenpeace's campaign, made a commitment to meet the target of zero discharge of hazardous chemicals by 2020. The Company closely monitors environmental requests from each global brand and continues our efforts in the development of environmentally preferred materials in collaboration with our suppliers. As of the date of the Annual Report, there is no material impact on the Company's current operations and financial position.

5.5 Employee Relations

The Company places great value on employee relations, status on putting into practice as follows:

(1) Employee Benefits Measures

A. Employee Benefits Committee

The Company monthly appropriates 0.15% from its revenues and 0.5% from employee salary, as well as 40% from scrap sales as employee benefits funds. Other employee benefits include childbirth and wedding cash gifts, bereavement payments, consolation payments to hospitalized employees, birthday cash gifts, Dragon Boat Festival cash gifts, Mid-Autumn Festival cash gifts, travel allowances and group insurance coverage, and other benefits.

B. Transportation

The Company provides commuter shuttle service and rents parking spaces for its employees.

C. Meals and Housing

There is an employee cafeteria that provides lunch and dinner daily, as well as corporate housing for female employees, management, foreign workers and others.

D. Insurance

In addition to the mandated labor and health insurance in Taiwan, the Company also purchases group insurance coverage (life insurance, accident insurance and medical insurance) and business travel insurance for employees. For our overseas operations, we also take out appropriate insurance for employees based on local labor laws and regulations.

E. Club Activities

A variety of learning programs and club activities are provided to our employees to enrich their lives during their leisure times and deepen relationships between employees.

F. Vacation Time

Our leave policies are adopted in compliance with applicable laws and regulations. Employees may take personal leave or paid leave as needed according to the relevant policies and rules.

G. Other Benefits

(A) Celebrity presentations: The Company holds celebrity presentations from time to time and invites celebrities from different industries to share about their ideas of success and personal philosophies.

(B) Office massage service: The Company offers massage services provided by blind masseurs to employees at a fixed time and place, which helps employees relax physically and mentally and supports charitable events.

(C) Pou Chen library: The Company offers a variety of magazines and books for employees to borrow free of charge, which increases their professional knowledge and expands their horizons on life.

(D) Corporate family day: The Company offers activities suitable for families to participate in and for parents to interact with their children, which helps employees understand the Company's love and respect towards its employees. It is a one day activity where employees can take a break from work, relax and spend time with family.

(E) Promotion of healthy living: The Company alleviates potential and existing health issues of our employees, reducing risk of illness and improving the health of each individual by providing health programs and events.

H. The Company offers kindergartens and health clinics at our overseas factories, which provides proper child care and medical services.

(2) Pension System

A. The Company adopted the Employment Retirement Rules for the purpose of providing care for employees after retirement, promoting employee relations and increasing work efficiency.

B. The Employee Retirement Rules comply with Article 53 to Article 56 of the Labor Standards Act.

C. The Company is subject to the pension system under the Labor Standards Act, categorized as defined benefit pension plans, and has established a Supervisory Committee of Labor Retirement Reserve in accordance with the Act. The Company's asset value of its retirement benefit plan and present value of the obligation from defined pension plans are calculated by certified actuaries. In 2015, the Company set aside accrued pension liabilities for 3.32% of total employee salaries. In addition, the Company also allocates 2% of the total employee salaries monthly for pensions and deposits the allocations into the Company's designated account at Taiwan Bank. Before the end of every fiscal year, the Company examines whether there is sufficient balance in such an account to make pension payments to employees who would meet the retirement criteria provided under Article 53 or Paragraph 1 Item 1 of Article 54 of the Labor Standards Act in the following year and whose pension calculated in accordance with Article 55 of the same Act. If it has been determined that the balance is insufficient, the Company shall make allocation to eliminate the deficit by the end of March next year.

D. According to the Labor Pension Act, employees hired before June 30, 2005 and remained employed as of July 1, 2005 may choose to continue to be subject to the pension rules under the Labor Standards Act, or be subject to the pension system under the Labor Pension Act and retain their seniority accrued prior to the applicability of the Labor Pension Act. Employees hired after July 1, 2005 shall be solely subject to the pension system under the Labor Pension Act.

(3) Employee Learning and Training Programs

A. The purpose of employee training and development is to continuously develop talents and strengthen professional skills, stir up employees' passion to take on challenges, thereby increasing corporate value and achieving business objectives and future development. In order to meet our training and development policies and goals, planning should consider the vision and objectives of the Company, as well as employee performance evaluation and position needs. We established an educational training framework that provides new employee training, professional training, management training for each job grade, workplace safety training and company core value training based on company and management structure. We offer employee training in all aspects through physical classes and e-learning so that they may consistently strengthen professional and management skills, grow alongside the Company and become our long-term partners in business.

B. Our annual development and learning programs take into consideration the Company's vision and objectives, as well as employee personal development plans, professional training for each job grade, quality management systems and the certificate training programs relating to occupational safety in accordance with relevant laws and regulations. The Company has also established and adopted Regulations for Management of Employee Education and Training for the purpose of employee learning and training programs.

(A) Training Programs

a. Employees: KSAOs (Knowledge, Skills, Abilities, and other characteristics) development and training and Company core value training.

b. Professionals: develop various “Professional Training Programs” based on job functions and professional expertise.

c. Management: develop “Management Skills Training Programs for Executives, Managers and Management Associates” for various job grades based on core functions and management positions of the Company.

The above programs may help boost business performance through the development of employee skills from each job grade and strengthening employee identification with corporate value.

(B) Personal Development Plans

The Company sets up employee personal development plans and annual training programs of each business unit by providing function and performance evaluations. Besides increasing professional knowledge of employees, the Company also provides resources for the training of management skills, self-inspired soft power, and transferrable skills, in order to promote employee KSAOs and talents, and increase business performance.

(C) TTQS Evaluation

In 2015, the Company participated in the Talent Quality Management System (TTQS) evaluation held by the Training Division of the Workforce Development Agency and was ranked second. The award represents that the Company’s efforts in employee training and development are highly recognized. In the future, we will continue to invest in such training programs to broaden and deepen employee training and development.

(4) A summary of certifications received by personnel who are involved in the financial transparency of the Company are as follows:

A. General Competency Exam for Internal Control held by the Securities and Futures Institute: 1 from the Internal Audit Department

B. Taiwan Certified Internal Auditors: 3 from the Accounting Department

C. Taiwan Certified Public Accountants: 8 from the Accounting Department

(5) Code of Conduct and Ethics Policy

A. The Company's Code of Conduct is adopted in compliance with local laws and regulations for all business areas and follows similar guidelines of our international brand customers and other leading companies as the core standards for all employees to adhere to while participating in the business of the Company. The Code of Conduct has also been made available and promoted on our intranet.

B. The Company's Work Rules outline the corporate culture, our strong commitment to ethical behavior and the rights and obligations of employees. The Work Rules, along with other human resources policies are available on our intranet for employees' access from time to time.

C. Each employee of the Company shall sign a Statement of Commitment to the Employee Ethical Conduct and a Non-Disclosure Agreement, and shall strictly comply with the rules governing conflicts of interest, fair dealing, protection and proper use of company assets, confidentiality and regulatory compliance, etc.

D. For the purpose of promoting legitimate use of personal data and avoid infringement of personality rights, the Company puts into practice "matters to be informed on regarding personal data collection " and shall respect the rights of employees. The Company may only use the information collected after the employees concerned have been adequately informed of the purpose of collection, processing and use of personal information, and given their written consent.

(6) Precautionary Measures for Workplace Health and Safety

A. Occupational safety: To provide a safe working environment for its employees, the Company has improved each element of health and safety management through several phases; our focus in 2015 was as follows:

(A) Machine safety management: we take measures in all aspects to ensure more comprehensive machine safety management, including defining high risk machinery, identifying safety guards and stipulating safe operation of machinery, reviewing and approving purchasing sources, onsite safety inspection, manufacturing safety, and routine audits of safety management.

(B) Construction project management: the uniform guidelines adopted by the Group stipulate requirements regarding site access control, disclosure of risks of injuries, management of hazardous manual tasks, onsite supervision and penalty for violations, and the guidelines have been gradually implemented in each business region.

(C) Abnormal incident management: create standardized management procedures in occupational accidents investigations to ensure incident reporting and tracking are properly executed, and continue to strengthen our abilities in factory accident investigations and improvements to avoid reoccurrence.

B. Occupational health: It is our concern for the health and well-being of employees that lead us to promote a series of health and fitness activities, including blood pressure checking, health workshops, and BMI management, which help employees to be constantly aware of their own health. We also provide breastfeeding rooms for employees that require them. The Company routinely measures the degree of hazards, in accordance with government regulations and internal rules, in the operating environment that the employees are exposed to, such as organic solvents, noises, lights and heat, tracking and improving areas that show abnormality. To ensure that the health of our employees are well managed, we also arrange periodic health examinations as required by relevant laws and regulations, and provide medical consultations and follow-ups for cases with abnormal results.

C. Workplace safety: To ensure personal safety and property protection, we actively promote fire safety through different channels and invest funds into the improvement and execution of relevant management measures in fire prevention, damage control and emergency response systems to reduce fire risk.

The following are some important action items:

(A) Complete fire equipment: the Company has adopted a set of guidelines for fire safety design of the factories, which stipulates that the design of any construction, expansion and change of purpose of the facilities shall follow the Company rules; we also have a uniform management mechanism for the construction, inspection and maintenance of the factories.

(B) Increase fire department capabilities: the Company has 13 fire departments in Vietnam, Indonesia and China; we have established and adopted general rules for their day-to-day duties and physical training, and routinely conducted inspection and certification to ensure that the fire departments are performing at their best.

(C) Implement fire safety inspection: the Company routinely conducts fire safety inspections at the factories for potential fire hazards, including operations and equipment, to prevent fire.

(D) Establish electrical technician school: the Company offers electrical technician training programs in each business area to train and certify electrical technicians working at the factories, increasing the electrical technical capabilities and lowering factory operation risks.

(E) Management of maintenance service provider: the Company has a template of a fire equipment maintenance contract and checklist to verify the capabilities of our maintenance service provider and to improve the quality of their services.

(F) Implementation of infrared scanning: electrical safety is a key step towards fire prevention; the Company has an infrared thermal imaging system for scanning electrical equipment and trains specialists for the purpose of detecting problems in advance and preventing future damages.

(G) Reinforce the activities in response to emergency: in order to equip employees with the ability of emergency response, the Group has established and adopted a set of guidelines to increase employees' capabilities in response to emergency, damage control and ensure personal safety. Each factory has an emergency response team in place that routinely runs drills and participates in the joint fire simulations and drills held by government fire departments from time to time to gain joint relief experience.

(H) Prevention of damages: in order to ensure personal safety and property protection and lower various operational risks, the Group plans to conduct a comprehensive risk assessment on other natural disasters, such as earthquake, typhoon and flood. The Group will also take corrective measures to relieve material risk exposures and implement damage prevention in the construction of factories, ensuring that newly-built factories will be properly evaluated in all risk areas for further prevention.

(7) Loss incurred by the Company in 2016 due to labor disputes and disclosure of estimated current and potential loss as well as action plans

Yue Yuen's factory in China, Gaobu Factory, took a big strike on April 14, 2014 to strive for adjustments of social insurance benefit and housing provident fund (collectively, the"Employee Benefit Payments"). Yue Yuen had reviewed its employee benefits policy in China following the Gaobu Factory incident. After such review, Yue Yuen's board of directors also decided to raise contributions to the Employee Benefit Payments for employees of Yue Yuen's other factories in China, in additions to the Gaobu Factory (the "Other Factories"). The main reasons for making the Employee Benefit Contributions are to assist Yue Yuen in staff retention and recruitment under the increasingly competitive labor market conditions in China so as to ensure Yue Yuen's normal business operation and production in the Other Factories. Set out below is a summary of the provisions for contributions to and adjustments of Employee Benefit Payments for Gaobu Factory and the Other Factories:

A. Provision for additional Employee Benefit Payments of the Factories is estimated to be US$90,000 thousand. This provision had been reflected in the consolidated financial results for the year ended December 31, 2014. As of December 31, 2015, the increased contribution for Employee Benefit Payments in the amount of US$75,530 thousand had been paid.

B. Adjustment of Employee Benefit Payments and monthly living allowance of the Factories is estimated to be US$77,000 thousand. This provision had been reflected in the consolidated financial results for the year ended December 31, 2014.

5.6 Material Contracts

Type of Contract	Parties	Term	Summary	Restrictive Clauses
Service Agreement	Yue Yuen Industrial (Holdings) Limited	April 1997 ~	To provide the following services: Product design and development, know-how, technical knowledge and expertise, marketing services, raw material sourcing and staff recruitment.	None
Syndicated Loan Agreement	First Commercial Bank, Taichung branch and 12 other banks	June 29, 2011 ~ September 29, 2016	A NT$13 billion syndicated term loan for repayment of the outstanding indebtedness under the 2008 Loan Agreement and financing the general working capital.	So long as any sum remains outstanding under the Loan Agreement, the Company shall maintain its status in good standing and subject to certain limitations on merger, assets disposition or grant any loan in favor of any third party, except where such limitation will not materially and adversely affect the financial or business condition of the Company or it arises in the ordinary course of its business and in accordance with the Company's Guidelines.
Syndicated Loan Agreement	Bank of Taiwan, Chang Hwa branch and 18 other banks	April 11, 2013~ June 3, 2018	A NT$10 billion syndicated term loan for repayment of the outstanding indebtedness under the 2009 Loan Agreement and financing the mid-term general working capital.	So long as any sum remains outstanding under the Loan Agreement, the Company shall maintain its status in good standing and subject to certain limitations on merger, assets disposition or grant any loan in favor of any third party, except where such limitation will not materially and adversely affect the financial or business condition of the Company or it arises in the ordinary course of its business and in accordance with the Company's Guidelines.
Syndicated Loan Agreement	CTBC Bank and 13 other banks	May 12, 2011~ June 10, 2016	A US$300 million syndicated term loan for repayment of the outstanding indebtedness under the 2007 Loan Agreement and financing the borrower's general working capital, provided that no more than an aggregate principal amount of US$44.25 million borrowed under the	So long as any sum remains outstanding under the Loan Agreement, the Company and borrower shall maintain its status in good standing and subject to certain limitations on merger, assets disposition or grant any loan in favor of any third party, except where such limitation will not materially and adversely affect the financial or business condition of the Company or borrower. Or it arises in the ordinary course of their business and in accordance with the Company's or borrower's Guidelines.

			facility shall be applied towards the financing of general corporate requirements of borrower.	
Syndicated Loan Agreement	Bank of Taiwan and 10 other banks	November 12, 2014 ~ January 10, 2020	A US$200 million syndicated term loan for repayment of the outstanding indebtedness under the 2011 Loan Agreement and financing the borrower's general working capital.	So long as any sum remains outstanding under the Loan Agreement, the Company and borrower shall maintain its status in good standing and subject to certain limitations on merger, assets disposition or grant any loan in favor of any third party, except where such limitation will not materially and adversely affect the financial or business condition of the Company or borrower. Or it arises in the ordinary course of their business and in accordance with the Company's or borrower's Guidelines.
Syndicated Loan Agreement	Mizuho Bank and two other banks	November 12, 2014 ~ January 10, 2020	A US$100 million syndicated term loan for repayment of the outstanding indebtedness under the 2011 Loan Agreement.	So long as any sum remains outstanding under the Loan Agreement, the Company and borrower shall maintain its status in good standing and subject to certain limitations on merger, assets disposition or grant any loan in favor of any third party, except where such limitation will not materially and adversely affect the financial or business condition of the Company or borrower. Or it arises in the ordinary course of their business and in accordance with the Company's or borrower's Guidelines.

VI. FINANCIAL INFORMATION

6.1Financial Summary within Five Years

6.1.1Condensed balance sheet and statement of comprehensive income - IFRS

A. Condensed consolidated balance sheet - IFRS

(in NT$ thousands)

Item \ Year		Financial summary within five years					Financial summary as of March 31,2016【Note 2】
		2011	2012【Note 2】	2013【Note 2】	2014【Note 2】	2015【Note 2】	
Current assets		【Note 1】	119,864,082	131,246,086	143,594,963	145,663,287	148,914,237
Property, plant and equipment			61,375,481	59,099,839	63,500,454	69,778,999	69,165,162
Intangible assets			12,275,402	12,123,200	12,726,168	12,817,838	12,552,326
Other assets			50,197,358	45,660,101	53,220,360	52,363,795	58,519,829
Total assets			243,712,323	248,129,226	273,041,945	280,623,919	289,151,554
Current liabilities	Before distribution		70,529,978	67,273,859	74,638,733	92,169,066	83,308,410
	After distribution【Note 3】		74,946,183	70,217,996	79,054,939	96,589,247	83,308,410
Non-current liabilities			40,637,473	43,235,190	46,277,617	33,651,186	48,521,523
Total liabilities	Before distribution		111,167,451	110,509,049	120,916,350	125,820,252	131,829,933
	After distribution【Note 3】		115,583,656	113,453,186	125,332,556	130,240,433	131,829,933
Equity attributable to owners of the Company	Before distribution		62,199,363	61,210,882	70,714,219	69,270,113	74,143,044
	After distribution【Note 3】		57,783,158	58,266,745	66,298,013	64,849,932	74,143,044
Share Capital			29,431,849	29,441,372	29,441,372	29,467,872	29.467,872
Capital surplus			4,298,105	4,366,099	4,627,549	4,631,708	4,615,879
Retained earnings	Before distribution		30,683,911	36,772,186	42,253,851	47,076,127	50,082,866
	After distribution【Note 3】		26,267,706	33,828,049	37,837,645	42,655,946	50,082,866
Other equity			(2,025,774)	(9,180,047)	(5,608,553)	(11,905,594)	(10,023,573)
Treasury shares			(188,728)	(188,728)	-	-	-
Non-controlling interests			70,345,509	76,409,295	81,411,376	85,533,554	83,178,577
Total equity	Before distribution		132,544,872	137,620,177	152,125,595	154,803,667	157,321,621
	After distribution【Note 3】		128,128,667	134,676,040	147,709,389	150,383,486	157,321,621

Note 1: For the data 2011, please refer to 6.1.2 A. Condensed consolidated balance sheet - ROC GAAP.

Note2: The financial statements for 2012 to 2015 have been audited by independent auditors and the financial statement for Q1 of 2016 has been reviewed by independent auditors.

Note3: The amounts after distributed are resolved by the Shareholders' Meeting of the following year. The Proposal of 2015 Profits Distribution was adopted by the Board of Directors on April 29, 2016, and now pending the approval of the Shareholders' Meeting.

B. Condensed consolidated statement of comprehensive income - IFRS

(in NT$ thousands)

Item \ Year	Financial summary within five years					Financial summary as of March 31,2016 【Note 2】
	2011	2012 【Note 2】	2013 【Note 2】	2014 【Note 2】	2015 【Note 2】	
Operating revenue	【Note 1】	276,107,669	226,664,569	243,976,298	269,081,173	67,441,263
Gross profit		65,279,185	50,527,932	55,268,748	64,505,418	16,777,486
Profit from operations		15,968,107	10,098,989	7,920,621	12,353,394	3,630,306
Non-operating income and expenses		4,788,670	8,633,104	7,953,758	7,886,880	2,329,116
Profit before income tax		20,756,777	18,732,093	15,874,379	20,240,274	5,959,422
Net income		19,078,068	16,910,950	13,859,449	16,601,466	4,938,048
Other comprehensive income (loss)		(1,538,249)	(6,713,194)	2,677,034	(7,816,031)	2,333,599
Total comprehensive income		17,539,819	10,197,756	16,536,483	8,785,435	7,271,647
Net income attribute to owners of the Company		10,217,689	10,619,449	8,615,506	9,531,358	3,006,739
Net income attribute to non-controlling interests		8,860,379	6,291,501	5,243,943	7,070,108	1,931,309
Total comprehensive income attribute to owners of the Company		8,869,145	3,350,207	11,997,296	2,941,441	4,888,760
Total comprehensive income attribute to non-controlling interests		8,670,674	6,847,549	4,539,187	5,843,994	2,382,887
Earnings per share		3.49	3.62	2.93	3.24	1.02

Note 1：For the data of 2011, please refer to 6.1.2 B. Condensed consolidated income statement - ROC GAAP.

Note 2：The financial statements for 2012 to 2015 have been audited by independent auditors and the financial statement for Q1 of 2016 has been reviewed by independent auditors.

C. Condensed separate balance sheet - IFRS

(in NT$ thousands)

Item \ Year		Financial summary within five years				
		2011	2012【Note 2】	2013【Note 2】	2014【Note 2】	2015【Note 2】
Current assets		【Note 1】	7,904,656	8,374,271	9,515,961	7,036,621
Property, plant and equipment			3,724,076	4,145,123	4,103,169	4,187,849
Other assets			78,142,032	77,572,255	86,712,842	86,649,577
Total assets			89,770,764	90,091,649	100,331,972	97,874,047
Current liabilities	Before distribution		8,017,238	9,764,302	13,679,537	13,771,920
	After distribution【Note 3】		12,433,443	12,708,439	18,095,743	18,192,101
Non-current liabilities			19,554,163	19,116,465	15,938,216	14,832,014
Total Liabilities	Before distribution		27,571,401	28,880,767	29,617,753	28,603,934
	After distribution【Note 3】		31,987,606	31,824,904	34,033,959	33,024,115
Share capital			29,431,849	29,441,372	29,441,372	29,467,872
Capital surplus			4,298,105	4,366,099	4,627,549	4,631,708
Retained earnings	Before distribution		30,683,911	36,772,186	42,253,851	47,074,127
	After distribution【Note 3】		26,267,706	33,828,049	37,837,645	42,655,946
Other equity			(2,025,774)	(9,180,047)	(5,608,553)	(11,905,594)
Treasury shares			(188,728)	(188,728)	-	-
Total equity	Before distribution		62,199,363	61,210,882	70,714,219	69,270,113
	After distribution【Note 3】		57,783,158	58,266,745	66,298,013	64,849,932

Note 1: For the data of 2011, please refer to 6.1.2 C. Condensed separate balance sheet – ROC GAAP.

Note2: The financial statements for 2012 to 2015 have been audited by independent auditors.

Note3: The amounts after distributed are resolved by the Shareholders' Meeting of the following year. The Proposal of 2015 Profits Distribution was adopted by the Board of Directors on April 29, 2016, and now pending the approval of the Shareholders' Meeting.

D. Condensed separate statement of comprehensive income - IFRS

(in NT$ thousands)

Item \ Year	Financial summary within five years				
	2011	2012 【Note 2】	2013 【Note 2】	2014 【Note 2】	2015 【Note 2】
Operating revenue	【Note 1】	10,916,775	12,051,187	12,661,506	12,748,522
Gross profit		2,849,671	3,238,539	3,471,849	3,744,483
Profit from operations		115,555	604,920	200,408	448,660
Non-operating income and expenses		10,914,935	11,074,721	9,284,973	10,550,154
Profit before income tax		11,030,490	11,679,641	9,485,381	10,998,814
Net income		10,217,689	10,619,449	8,615,506	9,531,358
Other comprehensive (loss) income		(1,348,544)	(7,269,242)	3,381,790	(6,589,917)
Total comprehensive income		8,869,145	3,350,207	11,997,296	2,944,441
Earnings per share		3.49	3.62	2.93	3.24

Note 1：For the data of 2011, please refer to 6.1.2 D. Condensed separate income statement – ROC GAAP.

Note 2：The financial statements for 2012 to 2015 have been audited by independent auditors.

6.1.2Condensed balance sheet and income statement - ROC GAAP

A. Condensed consolidated balance sheet - ROC GAAP

(in NT$ thousands)

Item \ Year		Financial summary within five years 2011【Note 1】	2012【Note 1】	2013	2014	2015
Current assets		112,425,444	120,365,449	【Note 2】		
Funds & long-term investments		43,266,141	41,817,182			
Fixed assets		64,110,239	62,063,458			
Intangible assets		17,183,789	17,781,297			
Other assets		2,726,707	2,032,964			
Total assets		239,712,320	244,060,350			
Current liabilities	Before distribution	62,440,382	71,148,805			
	After distribution【Note 3】	66,264,548	75,565,010			
Long-term liabilities		49,041,927	37,390,554			
Reserve for land revaluation incremental tax		86,547	86,547			
Other liabilities		1,839,909	2,204,363			
Total Liabilities	Before distribution	113,408,765	110,830,269			
	After distribution【Note 3】	117,232,931	115,246,474			
Share capital		29,241,469	29,431,849			
Capital surplus		8,556,321	9,040,448			
Retained earnings	Before distribution	22,895,905	29,228,074			
	After distribution【Note 3】	19,071,739	24,811,869			
Cumulative translation adjustments		(2,154,982)	(4,001,864)			
Unrealized (loss) gain on financial instrument		(993,798)	(173,440)			
Unrealized revaluation increments		134,641	134,641			
Treasury stocks		(155,375)	(153,449)			
Net loss unrecognized as pension cost		(114,235)	(259,786)			
Minority interest		68,893,609	69,983,608			
Total equity	Before distribution	126,303,555	133,230,081			
	After distribution【Note 3】	122,479,389	128,813,876			

Note1 ： The financial statements for 2011 to 2012 have been audited by independent auditors.
Note2 ： For the data of 2013 to 2015, please refer to 6.1.1 A. Condensed consolidated balance sheet – IFRS.
Note3 ： The amounts after distributed are resolved by the Shareholders' Meeting of the following year.

B. Condensed consolidated income statement - ROC GAAP

(in NT$ thousands)

Item \ Year	Financial summary within five years				
	2011 【Note 1】	2012 【Note 1】	2013	2014	2015
Net operating income	208,439,155	276,107,669	【Note 2】		
Gross profit	48,841,399	65,230,903			
Net income	11,471,596	15,894,576			
Non operating income	6,352,186	9,407,525			
Non operating expenses	3,727,162	4,731,852			
Income before tax	14,096,620	20,570,249			
Consolidated net income	12,890,537	18,939,822			
Consolidated net income attributed to shareholders of the parent company	5,806,723	10,156,335			
Consolidated net income attributed to non-controlling interest	7,083,814	8,783,487			
Earnings per share【Note 3】	2.01	3.47			

Note1 ： The financial statements for 2011 to 2012 have been audited by independent auditors.

Note2 ： For the data of 2013 to 2015, please refer to 6.1.1 B. Condensed consolidated statement of comprehensive income – IFRS.

Note3 ： The calculation is based on weighted average shares outstanding minus stock grants in each year.

C. Condensed separate balance sheet - ROC GAAP

(in NT$ thousands)

Item \ YEAR		Financial summary within five years				
		2011【Note 1】	2012【Note 1】	2013	2014	2015
Current assets		5,329,495	7,904,656	【註2】		
Funds & long-term investments		70,847,833	76,296,210			
Fixed assets		3,781,488	3,650,363			
Other assets		2,622,511	2,635,635			
Total assets		82,581,327	90,486,864			
Current liabilities	Before distribution	7,199,442	8,643,634			
	After distribution【Note 3】	11,023,608	13,059,839			
Long-term liabilities		17,011,450	17,500,000			
Reserve for land revaluation incremental tax		86,547	86,547			
Other liabilities		873,942	1,010,210			
Total Liabilities	Before distribution	25,171,381	27,240,391			
	After distribution【Note 3】	28,995,547	31,656,596			
Share capital		29,241,469	29,431,849			
Capital surplus		8,556,321	9,040,448			
Retained earnings	Before distribution	22,895,905	29,228,074			
	After distribution【Note 3】	19,071,739	24,811,869			
Cumulative translation adjustments		(2,154,982)	(4,001,864)			
Unrealized (loss) gain on financial instrument		(993,798)	(173,440)			
Unrealized revaluation increments		134,641	134,641			
Treasury stocks		(155,375)	(153,449)			
Net loss unrecognized as pension cost		(114,235)	(259,786)			
Total equity	Before distribution	57,409,946	63,246,473			
	After distribution【Note 3】	53,585,780	58,830,268			

Note1 ： The financial statements for 2011 to 2012 have been audited by independent auditors.
Note2 ： For the data of 2013 to 2015, please refer to 6.1.1 C. Condensed separate balance sheet – IFRS.
Note3 ： The amounts after distributed are resolved by the Shareholders' Meeting of the following year.

D. Condensed separate income statement - ROC GAAP

(in NT$ thousands)

Item \ Year	Financial summary within five years				
	2011【Note 1】	2012【Note 1】	2013	2014	2015
Net operating income	13,051,999	10,916,775	【Note2】		
Gross profit	3,050,430	2,849,671			
Net income	209,576	97,412			
Non operating income	6,251,605	12,196,275			
Non operating expenses	396,514	1,324,551			
Income before tax	6,064,667	10,969,136			
Income after tax	5,806,723	10,156,335			
Earnings per share【Note 3】	2.01	3.47			

Note1：The financial statements for 2011 to 2012 have been audited by independent auditors.

Note2：For the data of 2013 to 2015, please refer to 6.1.1 D. Condensed separate statement of comprehensive income – IFRS.

Note3：The calculation is based on weighted average shares outstanding minus stock grants in each year.

6.1.3 Auditors' Opinions from 2011 to 2015

Year \ Opinion	Accounting Firm	CPA	Audit Opinion
2011	Deloitte & Touche	HONG, KUO-TYAN SHIN, CHING-PIN	Modified Unqualified Opinion
2012	Deloitte & Touche	HONG, KUO-TYAN SHIN, CHING-PIN	Modified Unqualified Opinion
2013	Deloitte & Touche	WU, KER-CHANG YU, HUNG-BIN	Modified Unqualified Opinion
2014	Deloitte & Touche	WU, KER-CHANG YU, HUNG-BIN	Modified Unqualified Opinion
2015	Deloitte & Touche	WU, KER-CHANG YU, HUNG-BIN	Modified Unqualified Opinion

6.2 Financial Analysis within Five Years

6.2.1 A. Consolidated financial analysis – IFRS

Item / Year		Financial summary within five years					As of March 31,2016 (Note 2)
		2011	2012 (Note2)	2013 (Note2)	2014 (Note2)	2015 (Note2)	
Financial structure (%)	Debt Ratio	(Note1)	45.61	44.53	44.28	44.83	45.59
	Ratio of long-term funds to property, plant and equipment		282.16	306.01	312.44	270.07	297.61
Liquidity (%)	Current ratio		169.94	195.09	192.38	158.03	178.75
	Quick ratio		108.73	125.27	123.22	102.67	113.06
	Time interest earned		12.11	15.98	15.76	19.05	21.08
Operating performance	Average collection turnover (times)		10.14	7.48	7.69	8.00	8.13
	Average collection period		36	49	47	46	45
	Average inventory turnover (times)		5.50	4.30	4.15	4.24	4.17
	Average payment turnover (times)		14.76	13.25	12.79	12.58	11.09
	Average inventory turnover period		67	85	88	86	88
	Property, plant and equipment turnover (times)		4.43	3.76	3.98	4.03	3.88
	Total assets turnover (times)		1.14	0.92	0.93	0.97	0.94
Profitability (%)	Return on total assets		8.53	7.29	5.66	6.33	7.27
	Return on shareholders' equity		14.77	12.51	9.56	10.81	12.65
	Profit before income tax to paid-in capital		70.52	63.62	53.91	68.68	80.89
	Profit ratio		6.90	7.46	5.68	6.16	7.32
	Earnings per share (NT$)		3.49	3.62	2.93	3.24	1.02
Cash flow (%)	Cash flow ratio		32.26	21.18	18.43	23.91	19.27
	Cash flow adequacy ratio (Note 3)		-	-	-	-	-
	Cash flow reinvestment ratio		8.45	4.27	4.25	7.01	5.97
Leverage	Operating leverage		1.60	1.77	1.96	1.67	1.64
	Financial leverage		1.13	1.14	1.15	1.09	1.08

Note 1: For the data of 2011, please refer to 6.2.2 A. Consolidated financial analysis – ROC GAAP.

Note 2: The financial statements for 2012 to 2015 have been audited by independent auditors and the financial statement for Q1 of 2016 has been reviewed by independent auditors.

Note 3: Cash flow adequacy ratio has not been counted because of the financial information prepared under the IFRSs does not cover a full period of 5 years.

Analysis of changes in financial ratios which show a difference of more than 20% for the past two years:

1. Times interest earned increase

Times interest earned ratio increase in 2015 primarily due to a larger increase in Profit before income tax and Interest expense (26.03%) than Interest expense (4.28%):

- Profit before income tax and Interest expense improved in 2015 primarily due to consistent growth of our footwear manufacturing business, as well as the expansion of distribution network and improved operating efficiency that benefited our sportswear retail and wholesale business. Profit increase in distribution business also drove the growth of Net income before tax and Interest expense.

2. Profit before income tax to paid-in capital ratio increase

Profit before income tax to paid-in capital ratio increase in 2015 primarily due to a larger increase in Profit before income tax (27.50%) than Paid-in capital (0.09%):

- Profit before income tax increase in 2015 primarily due to consistent growth of our footwear manufacturing business, as well as the expansion of distribution network and improved operating efficiency that benefited our sportswear retail and wholesale business. Profit increase in distribution business also drove the growth of Profit before income tax.

3. Cash flow ratio & Cash flow reinvestment ratio increase

(1) Cash flow ratio

Cash flow ratio improved in 2015 primarily due to a larger increase in Net cash flow from operating activities (60.23%) than Current liabilities (23.49%):

- Net cash flow from operating activities increase in 2015 primarily due to consistent growth of our footwear manufacturing business, as well as the expansion of distribution network and improved operating efficiency that benefited our sportswear retail and wholesale business. Profit increase in distribution business also drove the growth of income before tax. Growth of net cash flow from operating activities is also attributable to decreased inventory in 2015. On the other hand, increase in Current liabilities is due to the growth of Current portion of long-term borrowings.

(2) Cash flow reinvestment ratio

Cash flow reinvestment ratio increase in 2015 primarily due to 60.23% increase in Net cash flow from operating activities and 22.42% decrease in Working capital:

- Net cash from operating activities increase in 2015 primarily due to consistent growth of our footwear manufacturing business, as well as the expansion of distribution network and improved operating efficiency that benefited our sportswear retail and wholesale business. Profit increase in distribution business also drove the growth of Income before tax. Growth of Net cash flow from operating activities is also attributable to decreased inventory in 2015; whereas the drop in Working capital is primarily due to an increase in Current liabilities.

B. Separate financial analysis - IFRS

Item		2011	2012 (Note 2)	2013 (Note 2)	2014 (Note 2)	2015 (Note 2)
		Financial summary within five years				
Financial structure (%)	Debt ratio	(Note1)	30.71	32.05	29.51	29.22
	Ratio of long-term funds to property, plant and equipment		2,195.27	1,937.87	2111.84	2008.24
Liquidity (%)	Current ratio		98.59	85.76	69.56	51.09
	Quick ratio		96.36	84.27	68.37	50.27
	Times interest earned		31.47	32.15	27.61	31.71
Operating performance	Average collection turnover (times)		7.29	7.85	7.67	7.67
	Average collection period		51	47	48	48
	Average inventory turnover (times)		34.53	42.53	53.55	78.37
	Average payment turnover (times)		6.45	6.90	6.29	5.65
	Average inventory turnover period		11	9	7	5
	Property, plant and equipment turnover (times)		2.88	3.06	3.07	3.07
	Total assets turnover (times)		0.12	0.13	0.13	0.12
Profitability (%)	Return on total assets		12.24	12.15	9.35	9.91
	Return on shareholders' equity		17.21	17.20	13.06	13.61
	Pre-tax income to paid-in capital		37.47	39.67	32.21	37.32
	Profit ratio		93.59	88.11	68.04	74.76
	Earnings per share (NT$)		3.49	3.62	2.93	3.24
Cash flow (%)	Cash flow ratio		(1.22)	1.19	(1.78)	1.33
	Cash flow adequacy ratio (Note 3)		-	-	-	-
	Cash flow reinvestment ratio		-	-	-	-
Leverage	Operating leverage		3.25	1.39	2.16	1.50
	Financial leverage		(0.46)	2.62	(1.28)	4.95

Note 1: For the data of 2011, please refer to 6.2.2 B. Separate financial analysis – ROC GAAP.

Note 2: The financial statements for 2012 to 2015 have been audited by independent auditors.

Note 3: Cash flow adequacy ratio has not been counted because of the financial information prepared under the IFRSs does not cover a full period of 5 years.

Analysis of changes in financial ratios which show a difference of more than 20% for the past two years:

1. Current ratio and Quick ratio decrease

(1) Current ratio

Current ratio decreased in 2015 primarily due to 26.05% decrease in Current assets and 0.68% increase in Current liabilities:

- The decrease in Current assets was primarily attributable to the lack of liquidity in Cash and cash equivalents and Debt investment with no active market. The increase in Current liabilities was mainly because the Income taxes payable and Current portion of long-term borrowings have both risen while the Short-term borrowings has decreased in 2015.

(2) Quick ratio

Quick ratio decreased in 2015 primarily due to 25.97% decrease in Liquid assets and 0.68% increase in Current liabilities:

- The decrease in liquid assets was primarily attributable to the lack of liquidity in Cash and cash equivalents and Debt investment with no active market. The increase in Current liabilities was mainly because the Income taxes payable and Current portion of long-term borrowings have both risen while the Short-term borrowings has decreased in 2015.

2. Times average inventory turnover increase & Average inventory turnover period decrease

(1) Times average inventory turnover

Times average inventory turnover increased primarily due to a decrease in Cost of goods sold (2%) that was less than Average inventory (33.04%).

(2) Average inventory turnover period

The decline in Average inventory turnover period was primarily attributable to the improvement of inventory turnover by 46.35%.

3. Cash flow ratio increase

Cash flow ratio increased primarily due to an increase in Net cash flow from operating activities (175.44%) was larger than Current liabilities (0.68%):

- Net cash flow from operating activities increased by NT$430 million in 2015 primarily due to decreased in Income tax expense. The increase in Current liabilities was mainly because the Income taxes payable and Current portion of long-term borrowings have both risen while the Short-term borrowings has decreased in 2015.

4. Operating leverage decrease & Financial leverage increase

(1) Operating leverage

The decline in operating leverage was primarily due to an increase in the amount deriving from Net operating revenue minus Operating variable costs and expenses (56.03%) that was less than the increase in Operating income (123.87%).

(2) Financial leverage

The growth in financial leverage was primarily due to an increase in Operating income (123.87%) that was greater than Interest expense (0.46%).

1. Financial Structure

(1) Debt ratio =total liabilities/total assets

(2) Ratio of long-term funds to property, plant and equipment = (net shareholder's equity+ non-current liabilities)/net property, plant and equipment

2. Liquidity

(1) Current ratio=current assets/current liabilities

(2) Quick ratio= (current assets-inventory-prepaid expense)/current liabilities

(3) Times interest earned =net income before tax and interest expense/interest expense

3. Operating performance

(1) Average collection turnover (including accounts receivable and notes receivable resulted from business operation) = net sales/average balance of account receivable (including accounts receivable and notes receivable resulted from business operation)

(2) Average collection period=365/average collection turnover

(3) Average inventory turnover=cost of goods sold/average inventory

(4) Average payment turnover (including accounts payable and notes payable resulted from business operation) = operating costs/average balance of account payable (including accounts payable and notes payable resulted from business operation)

(5) Average inventory turnover period=365/average inventory turnover

(6) Property, plant and equipment turnover=net sales/average net property, plant and equipment

(7) Total assets turnover=net sales/average total assets

4. Profitability

(1) Return on total assets= [net income + interest expense*(1-tax rate)]/average total assets

(2) Return on shareholder's equity=net income/average net shareholder's equity

(3) Profit ratio=net income/net sales

(4) Earnings per share= (equity attributable to owners of the Company-preferred share dividend)/weighted average shares issued

5. Cash flow

(1) Cash flow ratio=net cash flow from operating activity/current liabilities

(2) Cash flow adequacy ratio= (net cash flow from operating activities within five year/ (capital expenditure +inventory increase +cash dividend) within five year

(3) Cash flow reinvestment ratio= (net cash flow from operating activity -cash dividend)/ (total property, plant and equipment +long-term investment + other non-current assets + working capital)

6. Leverage

(1) Operating leverage= (net operating income-operating variable cost and expense)/operating income

(2) Financial leverage= operating income/ (operating income-interest expense)

6.2.2 A. Consolidated financial analysis – ROC GAAP

Item			Year: Financial summary within five years 2011 (Note 1)	2012 (Note 1)	2013	2014	2015
Financial structure (%)	Debt ratio		47.31	45.41	(Note 2)		
	Ratio of long-term funds to fixed assets		273.50	274.91			
Liquidity (%)	Current ratio		180.05	169.17			
	Quick ratio		112.14	106.85			
	Times interest earned ratio		10.06	12.01			
Operating performance	Average collection turnover (times)		8.75	10.15			
	Average collection period		42	36			
	Average inventory turnover (times)		4.80	5.36			
	Average payment turnover (times)		10.65	14.73			
	Average inventory turnover period		77	69			
	Fixed assets turnover (times)		3.44	4.37			
	Total assets turnover (times)		0.93	1.14			
Profitability (%)	Return on total assets		6.35	8.47			
	Return on shareholders' equity		10.73	14.59			
	Percentage to paid-in capital	Operating income	39.23	54.00			
		Income before tax	48.20	69.89			
	Profit ratio		6.18	6.85			
	Earnings per share (NT$)		2.01	3.47			
Cash flow (%)	Cash flow ratio		25.41	35.27			
	Cash flow adequacy ratio		85.95	97.02			
	Cash flow reinvestment ratio		5.97	10.32			
Leverage	Operating leverage		1.64	1.61			
	Financial leverage		1.15	1.13			

Note1: The financial statements for 2012 to 2015 have been audited by independent auditors.

Note2: For the data 2013 to 2015, please refer to 6.2.1 A. Consolidated financial analysis – IFRS.

B. Separate financial analysis - ROC GAAP

Item			Year: Financial summary within five years				
			2011 (Note 1)	2012 (Note 1)	2013	2014	2015
Financial structure (%)	Debt ratio		30.48	30.10	(Note 2)		
	Ratio of long-term funds to fixed assets		1,968.05	2,212.01			
Liquidity (%)	Current ratio		74.03	91.45			
	Quick ratio		71.37	89.38			
	Times interest earned ratio		21.33	31.30			
Operating performance	Average collection turnover (times)		7.88	7.29			
	Average collection period		46	50			
	Average inventory turnover (times)		34.69	34.53			
	Average payment turnover (times)		6.31	6.44			
	Average inventory turnover period		11	11			
	Fixed assets turnover (times)		3.53	2.94			
	Total assets turnover (times)		0.17	0.13			
Profitability (%)	Return on total assets		7.76	12.08			
	Return on shareholders' equity		10.51	16.84			
	Percentage to paid-in capital	Operating income	0.72	0.33			
		Income before tax	20.74	37.27			
	Profit ratio		44.49	93.03			
	Earnings per share (NT$)		2.01	3.47			
Cash flow (%)	Cash flow ratio		75.54	38.22			
	Cash flow adequacy ratio		56.38	45.92			
	Cash flow reinvestment ratio		2.52	-			
Leverage	Operating leverage		10.96	3.48			
	Financial leverage		(2.36)	(0.37)			

Note1: The financial statements for 2012 to 2015 have been audited by independent auditors.
Note2: For the data of 2013 to 2015, please refer to 6.2.1 B. Separate financial analysis – IFRS.

1. Financial Structure
   (1) Debt ratio =total liabilities/total assets
   (2) Ratio of long-term funds to fixed assets = (net shareholder's equity+ non-current liabilities)/net fixed assets
2. Liquidity
   (1) Current ratio=current assets/current liabilities
   (2) Quick ratio= (current assets-inventory-prepaid expense)/current liabilities
   (3) Times interest earned =net income before tax and interest expense/interest expense
3. Operating performance
   (1) Average collection turnover (including accounts receivable and notes receivable resulted from business operation) = net sales/average balance of account receivable (including accounts receivable and notes receivable resulted from business operation)
   (2) Average collection period=365/average collection turnover
   (3) Inventory turnover=cost of goods sold/average inventory
   (4) Average payment turnover (including accounts payable and notes payable resulted from business operation) = operating costs/average balance of account payable (including accounts payable and notes payable resulted from business operation)
   (5) Average inventory turnover period=365/average inventory turnover
   (6) Fixed assets turnover=net sales/average net fixed assets
   (7) Total assets turnover=net sales/average total assets
4. Profitability
   (1) Return on total assets= [net income + interest expense*(1-tax rate)]/average total assets
   (2) Return on shareholder's equity=net income/average net shareholder's equity
   (3) Profit ratio=net income/net sales
   (4) Earnings per share= (equity attributable to owners of the Company-preferred share dividend)/weighted average shares issued
5. Cash flow
   (1) Cash flow ratio=net cash flow from operating activity/current liabilities
   (2) Cash flow adequacy ratio= (net cash flow from operating activities within five year/ (capital expenditure +inventory increase +cash dividend) within five year
   (3) Cash flow reinvestment ratio= (net cash flow from operating activity -cash dividend)/ (total property, plant and equipment +long-term investment + other non-current assets + working capital)
6. Leverage
   (1) Operating leverage= (net operating income-operating variable cost and expense)/operating income
   (2) Financial leverage= operating income/ (operating income-interest expense)

6.3 Supervisors' Review Report on the 2015 Financial Statements

Supervisors' Review Report

To the 2016 Pou Chen Corporation Annual Meeting of the Shareholders:

The board of Directors has prepared and submitted the Company's 2015 Business Report and Financial Statements. The CPA firm of Deloitte & Touche was retained to audited the Financial Statements and has issued an audit report relating to the Financial Statements.

We, as supervisors of the Company, have reviewed each of the aforementioned documents. Such documents are compliance with the applicable provisions of the Company Act. Therefore, we hereby submit this report pursuant to Article 219 of the Company Act.

Pou Chen Corporation

Lin, Yuan-Lang
Supervisor

Chen, Huan-Chung
Supervisor

Date: March 24, 2016

Supervisors' Review Report of Profit Distribution Plan

To the 2016 Pou Chen Corporation Annual Meeting of the Shareholders:

The board of Directors has prepared and submitted the Company's 2015 profit distribution plan. The profit distribution plan has been reviewed by us as Supervisors of the Company. The plan compliance with applicable provisions of the Company Act and hereby submit this report pursuant to Article 219 of the Company Act.

Pou Chen Corporation

Lin, Yuan-Lang
Supervisor

Chen, Huan-Chung
Supervisor

Date: April 29, 2016

Deloitte.
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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Pou Chen Corporation

We have audited the accompanying consolidated balance sheets of Pou Chen Corporation (the "Company") and its subsidiaries (collectively, the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The Company's investments in Ruen Chen Investment Holding Co., Ltd. were accounted for by the equity method in the consolidated financial statements based on financial statements audited by other auditors. Our opinion, insofar as it relates to Ruen Chen Investment Holding Co., Ltd., is based solely on the report of other auditors. As of December 31, 2015 and 2014, the carrying value of the investments was 2.08% ($5,846,585 thousand) and 3.10% ($8,471,915 thousand) of the total assets, respectively. For the years ended December 31, 2015 and 2014, the share of profit of the associate was 18.25% ($3,693,799 thousand) and 22.53% ($3,576,296 thousand) of the income before income tax, respectively.

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. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity 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 by the Financial Supervisory Commission (the "FSC") of the Republic of China.

We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified modified report.

Deloitte & Touche

March 24, 2016

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.

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 37,820,911	13	$ 34,734,908	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	581,288	-	227,685	-
Available-for-sale financial assets - current (Notes 4 and 8)	12,622,099	5	13,568,135	5
Held-to-maturity financial assets - current (Notes 4 and 9)	49,567	-	-	-
Debt investments with no active market - current (Notes 4 and 10)	1,390,697	1	2,908,384	1
Notes receivable (Notes 4 and 11)	12,221	-	18,249	-
Notes receivable from related parties (Notes 4, 11 and 39)	20	-	53	-
Accounts receivable (Notes 4 and 11)	33,796,622	12	31,231,528	12
Accounts receivable from related parties (Notes 4, 11 and 39)	78,106	-	189,500	-
Other receivables (Notes 4 and 11)	3,604,286	1	4,228,115	2
Inventories - manufacturing and retailing (Notes 4 and 12)	41,228,992	15	41,899,068	15
Inventories - construction (Notes 4 and 12)	5,029,350	2	4,541,642	2
Prepayments for lease (Notes 4 and 13)	158,911	-	175,911	-
Non-current assets held for sale (Notes 4 and 14)	-	-	484,910	-
Other current assets (Notes 4 and 15)	9,290,217	3	9,386,875	3
Total current assets	145,663,287	52	143,594,963	53
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	654,795	-	337,449	-
Available-for-sale financial assets - non-current (Notes 4 and 8)	692,074	-	569,519	-
Held-to-maturity financial assets - non-current (Notes 4 and 9)	1,401,726	1	-	-
Financial assets measured at cost - non-current (Notes 4 and 16)	659,395	-	741,401	-
Debt investments with no active market - non-current (Notes 4, 10 and 40)	32,771	-	21,542	-
Investments accounted for using equity method (Notes 4 and 18)	37,437,669	13	41,071,544	15
Property, plant and equipment (Notes 4 and 19)	69,778,999	25	63,500,454	23
Investment properties (Notes 4, 20 and 40)	2,316,581	1	2,254,309	1
Goodwill (Notes 4 and 21)	9,535,733	4	9,136,165	4
Other intangible assets (Notes 4 and 22)	3,282,105	1	3,590,003	1
Deferred tax assets (Notes 4 and 30)	612,351	-	556,638	-
Long-term prepayments for lease (Notes 4 and 13)	5,615,916	2	5,685,844	2
Other non-current assets (Notes 4 and 15)	2,940,517	1	1,982,114	1
Total non-current assets	134,960,632	48	129,446,982	47
TOTAL	$ 280,623,919	100	$ 273,041,945	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 23)	$ 15,708,753	6	$ 18,422,674	7
Short-term bills payable (Note 23)	2,589,343	1	1,752,076	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,404,523	-	674,234	-
Notes payable (Notes 4 and 24)	21,337	-	38,302	-
Notes payable to related parties (Notes 4, 24 and 39)	15,080	-	36,515	-
Accounts payable (Notes 4 and 24)	15,430,256	5	13,379,025	5
Accounts payable to related parties (Notes 4, 24 and 39)	1,866,283	1	1,719,010	-
Other payables (Note 25)	27,237,051	10	23,856,859	9
Current tax liabilities (Notes 4 and 30)	2,354,742	1	1,350,485	-
Liabilities directly associated with non-current assets held for sale (Notes 4 and 14)	-	-	180,911	-
Current portion of long-term borrowings (Note 23)	21,159,324	7	8,247,500	3
Other current liabilities	4,382,374	2	4,981,142	2
Total current liabilities	92,169,066	33	74,638,733	27
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 23)	29,770,315	10	41,968,390	15
Deferred tax liabilities (Notes 4 and 30)	1,822,808	1	1,882,324	1
Long-term payables (Note 25)	177,187	-	671,180	-
Net defined benefit liabilities (Notes 4 and 26)	1,842,453	1	1,714,985	1
Other non-current liabilities	38,423	-	40,738	-
Total non-current liabilities	33,651,186	12	46,277,617	17
Total liabilities	125,820,252	45	120,916,350	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 27)				
Share capital				
Common shares	29,467,872	10	29,441,372	11
Capital surplus	4,631,708	2	4,627,549	2
Retained earnings				
Legal reserve	10,260,048	4	9,398,498	3
Special reserve	5,608,553	2	9,180,047	3
Unappropriated earnings	31,207,526	11	23,675,306	9
Total retained earnings	47,076,127	17	42,253,851	15
Other equity	(11,905,594)	(4)	(5,608,553)	(2)
Total equity attributable to owners of the Company	69,270,113	25	70,714,219	26
NON-CONTROLLING INTERESTS	85,533,554	30	81,411,376	30
Total equity	154,803,667	55	152,125,595	56
TOTAL	$ 280,623,919	100	$ 273,041,945	100

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

(With Deloitte & Touche audit report dated March 24, 2016)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 28 and 39)	$ 269,081,173	100	$ 243,976,298	100
OPERATING COSTS (Notes 26, 29 and 39)	204,575,755	76	188,707,550	77
GROSS PROFIT	64,505,418	24	55,268,748	23
OPERATING EXPENSES (Notes 26 and 29)				
Selling and marketing expenses	24,784,935	9	20,702,822	9
General and administrative expenses	21,358,105	8	20,187,946	8
Research and development expenses	6,008,984	3	6,457,359	3
Total operating expenses	52,152,024	20	47,348,127	20
PROFIT FROM OPERATIONS	12,353,394	4	7,920,621	3
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 29)	3,868,364	1	3,359,218	1
Other gains and losses (Note 29)	(1,346,843)	-	(484,431)	-
Finance costs (Note 29)	(1,121,294)	-	(1,075,314)	-
Share of the profit of associates and joint ventures (Notes 4 and 18)	6,486,653	2	6,154,285	3
Total non-operating income and expenses	7,886,880	3	7,953,758	4
PROFIT BEFORE INCOME TAX	20,240,274	7	15,874,379	7
INCOME TAX EXPENSE (Notes 4 and 30)	(3,638,808)	(1)	(2,014,930)	(1)
NET INCOME FOR THE YEAR	16,601,466	6	13,859,449	6
OTHER COMPREHENSIVE (LOSS) INCOME (Note 3)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss arising from defined benefit plans (Note 26)	(216,694)	-	(182,530)	-
Share of the other comprehensive loss of associates and joint ventures	(76,182)	-	(7,174)	-

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ 390,145	-	$ 2,549,708	1
Unrealized loss on available-for-sale financial assets	(1,650,970)	(1)	(318,603)	-
Share of the other comprehensive (loss) income of associates and joint ventures	(6,262,330)	(2)	635,633	-
Other comprehensive (loss) income for the year, net of income tax	(7,816,031)	(3)	2,677,034	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 8,785,435	3	$ 16,536,483	7
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 9,531,358	3	$ 8,615,506	4
Non-controlling interests	7,070,108	3	5,243,943	2
	$ 16,601,466	6	$ 13,859,449	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 2,941,441	1	$ 11,997,296	5
Non-controlling interests	5,843,994	2	4,539,187	2
	$ 8,785,435	3	$ 16,536,483	7
EARNINGS PER SHARE (Note 31)				
Basic	$ 3.24		$ 2.93	
Diluted	$ 3.14		$ 2.85	

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

(With Deloitte & Touche audit report dated March 24, 2016) (Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owner of the Company										
			Retained Earnings			Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Translation Foreign Operation	Unrealized Loss on Available-for-sale Financial Assets	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 29,441,372	$ 4,366,099	$ 8,336,553	$ 4,435,090	$ 24,000,543	$ 20,776	$ (9,200,823)	$ (188,728)	$ 61,210,882	$ 76,409,295	$ 137,620,177
Appropriation of 2013 earnings (Note 27)											
Legal reserve	-	-	1,061,945	-	(1,061,945)	-	-	-	-	-	-
Special reserve	-	-	-	4,744,957	(4,744,957)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,944,137)	-	-	-	(2,944,137)	-	(2,944,137)
	-	-	1,061,945	4,744,957	(8,751,039)	-	-	-	(2,944,137)	-	(2,944,137)
Net income for the year ended December 31, 2014	-	-	-	-	8,615,506	-	-	-	8,615,506	5,243,943	13,859,449
Other comprehensive (loss) income for the year ended December 31, 2014	-	-	-	-	(189,704)	3,324,973	246,521	-	3,381,790	(704,756)	2,677,034
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	8,425,802	3,324,973	246,521	-	11,997,296	4,539,187	16,536,483
Treasury shares resold by subsidiaries (Note 27)	-	218,295	-	-	-	-	-	188,728	407,023	7,682	414,705
Share of changes in net assets of associates or joint venture (Notes 4 and 27)	-	4,685	-	-	-	-	-	-	4,685	-	4,685
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 27)	-	38,470	-	-	-	-	-	-	38,470	-	38,470
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	455,212	455,212
Change in equity for the year ended December 31, 2014	-	261,450	1,061,945	4,744,957	(325,237)	3,324,973	246,521	188,728	9,503,337	5,002,081	14,505,418
BALANCE AT DECEMBER 31, 2014	29,441,372	4,627,549	9,398,498	9,180,047	23,675,306	3,345,749	(8,954,302)	-	70,714,219	81,411,376	152,125,595
Appropriation of 2014 earnings (Note 27)											
Legal reserve	-	-	861,550	-	(861,550)	-	-	-	-	-	-
Special reserve	-	-	-	(3,571,494)	3,571,494	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,416,206)	-	-	-	(4,416,206)	-	(4,416,206)
	-	-	861,550	(3,571,494)	(1,706,262)	-	-	-	(4,416,206)	-	(4,416,206)
Net income for the year ended December 31, 2015	-	-	-	-	9,531,358	-	-	-	9,531,358	7,070,108	16,601,466
Other comprehensive (loss) income for the year ended December 31, 2015	-	-	-	-	(292,876)	1,675,137	(7,972,178)	-	(6,589,917)	(1,226,114)	(7,816,031)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	9,238,482	1,675,137	(7,972,178)	-	2,941,441	5,843,994	8,785,435
Execution of employee share options (Notes 27 and 32)	26,500	21,200	-	-	-	-	-	-	47,700	-	47,700
Share of changes in net assets of associates or joint venture (Notes 4 and 27)	-	624	-	-	-	-	-	-	624	-	624
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 27)	-	(18,814)	-	-	-	-	-	-	(18,814)	-	(18,814)
Share of changes in equities of subsidiaries (Notes 4 and 27)	-	1,149	-	-	-	-	-	-	1,149	-	1,149
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,721,816)	(1,721,816)
Change in equity for the year ended December 31, 2015	26,500	4,159	861,550	(3,571,494)	7,532,220	1,675,137	(7,972,178)	-	(1,444,106)	4,122,178	2,678,072
BALANCE AT DECEMBER 31, 2015	$ 29,467,872	$ 4,631,708	$ 10,260,048	$ 5,608,553	$ 31,207,526	$ 5,020,886	$ (16,926,480)	$ -	$ 69,270,113	$ 85,533,554	$ 154,803,667

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

(With Deloitte & Touche audit report dated March 24, 2016)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the year	$ 20,240,274	$ 15,874,379
Adjustments for:		
Depreciation expenses	7,961,099	7,226,528
Amortization expenses	390,664	423,738
Recognized (reversal) of impairment loss on accounts receivable	210,589	(54,447)
Net loss on fair value change of financial instruments at fair value through profit or loss	787,869	610,698
Finance costs	1,121,294	1,075,314
Interest income	(428,575)	(488,171)
Dividend income	(758,064)	(610,535)
Compensation cost of employee share options	69,173	46,267
Share of profit of associates and joint ventures	(6,486,653)	(6,154,285)
Net loss (gain) on disposal of property, plant and equipment	393,827	(48,835)
Net (gain) loss on disposal of investments	(125,979)	42,846
Net (gain) loss on disposal of subsidiaries, associates and joint ventures	(159,898)	134,840
Recognized (reversal) of impairment loss	607,272	(176,284)
Changes in operating assets and liabilities		
Financial instruments held for trading	(433,321)	340,355
Notes receivable	6,028	(1,768)
Notes receivable from related parties	33	12
Accounts receivable	(2,775,683)	(1,217,856)
Accounts receivable from related parties	111,394	25,518
Other receivables	538,138	(40,775)
Inventories	182,368	(5,358,204)
Other current assets	96,658	205,682
Other operating assets	222,347	41,628
Notes payable	(16,965)	24,936
Notes payable to related parties	(21,435)	(2,289)
Accounts payable	2,051,231	616,059
Accounts payable to related parties	147,273	205,265
Other payables	3,150,578	3,153,390
Other current liabilities	(598,768)	1,660,993
Accrued pension liabilities	(89,226)	(1,898)
Other operating liabilities	(493,993)	(11,950)
Cash generated from operations	25,899,549	17,541,151
Interest paid	(1,108,547)	(1,072,428)
Income tax paid	(2,746,823)	(2,711,093)
Net cash generated from operating activities	22,044,179	13,757,630
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets design at FVTPL	(314,198)	(290,975)
Proceeds on sale of financial assets design at FVTPL	18,990	370,618

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Acquisition of available-for-sale financial assets	$ (935,745)	$ -
Proceeds on sale of available-for-sale financial assets	209,223	164,880
Acquisition of debt investments with no active market	(2,553,718)	(5,339,341)
Proceeds on sale of debt investments with no active market	4,060,176	4,006,401
Acquisition of held-to-maturity financial assets	(1,526,719)	-
Proceeds on held-to-maturity financial assets	33,806	-
Acquisition of financial assets measured at cost	(4,927)	(6,853)
Proceed on sale of financial assets measured at cost	154,457	276,176
Acquisition of associates and joint ventures	-	(96,835)
Proceeds from disposal of associates and joint ventures	2,145,587	53,479
Net cash outflow on acquisition of subsidiaries	(63,572)	(141,590)
Net cash inflow (outflow) on disposal of subsidiaries	88,007	(46,799)
Proceeds from capital return of associates	-	350,808
Acquisition of property, plant and equipment	(13,342,832)	(9,238,179)
Proceeds from disposal of property, plant and equipment	494,540	1,135,966
Increase in refundable deposits	-	(31,008)
Decrease in refundable deposits	21,158	-
Acquisition of intangible assets	-	(289)
Acquisition of investment properties	(21,775)	-
Increase in prepayments for equipment	(1,201,908)	(628,942)
Acquisition of long-term prepayments for lease	(92,928)	(558,559)
Proceeds from disposal of long-term prepayments for lease	115,940	-
Interest received	512,097	481,295
Dividend received	2,740,878	2,418,254
Net cash used in investing activities	(9,463,463)	(7,121,493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	1,782,383
Repayments of short-term borrowings	(2,713,921)	-
Proceeds from short-term bills payable	838,500	-
Repayments of short-term bills payable	-	(452,000)
Proceeds from long-term borrowings	698,500	2,233,857
Increase in guarantee deposits	-	2,609
Decrease in guarantee deposits	(2,315)	-
Cash dividend	(4,416,206)	(2,944,137)
Execution of employee share options	47,700	-
Proceed on sale of treasury shares	-	414,705
Change in non-controlling interests	(1,721,816)	455,212
Net cash (used in) generated from financing activities	(7,269,558)	1,492,629
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(2,284,974)	(2,940,203)

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 3,026,184	$ 5,188,563
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	34,794,727	29,606,164
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 37,820,911	$ 34,794,727

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2015 and 2014:

	December 31	
	2015	2014
Cash and cash equivalents in consolidated balance sheets	$ 37,820,911	$ 34,734,908
Cash and cash equivalents included in a disposal group held for sale	-	59,819
Cash and cash equivalents in consolidated statements of cash flow	$ 37,820,911	$ 34,794,727

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

(With Deloitte & Touche audit report dated March 24, 2016) (Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Pou Chen Corporation (the "Company"), the business activities include manufacturing and sales of various kinds of shoes, and import and export of related products and materials. The Company also invests significantly in shoes and electronics industries to diversify its business operation. The Company invested in Yue Yuen Industrial (Holdings) Limited ("Yue Yuen") and other footwear - related companies through Wealthplus Holdings Limited ("Wealthplus"). Yue Yuen and Pou Sheng International (Holdings) Limited ("Pou Sheng"), a subsidiary of Yue Yuen, are listed on Hong Kong Exchange and Clearing Limited.

In January 1990, the Company started to trade its stocks on the Taiwan Stock Exchange.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 24, 2016.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC)

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, stipulated that the Company and its subsidiaries (the "Group") should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version did not have any material impact on the Group's accounting policies:

1) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards, including IAS 16 "Property, Plant and Equipment", IAS 32 "Financial Instruments: Presentation" and IAS 34 "Interim Financial Reporting," were amended in this annual improvement.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 "Income Taxes".

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

2) Amendments to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"

The amendments to IFRS 7 requires disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

3) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

The Group concluded that it has control over the investees included in the consolidated financial statements. The adoption of IFRS 10 "Consolidated Financial Statements" had no material impact on the Group's financial position and financial performance.

4) IFRS 11 "Joint Arrangements"

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities - Non-monetary Contributions by Venturers". Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures are accounted for using the equity method. Under IAS 31, Joint arrangements are classified as jointly controlled entities, jointly controlled assets, and jointly controlled operations, and the Group accounts for its jointly controlled entities using the proportionate consolidation method.

The Group concluded that the investment in each of the joint arrangements was classified as a joint venture under IFRS 11 and should continue to be accounted for using the equity method. The adoption of IFRS 11 "Joint Arrangements" had no material impact on the Group's financial position and financial performance.

5) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the previous standards.

6) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the previous standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required only for financial instruments will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 38 for related disclosure.

7) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under previous IAS 1, there were no such requirements.

The Group retrospectively applied the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates and joint ventures accounted for using the equity method. The application of the above amendment did not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

8) Amendment to IAS 28 "Investments in Associates and Joint Ventures"

Under the revised IAS 28, when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under the previous IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

The adoption of IAS 28 "Investments in Associates and Joint Ventures" had no material impact on the Group's financial position and financial performance.

9) Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"

The amendment to IAS 32 clarified the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendment clarified the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement".

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

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 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, amended and revised standards and interpretations.

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

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)
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
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
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
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 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
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 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

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

1) 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.

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 amended IFRS 8 requires an entity 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.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate 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.

2) Annual Improvements to IFRSs: 2011-2013 Cycle

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 if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

3) IFRS 9 “Financial Instruments”

<u>Recognition and measurement of financial assets</u>

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:

a) 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:

   i. 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;

ii. 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 instrument is derecognized or reclassified the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

b) Except for 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.

<u>The impairment of financial assets</u>

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, contract assets arising from IFRS 15 “Revenue from Contracts with Customers” and certain written loan commitments. 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.

4) 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.

5) Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"

The amendment require that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, should apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:

- Measure most identifiable assets and liabilities at fair value;
- Expense acquisition-related costs (other than debt or equity issuance costs);
- Recognizing any goodwill or bargain purchase gain;
- Recognize deferred taxes;
- Perform impairment tests for the cash generating units to which goodwill has been allocated;
- Disclose information required relevant for business combinations.

The amendments also apply to the formation of a joint operation if, and only if, an existing business is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

The amendments do not apply to the acquisition of an interest in a joint operation when the parties sharing control are under common control before and after the acquisition.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) IFRS 15 "Revenue from Contracts with Customers"

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 is 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.

7) 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" requires 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" requires that 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.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

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

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the year. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

9) 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. In 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. In 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.

Except for the above impact, as of the date the consolidated financial statements were issued, 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 which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and 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 twelve 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 twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

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

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

The Group engages in the construction business, which has an operating cycle of over one year; the normal operating cycle applies when considering the classification of the Group’s construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the year 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 cost on initial recognition of an investment.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

f. 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 in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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 on 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 case, 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 purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates and joint ventures in other countries or currencies used are different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income, and attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and 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.

g. Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process and merchandise, 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.

Investments in real estate, and land and buildings for development are measured initially at cost or related development costs. Cost includes borrowing costs capitalized before the assets are ready for development.

h. Investments accounted for using equity method

Investments accounted for using equity method include investment in an associate and joint venture.

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. Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as joint venture.

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

Under the equity method, the investment in associates or joint ventures 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 associates or joint ventures. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures.

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 and joint venture 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 an associate and joint venture, 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 and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the share of 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 and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that the associate and joint venture 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 using equity method is insufficient, the shortage is debited to retained earnings.

When the Group’s share of losses of an associate and joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using 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 is deducted from investment and the carrying amount is net of impairment loss. 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 and a joint venture. 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 and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and the joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

i. Property, plant and equipment

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

Cost includes borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. 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 over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the development phase of an internal project is recognized in accordance with the IAS 38 "Intangible Assets". Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment loss.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

4) Derecognition of intangible assets

Gains or losses from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

m. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, 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.

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.

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.

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 on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

o. 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.

<u>Financial assets</u>

1) Measurement category

Financial assets are classified into financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets, and loans and receivables.

a) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 38.

b) Held-to-maturity financial assets

Commercial paper and foreign corporate bonds, which are above specific credit ratings and the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity financial assets.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

c) 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 amount of available-for-sale monetary financial assets relating to changes in 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 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 measured 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 carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets.

d) Loans and receivables

Loans and receivables (including accounts receivable, cash and cash equivalent, debt investments with no active market) 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 equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) 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, the estimated future cash flows of the investment have been affected.

For financial assets measured at amortized cost, such as trade receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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.

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 are 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 measured at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of 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 accounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivable that are written off against the allowance account.

3) 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.

Equity instruments

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

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

Financial liabilities

1) Subsequent measurement

Except for financial liabilities at fair value through profit or loss, the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading and stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 38.

2) 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.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks and exchange rate risks, including forward exchange contracts, exchange rate swaps contracts, exchange rate options contracts, interest rate swap contracts and cross-currency swap contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

p. 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. Sales returns are recognized at the time of sale based on the seller's reliable estimate future returns and based on past experience and other relevant factors.

1) Sale of goods

Sales of goods are recognized when goods are delivered and legal ownership has passed.

2) Rendering of services

Service income is recognized when services are provided. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

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.

q. Construction contracts

Revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as "amounts due from customers for contract work". For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the "amounts due to customers for contract work".

r. 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 unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

s. 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 service 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 and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense 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 they occur. 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) Termination benefits

A liability for a termination benefit is recognized when the Group can no longer withdraw the offer of the termination benefit.

t. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

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 estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grate date when the share options granted vest 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.

u. Taxation

Income tax expense represents the sum of the current tax liabilities and deferred tax liabilities.

1) Current tax

According to the Income Tax Law in the Republic of China ("ROC"), 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 in the consolidated financial statements 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 and unused loss carryforward 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 ventures, 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 assets and liabilities 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 tax for the year

Current tax and deferred tax 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 tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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 by the management 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. Held-to-maturity financial assets

Management has reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the Group's positive intention and ability to hold those assets to maturity.

b. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c. Income taxes

As of December 31, 2015 and 2014, the carrying amount of deferred tax liabilities related to taxable temporary differences was $641,729 thousand and $618,758 thousand, respectively. The realizability of the 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.

d. Estimated impairment of accounts receivable

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 the 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.

e. Fair value measurements and valuation process

If some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group determines whether to engage third party qualified valuers or to self-determine the appropriate valuation techniques for fair value measurements.

Where Level 1 inputs are not available, the Group or engaged valuers would determine appropriate inputs by referring to the analyses of the financial position and the operation results of investees, recent transaction prices and specific features of derivatives. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly.

f. Useful lives of property, plant and impairment

The Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date. The impairment of equipment is assessed based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

g. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

h. Impairment of investment in associate

The Group immediately recognizes impairment loss on its net investment in associate when there is any indication that the investment 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 expected to be generated by the associate. The Group also takes into consideration the market conditions and industry development to evaluate the appropriateness of assumptions.

i. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

j. Control over subsidiaries

As described in Note 17, the Group holds less than 50% interests in Yue Yuen and Pou Sheng, companies listed on the Hong Kong Stock Exchange (HKEx). The absolute amount and relative size of the Group’s investment and dispersion of voting rights relative to the other stockholders indicate that the Group has the practical ability to direct the relevant activities of Yue Yuen and Pou Sheng; therefore, the Group has control over Yue Yuen and Pou Sheng.

k. Significant influence over associates

As described in Note 18, the Group holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. but the Group has the power to appoint three out of the nine directors of Elitegroup Computer Systems Co., Ltd.; therefore, the Group is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	2014
Cash on hand	$ 265,659	$ 41,134
Checking accounts and demand deposits	27,240,548	19,103,504
Cash equivalent (investments with original maturities less than three months)		
Time deposits	9,618,294	14,999,586
Repurchase agreements collateralized by bonds	696,410	590,684
	$ 37,820,911	$ 34,734,908

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	2014
Financial assets designated as at FVTPL		
Structured deposit (a)	$ 654,795	$ 337,449
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts (b)	8,564	190
Exchange rate option contracts (c)	24,257	5,646
Exchange rate swap contracts (d)	36,129	1,377
Cross-currency swap contracts (e)	52,336	73,148
Non-derivative financial assets		
Domestic open-ended mutual funds	460,002	147,324
	$ 1,236,083	$ 565,134
Current	$ 581,288	$ 227,685
Non-current	654,795	337,449
	$ 1,236,083	$ 565,134
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts (b)	$ 63,656	$ 319,085
Exchange rate option contracts (c)	1,263,044	317,110

(Continued)

	December 31	
	2015	2014
Exchange rate swap contracts (d)	$ 33,702	$ -
Interest rate swap contracts (f)	44,121	38,039
	$ 1,404,523	$ 674,234
Current	$ 1,404,523	$ 674,234

(Concluded)

a. Structured deposits

1) Wealthplus entered into a five years USD structured time deposit contract with a bank in January 2013. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract, recorded under "financial assets at FVTPL - non-current".

2) Wealthplus entered into a three years and six months RMB structured time deposit contract with a bank in March 2015. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract, recorded under "financial assets at FVTPL - non-current".

3) Pou Sheng entered into a RMB structured time deposit contract with a bank in December 2013. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The RMB structured time deposit contract can be readily cancelled, and was recorded under "financial assets at FVTPL - current". The RMB structured time deposit contract had been cancelled in March 2014.

4) Pou Sheng entered into a three months RMB structured time deposit contract with a bank in May 2014. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The RMB structured time deposit contract was recorded under "financial assets at FVTPL - current", and had been fully matured in August 6, 2014.

b. At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

December 31, 2015

Notional Amount	Forward Exchange Rates
USD 50,000,000	Sell USD/buy RMB at 6.1500 to 6.4465
USD 10,018,961	Sell RMB/buy USD at 6.4343

December 31, 2014

Notional Amount	Forward Exchange Rates
USD 299,000,000	Sell USD/buy RMB at 6.2180 to 6.2280
USD 22,000,000	Sell USD/buy VND at 21,381 to 21,552

The Group entered into forward exchange contracts for the years ended December 31, 2015 and 2014 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

c. At the end of the reporting period, outstanding exchange rate option contracts not under hedge accounting were as follows:

December 31, 2015

Notional Amount	Type	Buy/Sale	Premium Amount (Paid) Received	Fair Value
US$ 6,000,000	Call	Buy	$ (3,523)	$ 4,034
US$ 6,000,000	Call	Buy	(3,654)	4,193
US$ 12,000,000	Call	Buy	(7,503)	8,473
US$ 6,000,000	Call	Buy	(2,545)	2,468
US$ 6,000,000	Call	Buy	(2,577)	2,480
US$ 6,000,000	Call	Buy	(2,708)	2,609
US$ 8,000,000	Put	Sell	-	(12,337)
US$ 24,000,000	Put	Sell	-	(7,384)
US$ 48,000,000	Put	Sell	-	(32,534)
US$ 44,000,000	Put	Sell	-	(42,958)
US$ 20,000,000	Put	Sell	-	(18,967)
US$ 72,000,000	Put	Sell	-	(54,082)
US$ 14,000,000	Put	Sell	-	(10,755)
US$ 24,000,000	Put	Sell	-	(15,764)
US$ 22,000,000	Put	Sell	-	(21,904)
US$ 2,000,000	Put	Sell	-	(2,926)
US$ 2,000,000	Put	Sell	-	(3,242)
US$ 8,000,000	Put	Sell	-	(3,911)
US$ 14,000,000	Put	Sell	-	(7,584)
US$ 18,000,000	Put	Sell	-	(12,845)
US$ 24,000,000	Put	Sell	-	(1,537)
US$ 24,000,000	Put	Sell	-	(15,070)
US$ 40,000,000	Put	Sell	-	(36,932)
US$ 44,000,000	Put	Sell	-	(43,290)
US$ 24,000,000	Put	Sell	-	(14,595)
US$ 48,000,000	Put	Sell	-	(37,919)
US$ 40,000,000	Put	Sell	-	(35,775)
US$ 14,000,000	Put	Sell	-	(12,128)
US$ 18,000,000	Put	Sell	-	(18,554)
US$ 56,000,000	Put	Sell	-	(18,966)
US$ 18,000,000	Put	Sell	-	(16,650)
US$ 32,000,000	Put	Sell	-	(28,406)
US$ 48,000,000	Put	Sell	-	(23,869)
US$ 18,000,000	Put	Sell	-	(17,907)
US$ 48,000,000	Put	Sell	-	(23,426)
US$ 48,000,000	Put	Sell	-	(24,850)
US$ 2,000,000	Put	Sell	385	(2,203)
US$ 264,000,000	Put	Sell	-	(29,865)
US$ 39,000,000	Put	Sell	-	(97,044)
US$ 114,000,000	Put	Sell	-	(89,356)
US$ 76,000,000	Put	Sell	-	(56,789)
US$ 76,000,000	Put	Sell	-	(58,614)
US$ 114,000,000	Put	Sell	-	(90,600)
US$ 120,000,000	Put	Sell	33,982	(90,068)
US$ 120,000,000	Put	Sell	29,905	(75,914)

(Continued)

Notional Amount	Type	Buy/Sale	Premium Amount (Paid) Received	Fair Value
US$ 126,000,000	Put	Sell	$ -	$ (52,358)
US$ 30,000,000	Put	Sell	2,357	(3,166)
				$ (1,238,787)

(Concluded)

December 31, 2014

Notional Amount	Type	Buy/Sale	Premium Amount Received	Fair Value
US$ 4,000,000	Put	Sell	$ -	$ 1,022
US$ 2,000,000	Put	Sell	-	462
US$ 4,000,000	Put	Sell	-	965
US$ 120,000,000	Put	Sell	-	3,022
US$ 60,000,000	Put	Sell	-	175
US$ 2,000,000	Put	Sell	150	(127)
US$ 100,000,000	Put	Sell	-	(1,303)
US$ 80,000,000	Put	Sell	-	(3,267)
US$ 20,000,000	Put	Sell	-	(847)
US$ 100,000,000	Put	Sell	-	(3,952)
US$ 20,000,000	Put	Sell	-	(958)
US$ 24,000,000	Put	Sell	-	(3,291)
US$ 96,000,000	Put	Sell	-	(7,577)
US$ 80,000,000	Put	Sell	-	(13,094)
US$ 80,000,000	Put	Sell	-	(10,615)
US$ 48,000,000	Put	Sell	-	(4,841)
US$ 24,000,000	Put	Sell	-	(3,254)
US$ 24,000,000	Put	Sell	-	(3,373)
US$ 88,000,000	Put	Sell	-	(35,289)
US$ 64,000,000	Put	Sell	-	(28,400)
US$ 16,000,000	Put	Sell	-	(6,558)
US$ 16,000,000	Put	Sell	-	(9,093)
US$ 48,000,000	Put	Sell	-	(8,104)
US$ 24,000,000	Put	Sell	-	(5,383)
US$ 24,000,000	Put	Sell	-	(5,757)
US$ 24,000,000	Put	Sell	-	(4,777)
US$ 24,000,000	Put	Sell	-	(6,799)
US$ 195,000,000	Put	Sell	-	(110,266)
US$ 39,000,000	Put	Sell	-	(40,185)
				$ (311,464)

The Group entered into exchange rate option contracts for the years ended December 31, 2015 and 2014 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

d. At the end of the reporting period, outstanding exchange rate swap contracts not under hedge accounting were as follows:

December 31, 2015

Notional Amount		Maturity Date	Rate	Fair Value
US$	48,000,000	2016.01.07	32.8110	$ 6,349
US$	11,600,000	2016.01.07	32.8110	1,534
US$	8,600,000	2016.01.07	32.8110	1,138
US$	26,000,000	2016.01.14	32.7860	4,066
US$	30,000,000	2016.01.14	32.7860	4,691
US$	30,000,000	2016.01.12	32.7622	4,643
US$	30,000,000	2016.01.12	32.7272	9,934
US$	2,000,000	2016.01.12	32.7272	662
RMB	50,000,000	2016.07.11	4.8257	2,797
RMB	123,900,000	2016.03.14	4.9590	93
RMB	50,208,000	2016.01.19	6.5864	4
RMB	12,590,000	2016.06.22	6.7092	118
RMB	12,560,000	2016.01.29	6.6055	100
RMB	30,000,000	2016.03.11	4.9971	(321)
RMB	45,000,000	2016.03.11	4.9971	(648)
RMB	53,000,000	2016.03.14	4.9684	(458)
RMB	50,208,000	2016.03.17	6.6246	(562)
RMB	110,952,000	2016.03.24	6.6359	(805)
RMB	13,245,000	2016.03.24	6.6337	(82)
RMB	40,000,000	2016.01.19	6.4240	(4,971)
RMB	50,744,000	2016.03.24	6.6329	(481)
RMB	12,560,000	2016.04.11	6.4730	(1,749)
RMB	91,000,000	2016.01.19	6.4005	(13,219)
RMB	60,000,000	2016.02.17	6.4454	(7,750)
RMB	50,744,000	2016.03.24	6.6329	(481)
RMB	50,744,000	2016.03.24	6.6329	(936)
CHF	29,754,000	2016.01.11	0.9900	(1,239)
				$ 2,427

December 31, 2014

Notional Amount		Maturity Date	Rate	Fair Value
RMB	30,000,000	2015.01.09	5.044	$ 1,377

The Group entered into exchange rate swap contracts for the years ended December 31, 2015 and 2014 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

e. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

December 31, 2015

Notional Amount	Maturity Date	Rate	Interest %	Fair Value
US$ 20,000,000	2016.05.18	30.560	1.05	$ 45,179
US$ 10,000,000	2016.03.16	32.506	0.79	3,921
US$ 10,000,000	2016.05.27	32.520	0.78	3,236
				$ 52,336

December 31, 2014

Notional Amount	Maturity Date	Rate	Interest %	Fair Value
US$ 50,000,000	2015.05.18	30.18	0.74	$ 73,148

The Group entered into cross-currency swap contracts for the years ended December 31, 2015 and 2014 to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

f. At the end of the reporting period, outstanding interest rate swap contracts not under hedge accounting were as follows:

December 31, 2015

Notional Amount	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
$ 437,500	2016.09.29	1.066	0.80956	$ (766)
437,500	2016.09.29	1.066	0.80956	(770)
350,000	2016.09.29	1.180	0.80956	(862)
350,000	2016.09.29	1.183	0.80956	(864)
350,000	2016.09.29	1.183	0.80956	(866)
350,000	2016.09.29	1.183	0.80956	(761)
250,000	2016.09.29	0.967	0.80956	(287)
350,000	2016.09.29	0.990	0.80956	(452)
350,000	2016.09.29	0.990	0.80956	(475)
300,000	2016.09.29	0.990	0.80956	(385)
500,000	2018.06.01	1.340	0.80767	(5,126)
900,000	2018.06.01	1.310	0.80767	(8,638)
600,000	2018.06.01	1.310	0.80767	(5,810)
500,000	2018.06.01	1.290	0.80767	(4,672)
500,000	2018.06.01	1.278	0.80767	(4,521)
300,000	2018.06.01	1.265	0.80767	(2,645)
500,000	2018.06.01	1.280	0.80767	(4,493)
200,000	2018.06.01	1.260	0.80767	(1,728)
				$ (44,121)

December 31, 2014

Notional Amount	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
$ 600,000	2018.06.01	1.310	0.891	$ (4,221)
500,000	2018.06.01	1.340	0.891	(3,926)
875,000	2016.09.29	1.066	0.888	(1,344)
700,000	2016.09.29	1.180	0.888	(1,961)
500,000	2016.09.29	0.967	0.888	(219)
700,000	2016.09.29	0.990	0.888	(487)
900,000	2018.06.01	1.310	0.891	(6,241)
500,000	2018.06.01	1.278	0.891	(3,034)
300,000	2018.06.01	1.265	0.891	(1,715)
700,000	2016.09.29	1.183	0.888	(1,881)
700,000	2016.09.29	0.990	0.888	(382)
500,000	2018.06.01	1.290	0.891	(3,195)
875,000	2016.09.29	1.066	0.888	(1,209)
700,000	2016.09.29	1.183	0.888	(1,874)
600,000	2016.09.29	0.990	0.888	(324)
700,000	2016.09.29	1.183	0.888	(1,899)
500,000	2018.06.01	1.280	0.891	(3,026)
200,000	2018.06.01	1.260	0.891	(1,101)
				$ (38,039)

The Group entered into interest rate swap contracts for the years ended December 31, 2015 and 2014 to manage exposures to interest rate fluctuations.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Domestic investments		
Listed shares	$ 12,859,057	$ 13,397,793
Foreign investments		
Listed shares	455,116	739,861
	$ 13,314,173	$ 14,137,654
Current	$ 12,622,099	$ 13,568,135
Non-current	692,074	569,519
	$ 13,314,173	$ 14,137,654

9. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31 2015	December 31 2014
Foreign investments		
Corporate bonds	$ 967,708	$ -
Commercial paper	483,585	-
	$ 1,451,293	$ -
Current	$ 49,567	$ -
Non-current	1,401,726	-
	$ 1,451,293	$ -

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31 2015	December 31 2014
Time deposits with original maturity more than three months	$ 1,360,761	$ 2,908,384
Other	62,707	21,542
	$ 1,423,468	$ 2,929,926
Current	$ 1,390,697	$ 2,908,384
Non-current	32,771	21,542
	$ 1,423,468	$ 2,929,926

Refer to Note 40 for information relating to debt investments with no active market pledged as security.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31 2015	December 31 2014
Notes receivable (included related parties)		
Notes receivable - operating	$ 12,209	$ 18,237
Notes receivable - non-operating	32	65
Less: Allowance for doubtful accounts	-	-
	$ 12,241	$ 18,302
Accounts receivable (included related parties)		
Accounts receivable	$ 34,859,882	$ 32,303,543
Less: Allowance for doubtful accounts	(985,154)	(882,515)
	$ 33,874,728	$ 31,421,028

(Continued)

	December 31 2015	December 31 2014
Other receivables		
Tax refund receivables	$ 1,439,872	$ 1,212,660
Others	2,166,111	3,017,130
Less: Allowance for doubtful accounts	(1,697)	(1,675)
	$ 3,604,286	$ 4,228,115

(Concluded)

In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. Allowance for doubtful account was recognized based on past due amounts at the end of the reporting period and past default experience.

a. Notes receivable

The notes receivable balances at December 31, 2015 and 2014 were not past due.

b. Accounts receivable

1) The aging analysis tables of the accounts receivable as at December 31, 2015 and 2014 were as follows:

December 31, 2015

	Not Past Due and Not Impaired	Not Past Due but Impaired	Past Due but Not Impaired	Past Due and Impaired	Total
Less than 30 days	$ 23,239,428	$ -	$ -	$ -	$ 23,239,428
31-90 days	8,706,109	-	1,644,303	25,792	10,376,204
More than 91 days	-	-	284,888	959,362	1,244,250
	$ 31,945,537	$ -	$ 1,929,191	$ 985,154	$ 34,859,882

December 31, 2014

	Not Past Due and Not Impaired	Not Past Due but Impaired	Past Due but Not Impaired	Past Due and Impaired	Total
Less than 30 days	$ 21,631,689	$ -	$ -	$ -	$ 21,631,689
31-90 days	7,921,953	-	1,469,573	18,984	9,410,510
More than 91 days	-	-	397,813	863,531	1,261,344
	$ 29,553,642	$ -	$ 1,867,386	$ 882,515	$ 32,303,543

The above aging schedule was based on the invoice date.

2) Movements of the allowance for accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ 882,515	$ -	$ 882,515
Add: Recognized of impairment losses	210,589	-	210,589
Less: Amounts written off during the year as uncollectible	(140,819)	-	(140,819)
Effect of exchange rate changes	32,869	-	32,869
Balance at December 31, 2015	$ 985,154	$ -	$ 985,154
Balance at January 1, 2014	$ 915,610	$ -	$ 915,610
Less: Reversal of impairment losses	(54,447)	-	(54,447)
Less: Amounts written off during the year as uncollectible	(22,379)	-	(22,379)
Effect of exchange rate changes	43,731	-	43,731
Balance at December 31, 2014	$ 882,515	$ -	$ 882,515

12. INVENTORIES

	December 31	
	2015	2014
Inventories - manufacturing and retailing	$ 41,228,992	$ 41,899,068
Inventories - construction	5,029,350	4,541,642
	$ 46,258,342	$ 46,440,710

a. Inventories - manufacturing and retailing at the end of the reporting period consisted of the following:

	December 31	
	2015	2014
Raw materials	$ 8,318,055	$ 8,869,656
Work in progress	4,932,133	5,037,457
Finished goods and merchandise	27,978,804	27,991,955
	$ 41,228,992	$ 41,899,068

1) The cost of manufacturing and retailing inventories recognized as cost of goods sold for the years ended December 31, 2015 and 2014 was $204,231,444 thousand and $188,705,159 thousand, respectively.

2) The cost of manufacturing and retailing inventories recognized as cost of goods sold for the year ended December 31, 2014 included inventory write-downs of $616,408 thousand.

b. Inventories - construction at the end of the reporting period consisted of the following:

	December 31 2015	December 31 2014
Land and buildings held for development	$ 4,821,623	$ 4,369,253
Land and buildings held for sale	87,927	52,589
Land held for construction site	119,800	119,800
	$ 5,029,350	$ 4,541,642

The cost of construction inventories recognized as cost of goods sold for the years ended December 31, 2015 and 2014 was $344,311 thousand and $2,391 thousand, respectively.

13. PREPAYMENTS FOR LEASE

	December 31 2015	December 31 2014
People's Republic of China ("PRC")	$ 3,056,063	$ 3,264,809
Indonesia	991,282	968,047
Vietnam	1,261,301	1,163,581
Myanmar	466,181	465,318
	$ 5,774,827	$ 5,861,755
Current	$ 158,911	$ 175,911
Non-current	5,615,916	5,685,844
	$ 5,774,827	$ 5,861,755

14. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

	December 31 2015	December 31 2014
Assets associated with non-current assets held for sale		
Cash and cash equivalents	$ -	$ 59,819
Accounts receivable and other receivables	-	185,247
Inventories	-	107,294
Property, plant and equipment	-	110,047
Prepayments for lease	-	22,503
	$ -	$ 484,910
Liabilities directly associated with non-current assets held for sale		
Short-term borrowing	$ -	$ 9,558
Accounts payable and other payables	-	171,353
	$ -	$ 180,911

Yue Yuen resolved to dispose subsidiaries for total consideration of $303,999 thousand (US$9,605 thousand) as of December 31, 2014. The Group had reclassified the associated assets and liabilities to "non-current assets held for sale" and "liabilities directly associated with non-current assets held for sale". Yue Yuen had disposed the subsidiaries in April 2015 (refer to Note 34).

15. OTHER ASSETS

	December 31	
	2015	2014
Prepayments	$ 7,556,075	$ 7,851,077
Refundable deposits	155,901	177,059
Defined benefit assets (Note 26)	124,351	123,935
Prepayments for equipment	2,191,889	989,981
Others	2,202,518	2,226,937
	$ 12,230,734	$ 11,368,989
Current	$ 9,290,217	$ 9,386,875
Non-current	2,940,517	1,982,114
	$ 12,230,734	$ 11,368,989

16. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2015	2014
Domestic investments		
Unlisted shares	$ 63,225	$ 63,225
Foreign investments		
Unlisted shares	204,195	273,643
Mutual funds	391,975	404,533
	596,170	678,176
	$ 659,395	$ 741,401
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 659,395	$ 741,401

Management believed that the fair value of the above investments held by the Group cannot be reliably measured due to the significant range of reasonable fair value estimates; therefore, they were measured at cost less impairment at the end of reporting period.

17. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31 2015	Proportion of Ownership December 31 2014
Wealthplus Holdings Limited ("Wealthplus")	British Virgin Islands	Investing activities of footwear and electronic and peripheral products	100.00%	100.00%
Win Fortune Investments Limited	British Virgin Islands	Investing activities	100.00%	100.00%
Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operation	100.00%	100.00%
Pou Shine Investments Co., Ltd.	ROC	Investing activities	100.00%	100.00%
Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	100.00%	100.00%
Pro Arch International Development Enterprise Inc.	ROC	Design and manufacturing of footwear product	100.00%	100.00%
Pou Yuen Technology Co., Ltd.	ROC	Tooling design software and information technology software service	99.81%	99.81%
Barits Development Corporation	ROC	Import and export of the shoe related materials and investing activities	99.62%	99.60%

The information of Wealthplus's major subsidiaries is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31 2015	Proportion of Ownership December 31 2014
Yue Yuen Industrial (Holdings) Limited	Bermuda	Manufacturing and sale of athletic and casual footwear and sports apparel	48.93%	48.93%
Pou Sheng International (Holdings) Limited	Bermuda	Retailing of sporting goods and brand licensing business	29.98%	29.98%
Crown Master Investments Limited	British Virgin Islands	Investment holding	100.00%	100.00%
Tetor Ventures Ltd.	British Virgin Islands	Investment holding	100.00%	100.00%
Star Eagle Consultants Limited	British Virgin Islands	Agency of property and casualty insurance	100.00%	100.00%
Pou Yu Biotechnology Co., Ltd.	ROC	Manufacturing of medical appliance and sale of related equipment	69.44%	69.44%
Dong Guan Pou Yu Precision Ceramics Industrial Co., Ltd.	PRC	Manufacturing medical appliance	69.44%	69.44%

The Group holds less than 50% interests in Yue Yuen and Pou Sheng, companies listed on the Hong Kong Stock Exchange (HKEx). The directors considered the Group's absolute amount, relative size and dispersion of voting rights relative to the other stockholders and concluded that the Group has the practical ability to direct the relevant activities of Yue Yuen and Pou Sheng and therefore the Group has control over Yue Yuen and Pou Sheng.

Win Fortune Investments Limited ("Win Fortune") invested in Yue Yuen (as at December 31, 2015 the ownership percentage was 1.05%). Investing is its primary operation activities.

The information of Pro Arch International Development Enterprise Inc.'s subsidiary is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31 2015	2014
Pro Arch Technology BVI Inc.	British Virgin Islands	Investment holdings	-	-

Note: Pro Arch Technology BVI Inc. had resolved to liquidate and dissolve in November 2014.

The information of Pou Yuen Technology Co., Ltd.'s subsidiary is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31 2015	2014
Vantage Capital Investments Ltd.	British Virgin Islands	Investment holdings	100.00%	100.00%

The information of Barits Development Corporation's subsidiaries is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31 2015	2014
Song Ming Investments Co., Ltd.	ROC	Investing activities	100.00%	100.00%
Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	100.00%	100.00%
Yu Hong Development Co., Ltd.	ROC	Development of real estate	100.00%	100.00%
Wang Yi Construction Co., Ltd.	ROC	Construction	89.75%	89.75%
Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	75.00%	75.00%

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests 2015	2014
Yue Yuen Industrial (Holdings) Limited	50.02%	50.02%
Pou Sheng International (Holdings) Limited	38.73%	38.73%

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31 2015	2014	Accumulated Non-controlling Interests December 31 2015	2014
Yue Yuen Industrial (Holdings) Limited	$ 6,194,439	$ 4,886,618	$ 73,367,403	$ 69,172,218
Pou Sheng International (Holdings) Limited	794,242	54,148	10,913,098	10,621,234

Pou Sheng is a subsidiary of Yue Yuen, and the summarized financial information in respect of Yue Yuen and its subsidiaries (included Pou Sheng) is set out below:

	December 31	
	2015	2014
Current assets	$ 122,350,497	$ 118,241,535
Non-current assets	114,683,568	107,860,708
Current liabilities	(64,764,194)	(50,988,096)
Non-current liabilities	(13,358,495)	(24,548,531)
Equity	$ 158,911,376	$ 150,565,616
Equity attributable to:		
Owners of the Company	$ 73,709,116	$ 69,501,290
Non-controlling interests of Yue Yuen	73,367,403	69,172,218
Non-controlling interests of Yue Yuen's subsidiaries	11,834,857	11,892,108
	$ 158,911,376	$ 150,565,616

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 267,624,358	$ 242,886,885
Net income	$ 13,271,626	$ 10,132,278
Other comprehensive loss	(1,788,976)	(1,004,570)
Total comprehensive income	$ 11,482,650	$ 9,127,708
Net income attributable to:		
Owners of the Company	$ 6,201,875	$ 4,889,339
Non-controlling interests of Yue Yuen	6,194,439	4,886,618
Non-controlling interests of Yue Yuen's subsidiaries	875,312	356,321
	$ 13,271,626	$ 10,132,278
Total comprehensive income attributable to:		
Owners of the Company	$ 5,613,054	$ 4,526,847
Non-controlling interests of Yue Yuen	5,605,159	4,523,845
Non-controlling interests of Yue Yuen's subsidiaries	264,437	77,016
	$ 11,482,650	$ 9,127,708
Net cash inflow (outflow) from:		
Operating activities	$ 25,626,297	$ 16,902,552
Investing activities	(9,271,490)	(7,604,849)
Financing activities	(14,787,159)	(7,621,806)
Net cash inflow	$ 1,567,648	$ 1,675,897
Dividends paid to:		
Non-controlling interests of Yue Yuen	$ 4,000,861	$ 3,544,532
Yue Yuen's subsidiaries	$ 449,632	$ 295,160

18. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2015	2014
Investments in associates	$ 24,250,119	$ 25,939,681
Investments in joint ventures	13,187,550	15,131,863
	$ 37,437,669	$ 41,071,544

a. Investments in associates

	December 31	
	2015	2014
Material associate		
Ruen Chen Investment Holding Co., Ltd.	$ 5,846,585	$ 8,471,915
Associates that are not individually material	18,403,534	17,388,674
	24,250,119	25,860,589
Long-term receivable		
Associates that are not individually material	-	79,092
	$ 24,250,119	$ 25,939,681

1) Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2015	2014
Ruen Chen Investment Holding Co., Ltd.	20%	20%

The summarized financial information below represents amounts shown in the material associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Ruen Chen Investment Holding Co., Ltd.

	December 31	
	2015	2014
Assets	$ 3,192,737,851	$ 2,845,485,896
Liabilities	(3,152,391,615)	(2,790,298,128)
Non-controlling interests	(10,816,750)	(12,531,631)
Owners of Ruen Chen Investment Holding Co., Ltd.	$ 29,529,486	$ 42,656,137
Proportion of the Group	20%	20%
Equity attributable to the Group	$ 5,905,897	$ 8,531,227
Other adjustments	(59,312)	(59,312)
Carrying amount	$ 5,846,585	$ 8,471,915

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 567,236,107	$ 510,773,474
Net income	$ 20,343,103	$ 19,868,877
Other comprehensive (loss) income	(35,214,398)	2,640,221
Total comprehensive (loss) income	$ (14,871,295)	$ 22,509,098

2) Associates that are not individually material

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2015	2014
Luen Thai Holdings Ltd.	9.74%	9.74%
Eagle Nice (International) Holdings Limited	38.42%	38.42%
Evermore Chemical Industry Co., Ltd.	29.05%	28.19%
San Fang Chemical Industry Co., Ltd.	44.72%	44.72%
Elitegroup Computer Systems Co., Ltd.	19.50%	19.51%
Ace Top Group Limited	40.00%	40.00%
Bigfoot Limited	48.76%	48.76%
Enthroned Group Limited	48.76%	48.76%
Faith Year Investments Ltd.	30.00%	30.00%
Full Pearl International Ltd.	40.04%	40.04%
Haicheng Information Technology Co., Ltd.	50.00%	50.00%
Hengqin New District of Zhuhai City Baolee Property Management Co., Ltd.	40.00%	40.00%
Just Lucky Investments Limited	38.30%	38.30%
Kleine Developments Ltd.	33.33%	33.33%
Natural Options Limited	38.30%	38.30%
Oftenrich Holdings Limited	45.00%	45.00%
Original Designs Developments Limited	49.47%	49.47%
Pine Wood Industries Limited	37.00%	37.00%
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00%	20.00%
Prosperlink Limited	38.00%	38.00%
Prosperous Industrial (Holdings) Ltd.	30.00%	30.00%
Rise Bloom International Limited	38.00%	38.00%
Silver Island Trading Ltd.	50.00%	50.00%
Supplyline Logistics Ltd.	49.00%	49.00%
Venture Well Holdings Ltd.	31.55%	31.55%
Zhejiang Baohong Sports Goods Company Limited	49.00%	49.00%
Zhuhai Poulik Properties Management Co., Ltd.	40.00%	40.00%
Nan Pao Resins Chemical Co., Ltd.	21.32%	21.32%
Techview International Technology Inc.	50.00%	50.00%

a) The summarized financial information below represents amounts shown in the financial statements of associates that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	For the Year Ended December 31	
	2015	2014
The Group's share of:		
Net income	$ 1,819,281	$ 1,577,386
Other comprehensive loss	(32,127)	(206,860)
Total comprehensive income	$ 1,787,154	$ 1,370,526

b) The Group is able to exercise significant influence over Luen Thai Holdings Ltd. because it has the power to appoint the management team of Luen Thai Holdings Ltd. since September 2007.

c) The Group holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. but the Group has the power to appoint three out of the nine directors of Elitegroup Computer Systems Co., Ltd.; therefore, the Group is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.

d) Fair values (Level 1) of investments in associates that are not individually material with available published price quotation are summarized as follows:

	December 31	
Name of Associate	2015	2014
Luen Thai Holdings Ltd.	$ 469,388	$ 583,810
Eagle Nice (International) Holdings Limited	$ 2,228,232	$ 1,089,102
Evermore Chemical Industry Co., Ltd.	$ 342,738	$ 327,437
San Fang Chemical Industry Co., Ltd.	$ 6,677,886	$ 5,027,686
Elitegroup Computer Systems Co., Ltd.	$ 2,201,282	$ 2,896,996

b. Investments in joint ventures

	December 31	
	2015	2014
Joint ventures that are not individually material	$ 12,915,886	$ 13,798,272
Long-term receivable		
Joint ventures that are not individually material	271,664	1,333,591
	$ 13,187,550	$ 15,131,863

1) At the end of the reporting period, the proportion of ownership and voting rights in joint ventures that are not individually material held by the Group were as follows:

Name of Joint Ventures	Proportion of Ownership and Voting Rights December 31 2015	2014
Artesol Limited	50.00%	50.00%
Beijing Baojing Kangtai Trading Co., Ltd.	50.00%	50.00%
Best Focus Holdings Ltd.	50.00%	50.00%
Blessland Enterprises Limited	50.00%	50.00%
Cohen Enterprises Inc.	50.00%	50.00%
Din Tsun Holding Co., Ltd.	50.00%	50.00%
Great Skill Industrial Limited	50.00%	50.00%
Guiyang Baoshang Sports Goods Company Limited	50.00%	50.00%
Hangzhou Baohong Sports Goods Company Limited	50.00%	50.00%
Hefei Tengrei Sports Goods Company Limited	50.00%	50.00%
Hua Jian Industrial Holding Co., Limited	50.00%	50.00%
Jilin Lingpao Sports Goods Company Limited	50.00%	50.00%
Jilin Xinfangwei Sports Goods Company Limited	50.00%	50.00%
Jumbo Power Enterprises Limited	50.00%	50.00%
Ka Yuen Rubber Factory Limited	50.00%	50.00%
Poulik Properties Management Co., Ltd.	30.00%	30.00%
Shaanxi Jixian Longyue Sports Goods Company Limited	-	50.00%
Smart Shine Industries Limited	-	50.00%
Texas Clothing Holdings Corp.	49.99%	49.99%
Topmost Industries Limited	-	50.00%
Twinways Investments Limited	50.00%	50.00%
Well Success Investment Limited	-	40.00%
Willpower Industries Limited	44.84%	44.84%
Zhong Ao Multiplex Management Limited	46.82%	46.82%
Hebei Olivier Trading Co., Ltd.	-	45.00%

2) The summarized financial information below represents amounts shown in the financial statements of joint ventures that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes:

	For the Year Ended December 31 2015	2014
The Group's share of:		
Net income	$ 973,573	$ 1,000,603
Other comprehensive loss	(354,441)	(165,706)
Total comprehensive income	$ 619,132	$ 834,897

19. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2014	$ 2,310,312	$ 61,736,809	$ 35,795,454	$ 1,282,404	$ 6,423,823	$ 200,442	$ 970,259	$ 108,719,503
Additions	-	2,230,397	4,454,148	126,686	714,669	8,447	2,301,414	9,835,761
Acquisitions through business combinations	-	1,643	-	358	1,254	-	-	3,255
Disposal of subsidiaries	-	(13,798)	(122,416)	(8,481)	(4,241)	-	(329)	(149,265)
Disposals	(77,357)	(893,756)	(2,387,459)	(148,151)	(614,924)	(34,704)	-	(4,156,351)
Reclassification as non-current assets held for sale	-	(149,958)	(63,806)	(7,628)	(10,951)	-	(411)	(232,754)
Reclassification - other	46,476	8,089	12,897	15,238	-	-	(513,468)	(430,768)
Effect of exchange rate changes	-	3,262,971	2,154,770	63,077	346,888	480	56,235	5,884,421
Balance at December 31, 2014	$ 2,279,431	$ 66,182,397	$ 39,843,588	$ 1,323,503	$ 6,856,518	$ 174,665	$ 2,813,700	$ 119,473,802
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ (4,975)	$ (22,328,731)	$ (21,736,084)	$ (861,456)	$ (4,456,228)	$ (175,093)	$ (57,097)	$ (49,619,664)
Depreciation expense	-	(3,050,678)	(3,366,294)	(130,228)	(640,736)	(14,267)	-	(7,202,203)
Disposal of subsidiaries	-	4,749	69,854	4,987	2,688	-	-	82,278
Reversals of impairment losses	-	116	-	-	-	-	-	116
Disposals	-	672,688	1,682,468	123,528	550,482	33,928	-	3,063,094
Reclassification as non-current assets held for sale	-	60,072	48,899	3,798	9,938	-	-	122,707
Reclassification - other	(266)	572,261	-	-	-	-	-	571,995
Effect of exchange rate changes	-	(1,239,569)	(1,444,018)	(45,706)	(261,956)	(422)	-	(2,991,671)
Balance at December 31, 2014	$ (5,241)	$ (25,309,092)	$ (24,745,175)	$ (905,077)	$ (4,795,812)	$ (155,854)	$ (57,097)	$ (55,973,348)
Carrying amounts at January 1, 2014	$ 2,305,337	$ 39,408,078	$ 14,059,370	$ 420,948	$ 1,967,595	$ 25,349	$ 913,162	$ 59,099,839
Carrying amounts at December 31, 2014	$ 2,274,190	$ 40,873,305	$ 15,098,413	$ 418,426	$ 2,060,706	$ 18,811	$ 2,756,603	$ 63,500,454
Cost								
Balance at January 1, 2015	$ 2,279,431	$ 66,182,397	$ 39,843,588	$ 1,323,503	$ 6,856,518	$ 174,665	$ 2,813,700	$ 119,473,802
Additions	-	3,558,953	5,565,587	146,484	911,674	14,356	3,400,334	13,597,388
Acquisitions through business combinations	-	5,092	-	586	8,826	-	-	14,504
Disposals	-	(1,099,274)	(2,171,283)	(187,315)	(517,083)	(11,111)	(11,489)	(3,997,555)
Reclassification - other	(31,821)	3,455,847	38,746	2,600	7,218	10,964	(3,436,462)	47,092
Effect of exchange rate changes	-	1,866,750	1,452,021	35,199	149,353	(43)	102,287	3,605,567
Balance at December 31, 2015	$ 2,247,610	$ 73,969,765	$ 44,728,659	$ 1,321,057	$ 7,416,506	$ 188,831	$ 2,868,370	$ 132,740,798
Accumulated depreciation and impairment								
Balance at January 1, 2015	$ (5,241)	$ (25,309,092)	$ (24,745,175)	$ (905,077)	$ (4,795,812)	$ (155,854)	$ (57,097)	$ (55,973,348)
Depreciation expense	-	(3,230,899)	(3,857,183)	(122,156)	(713,331)	(8,552)	-	(7,932,121)
Recognized of impairment losses	-	(260,868)	-	-	-	-	-	(260,868)
Disposals	-	794,859	1,696,605	153,593	453,333	10,798	-	3,109,188
Reclassification - other	-	20,845	4,684	-	1,079	(4,670)	-	21,938
Effect of exchange rate changes	-	(714,046)	(1,029,896)	(28,474)	(154,216)	44	-	(1,926,588)
Balance at December 31, 2015	$ (5,241)	$ (28,699,201)	$ (27,930,965)	$ (902,114)	$ (5,208,947)	$ (158,234)	$ (57,097)	$ (62,961,799)
Carrying amounts at January 1, 2015	$ 2,274,190	$ 40,873,305	$ 15,098,413	$ 418,426	$ 2,060,706	$ 18,811	$ 2,756,603	$ 63,500,454
Carrying amounts at December 31, 2015	$ 2,242,369	$ 45,270,564	$ 16,797,694	$ 418,943	$ 2,207,559	$ 30,597	$ 2,811,273	$ 69,778,999

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

Items	Estimated Useful Life
Buildings and improvements	
Main buildings	55 years
Elevators	15 years
Machinery and equipment	5-12 years
Transportation equipment	5 years
Office equipment	3-7 years
Other equipment	3-10 years

b. The Group has three parcels of land located in Changhwa County with carrying value of $56,102 thousand. Due to certain restrictions under the land regulations, the ownership for these three parcels of land resides with a trustee through a trust agreement which prohibits the trustee from selling, pledging or hypothecating the property.

20. INVESTMENT PROPERTIES

	2015	2014
Cost		
Balance at January 1	$ 2,759,979	$ 2,599,092
Additions	21,775	-
Reclassification	54,432	88,634
Effect of exchange rate changes	49,739	72,253
Balance at December 31	$ 2,885,925	$ 2,759,979
Accumulated depreciation and impairment		
Balance at January 1	$ (505,670)	$ (445,629)
Depreciation expense	(28,978)	(24,325)
Reversals of impairment losses	-	5,417
Reclassification	(17,194)	(15,648)
Effect of exchange rate changes	(17,502)	(25,485)
Balance at December 31	$ (569,344)	$ (505,670)
Carrying amounts at January 1	$ 2,254,309	$ 2,153,463
Carrying amounts at December 31	$ 2,316,581	$ 2,254,309

a. The investment properties are depreciated by the straight-line method over 30-55 year.

b. The fair values of the Group's investment properties as of December 31, 2015 and 2014 were $3,297,811 thousand and $3,340,521 thousand, respectively.

c. Refer to Note 40 for the carrying amount of investments properties pledged by the Group to secure borrowings.

21. GOODWILL

	2015	2014
Cost		
Balance at January 1	$ 9,136,165	$ 8,599,567
Acquisition through business combinations	47,710	-
Deregistration of subsidiaries	(710)	(13,071)
Effect of exchange rate changes	352,568	549,669
Balance at December 31	$ 9,535,733	$ 9,136,165

The carrying value of goodwill allocated to four cash-generating units was as follows:

	December 31 2015	December 31 2014
Goodwill		
Manufacturing and marking of footwear materials	$ 6,028,311	$ 5,764,320
Manufacturing and marking of sports apparel	187,890	181,165
Retailing business - retail sales and footwear and apparel	2,813,037	2,712,342
Other	506,495	478,338
	$ 9,535,733	$ 9,136,165

Based on the assessments of the recoverable amounts of these cash-generating units, no impairment loss was recognized during 2015 and 2014. The recoverable amount of these cash-generating units was determined based on a value in use calculation which used cash flow projections based on financial budgets approved by management covering a five-year period. The growth rates were based on the forecasts of the relevant industries.

The discount rates and growth rates used in the value calculations for the cash-generating units were as follows:

	December 31			
	2015		2014	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Manufacturing and marking of footwear materials	14%	2%	14%	2%
Manufacturing and marking of sports apparel	14%	2%	14%	2%
Retailing business - retail sales and footwear and apparel	14%	3%	14%	3%

Other key assumptions for the value in use calculations included budgeted sales, gross margins and their related cash inflows and outflows patterns. The estimated amount was based on the cash-generating units' historical performance and management's expectation of the market development.

22. OTHER INTANGIBLE ASSETS

	Patents	Trademark	Customer Relationship	Brandnames	Licensing Agreements	Non-compete Agreements	Total
Cost							
Balance at January 1, 2014	$ 604	$ 158	$ 262,493	$ 2,297,130	$ 310,658	$ 2,186,525	$ 5,057,568
Additions	151	138	-	-	-	-	289
Acquisitions through business combinations	-	-	-	-	176,204	-	176,204
Effect of exchange rate changes	(7)	(1)	9,413	82,443	20,204	78,475	190,527
Balance at December 31, 2014	$ 748	$ 295	$ 271,906	$ 2,379,573	$ 507,066	$ 2,265,000	$ 5,424,588
Accumulated amortization and impairment							
Balance at January 1, 2014	$ (86)	$ (24)	$ (121,068)	$ (292,744)	$ (64,737)	$ (1,055,276)	$ (1,533,935)
Amortization expense	(84)	(114)	(30,368)	-	(44,920)	(161,777)	(237,263)
Effect of exchange rate changes	1	(1)	(5,422)	(10,526)	(3,841)	(43,598)	(63,387)
Balance at December 31, 2014	$ (169)	$ (139)	$ (156,858)	$ (303,270)	$ (113,498)	$ (1,260,651)	$ (1,834,585)

(Continued)

	Patents	Trademark	Customer Relationship	Brandnames	Licensing Agreements	Non-compete Agreements	Total
Carrying amounts at January 1, 2014	$ 518	$ 134	$ 141,425	$ 2,004,386	$ 245,921	$ 1,131,249	$ 3,523,633
Carrying amounts at December 31, 2014	$ 579	$ 156	$ 115,048	$ 2,076,303	$ 393,568	$ 1,004,349	$ 3,590,003
Cost							
Balance at January 1, 2015	$ 748	$ 295	$ 271,906	$ 2,379,573	$ 507,066	$ 2,265,000	$ 5,424,588
Disposal	(40)	(114)	-	-	-	-	(154)
Effect of exchange rate changes	-	(1)	(5,334)	(46,799)	(9,503)	(44,553)	(106,190)
Balance at December 31, 2015	$ 708	$ 180	$ 266,572	$ 2,332,774	$ 497,563	$ 2,220,447	$ 5,318,244
Accumulated amortization and impairment							
Balance at January 1, 2015	$ (169)	$ (139)	$ (156,858)	$ (303,270)	$ (113,498)	$ (1,260,651)	$ (1,834,585)
Amortization expense	(38)	(41)	(31,192)	-	(50,739)	(158,095)	(240,105)
Disposal	40	114	-	-	-	-	154
Effect of exchange rate changes	(1)	1	3,409	5,974	2,737	26,277	38,397
Balance at December 31, 2015	$ (168)	$ (65)	$ (184,641)	$ (297,296)	$ (161,500)	$ (1,392,469)	$ (2,036,139)
Carrying amounts at January 1, 2015	$ 579	$ 156	$ 115,048	$ 2,076,303	$ 393,568	$ 1,004,349	$ 3,590,003
Carrying amounts at December 31, 2015	$ 540	$ 115	$ 81,931	$ 2,035,478	$ 336,063	$ 827,978	$ 3,282,105

(Concluded)

The above items of other intangible assets are amortized on a straight-line basis over the estimated useful life of the asset:

Items	Estimated Useful Life
Patents	15-20 years
Trademark	10 years
Customer relationship	8 years
Licensing agreements	10 years
Non-compete agreements	5-20 years

The brandnames are considered by the management of the Group as having indefinite useful life because they are expected to contribute to net cash inflows to the Group indefinitely.

23. BORROWINGS

a. Short-term borrowings

	December 31	
	2015	2014
Unsecured borrowings		
Credit borrowings	$ 15,708,753	$ 18,422,674

The range of effective interest rate on bank borrowings was 0.89%-5.88% and 0.89%-6.33% per annum as of December 31, 2015 and 2014, respectively.

b. Short-term bills payable

December 31, 2015

	Annual Interest Rate %	Amount
Commercial paper	0.5-1.06	$ 2,591,500
Less: Unamortized discount on bills payable		(2,157)
		$ 2,589,343

December 31, 2014

	Annual Interest Rate %	Amount
Commercial paper	0.68-0.91	$ 1,753,000
Less: Unamortized discount on bills payable		(924)
		$ 1,752,076

c. Long-term borrowings

	December 31	
	2015	2014
Secured borrowings		
Bank loans	$ 488,000	$ 488,000
Unsecured borrowings		
Bank loans	50,481,500	49,783,000
	50,969,500	50,271,000
Less: Long-term expenses for syndication loan	(39,861)	(55,110)
Less: Current portion	(21,159,324)	(8,247,500)
	$ 29,770,315	$ 41,968,390

The range of effective interest rate on bank borrowings was 0.86%-2.36% and 0.69%-2.5%, per annum as of December 31, 2015 and 2014, respectively.

24. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2015	2014
Notes payable (included related parties)		
Operating	$ 36,057	$ 72,550
Non-operating	360	2,267
	$ 36,417	$ 74,817
Accounts payable (included related parties)	$ 17,296,539	$ 15,098,035

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

25. OTHER PAYABLES

	December 31	
	2015	2014
Payable for salaries	$ 13,405,470	$ 11,257,543
Payable for purchase of property, plant and equipment	1,635,347	1,380,791
Compensation due to directors and supervisors	206,212	323,169
Employee compensation payable	603,896	536,360
Interest payable	96,960	121,902
Payable for acquisition of subsidiary and business	382,083	538,841
Payable for annual leave	1,292,742	1,248,502
Others (Note 41)	9,791,528	9,120,931
	$ 27,414,238	$ 24,528,039
Current	$ 27,237,051	$ 23,856,859
Non-current	177,187	671,180
	$ 27,414,238	$ 24,528,039

26. RETIREMENT BENEFIT PLANS

The defined benefit plan adopted by 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 Group contributes 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. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence the investment policy and strategy.

The defined benefit liability (assets) included in the consolidated balance sheets at December 31, 2015 and 2014 were as follows:

	December 31	
	2015	2014
Defined benefit liability	$ 1,842,453	$ 1,714,985
Less: Defined benefit assets (Note 15)	(124,351)	(123,935)
	$ 1,718,102	$ 1,591,050

The net amounts included in the consolidated balance sheets in respect of the Group's defined benefit liability and fair value of plan assets were as follows:

	December 31 2015	December 31 2014
Present value of defined benefit obligation	$ 1,887,881	$ 1,745,499
Fair value of plan assets	(169,779)	(154,449)
Net defined benefit liability	$ 1,718,102	$ 1,591,050

Movements in net defined benefit liability (assets) were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2014	$ 1,745,989	$ (320,511)	$ 1,425,478
Service cost	22,938	-	22,938
Net interest expense (income)	29,179	(4,928)	24,251
Curtailment gain	(15,357)	-	(15,357)
Recognized in profit or loss	36,760	(4,928)	31,832
Remeasurement			
Actuarial loss (gain) - experience adjustments	184,493	(1,963)	182,530
Recognized in other comprehensive income (loss)	184,493	(1,963)	182,530
Contributions from the employer	-	(48,790)	(48,790)
Benefits paid	(221,743)	221,743	-
Balance at December 31, 2014	$ 1,745,499	$ (154,449)	$ 1,591,050
Balance at January 1, 2015	$ 1,745,499	$ (154,449)	$ 1,591,050
Service cost	20,631	-	20,631
Net interest expense (income)	28,450	(852)	27,598
Recognized in profit or loss	49,081	(852)	48,229
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,479)	(1,479)
Actuarial loss - changes in demographic assumptions	72,628	-	72,628
Actuarial loss - changes in financial assumptions	60,173	-	60,173
Actuarial loss - experience adjustments	85,372	-	85,372
Recognized in other comprehensive income (loss)	218,173	(1,479)	216,694
Contributions from the employer	-	(137,871)	(137,871)
Benefits paid	(124,872)	124,872	-
Balance at December 31, 2015	$ 1,887,881	$ (169,779)	$ 1,718,102

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Year Ended December 31	
	2015	2014
Operating costs	$ 154	$ 427
Selling and marketing expenses	41	40
General and administrative expenses	36,929	19,828
Research and development expenses	11,105	11,537
	$ 48,229	$ 31,832

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

a. 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.

b. Interest risk: A decrease in the government 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.

c. 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	
	2015	2014
Discount rate(s)	1.375%	1.750%
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 increase (decrease) as follows:

	December 31, 2015
Discount rate(s)	
0.25% increase	$ (43,788)
0.25% decrease	$ 45,412
Expected rate(s) of salary increase	
0.25% increase	$ 43,812
0.25% decrease	$ (42,460)

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	
	2015	2014
The expected contributions to the plan for the next year	$ 388,956	$ 229,612
The average duration of the defined benefit obligation	9.5 years	8.8 years

27. EQUITY

a. Share capital

	December 31	
	2015	2014
Number of shares authorized (in thousands)	4,500,000	4,500,000
Shares authorized	$ 45,000,000	$ 45,000,000
Number of shares issued and fully paid (in thousands)	2,946,787	2,944,137
Shares issued	$ 29,467,872	$ 29,441,372

The Company's employee share options were exercised for 2,650 thousand ordinary shares (amounted to $26,500 thousand) during the year ended December 31, 2015.

b. Capital surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from issuance of common shares	$ 848,603	$ 827,403
Recognized from conversion of bonds	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	484,759	503,573
May be used to offset a deficit only (2)		
Recognized from share of changes in equities of subsidiaries	20,937	19,788
May not be used for any purpose		
Recognized from share of changes in net assets of associates and joint ventures	5,309	4,685
	$ 4,631,708	$ 4,627,549

1) 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).

2) Such capital surplus are recognized from share of changes in equities of subsidiaries that resulted from equity transactions, or from share of changes in capital surplus of subsidiaries accounted by using equity method when there was no actual disposal or acquisition of subsidiaries.

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the annual net profits should be appropriated as follows:

1) For paying taxes.

2) For offsetting deficits.

3) For legal reserve at 10% of the remaining profits, and for special reserve to be appropriated and distributed according to regulations or upon request by the FSC.

4) The total of any remaining profits after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then distributed the remainder as proposed according to stock ownership proportion.

Profits may be distributed after taking into consideration financial, business and operational factors. The distribution of profits shall be proposed by the board of directors, and submitted to the shareholders' meeting for approval. The ratio of distribution shall be not less than 30% of the net income for each fiscal year, and a portion for cash dividend shall be not less than 30% of total distribution. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profits.

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 consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on December 25, 2015 and March 24, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 15, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 29.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule 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.

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.

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 2014 and 2013 approved in the shareholders' meetings on June 12, 2015 and June 17, 2014, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Year 2014	For Year 2013	For Year 2014	For Year 2013
Legal reserve	$ 861,550	$ 1,061,945	$ -	$ -
(Reversal) special reserve	(3,571,494)	4,744,957	-	-
Cash dividends	4,416,206	2,944,137	1.50	1.00

d. Other equity item

1) Exchange differences on translation foreign operations

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 3,345,749	$ 20,776
Exchange differences arising on translation of foreign operations	1,685,213	3,242,459
Share of exchange differences of associates and joint ventures accounted for using equity method	(10,076)	82,514
Balance at December 31	$ 5,020,886	$ 3,345,749

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

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ (8,954,302)	$ (9,200,823)
Unrealized loss on available-for-sale financial assets	(1,719,924)	(306,598)
Unrealized loss on available-for-sale financial assets of associates and joint ventures accounted for using equity method	(6,252,254)	553,119
Balance at December 31	$ (16,926,480)	$ (8,954,302)

e. Non-controlling interests

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 81,411,376	$ 76,409,295
Share of non-controlling interests		
Net income	7,070,108	5,243,943
Exchange differences arising on translation of foreign operations	(1,295,068)	(692,751)
Unrealized gain (loss) on available-for-sale financial assets	68,954	(12,005)
Change in non-controlling interests	(1,721,816)	462,894
Balance at December 31	$ 85,533,554	$ 81,411,376

f. Treasury shares

The changes in treasury shares were summarized as follows:

	Beginning of Year	Addition	Reduction	End of Year
For the year ended December 31, 2014				
Shares held by subsidiaries	9,934,059	-	(9,934,059)	-

The Company's shares held by its subsidiaries were reduced by 9,934,059 shares which were sold by Pou Shine Investments Co., Ltd. and other companies during the year ended December 31, 2014. And the profit of $218,295 thousand was recognized as capital surplus from treasury shares transactions.

28. REVENUE

	For the Year Ended December 31	
	2015	2014
Sales revenue	$ 268,476,016	$ 243,375,989
Revenue from the rendering of services	88,957	87,562
Rental income	31,407	29,541
Revenue from entertainment and resort	484,793	483,206
	$ 269,081,173	$ 243,976,298

29. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Other income

	For the Year Ended December 31	
	2015	2014
Rental income		
Rental income from operating lease		
Investment properties	$ 36,710	$ 38,051
Others	294,309	283,524
	331,019	321,575
Interest income		
Cash in bank	339,675	396,638
Repurchase agreements collateralized by bonds	10,055	5,175
Held-to-maturity financial assets	20,058	-
Debt investments with no active market	55,814	82,019
Others	2,973	4,339
	428,575	488,171
Dividend income	758,064	610,535
Others	2,350,706	1,938,937
	$ 3,868,364	$ 3,359,218

b. Other gains and losses

	For the Year Ended December 31	
	2015	2014
Net (loss) gain on disposal of property, plant and equipment	$ (393,827)	$ 48,835
Net foreign exchange gain	303,809	209,293
Net gain (loss) on disposal of subsidiaries, associates and joint ventures	159,898	(134,840)
Net gain (loss) on disposal of available-for-sale financial assets	78,039	(128,103)
Net gain on disposal of financial assets measured at cost	47,940	85,257
Net gain arising on financial assets designated as at FVTPL	217,571	82,534
Net loss arising on financial liabilities designated as at FVTPL	(1,005,440)	(693,232)
(Recognized) reversal of impairment loss	(607,272)	176,284
Others	(147,561)	(130,459)
	$ (1,346,843)	$ (484,431)

c. Finance costs

	For the Year Ended December 31	
	2015	2014
Interest on bank borrowings	$ 1,070,213	$ 1,038,792
Interest on short-term bills payable	18,116	16,898
Other interest expense	32,965	19,624
	$ 1,121,294	$ 1,075,314

d. Depreciation and amortization

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	$ 7,932,121	$ 7,202,203
Investment properties	28,978	24,325
Other intangible assets	240,105	237,263
Prepayments for lease	150,559	186,475
	$ 8,351,763	$ 7,650,266
An analysis of depreciation by function		
Operating costs	$ 5,145,287	$ 4,662,388
Operating expenses	2,808,804	2,556,154
Non-operating expenses	7,008	7,986
	$ 7,961,099	$ 7,226,528
An analysis of amortization by function		
Operating costs	$ 1,235	$ 1,180
Operating expenses	389,429	422,558
	$ 390,664	$ 423,738

e. Direct operating expenses from investment properties

	For the Year Ended December 31	
	2015	2014
Direct operating expenses from investment properties that generated rental income	$ 43,233	$ 36,440

f. Employee benefits expense

	For the Year Ended December 31	
	2015	2014
Post-employment benefits		
Defined contribution plans	$ 8,759,912	$ 6,161,747
Defined benefit plans	48,229	31,832
	8,808,141	6,193,579
Share-based payments		
Equity-settled	69,173	46,267
Termination benefits	20,094	39,380
Other employee benefits (Note 41)	61,111,749	58,731,676
	$ 70,009,157	$ 65,010,902
An analysis of employee benefits expense by function		
Operating costs	$ 49,333,908	$ 45,533,539
Operating expenses	20,675,249	19,477,363
	$ 70,009,157	$ 65,010,902

As of December 31, 2015 and 2014, there were 415,296 and 411,593 employees, respectively, in the Group.

The existing (2014) Articles of Incorporation of the Company stipulate to distribute compensation to employees and remuneration to directors and supervisors at the rates 1%-5% and no higher than 3%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to employees and the remuneration to directors and supervisors were $334,667 thousand and $169,882 thousand, respectively, representing 3.0% and 1.5%, respectively, of the base net income.

In compliance with the Company Act as amended in May 2015, the Company proposed to amend its Articles of Incorporation and stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates 1%-5% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were $203,472 thousand and $101,736 thousand, respectively, representing 1.8% and 0.9%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2015 have been approved by the Company's board of directors on March 24, 2016 and are subject to the resolution of the shareholders' meeting to be held on June 15, 2016.

Material differences between such estimated amounts and the amounts approved by the board of directors on or before the date the annual financial statements are authorized for issue are adjusted in the year the compensation and remuneration were recognized. If there is a change in the approved amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of bonuses to employees and remuneration to directors and supervisors for 2014 and 2013 had been approved in the stockholders' meetings on June 12, 2015 and June 17, 2014, respectively; the amounts were as follows:

	For the Year Ended December 31			
	2014		2013	
	Cash Dividend	Share Dividend	Cash Dividend	Share Dividend
Bonus to employees	$ 334,667	$ -	$ 142,211	$ -
Remuneration to directors and supervisors	169,882	-	72,188	-

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 12, 2015 and June 17, 2014 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014 and 2013, respectively.

Information about the employees' compensation, directors and supervisors approved in the meetings of the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

30. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current period	$ 2,910,456	$ 1,818,366
Income tax expense of unappropriated earnings	671,954	175,352
	3,582,410	1,993,718
Deferred tax	(1,136)	4,015
Adjustments for prior years' income tax	57,534	17,197
Income tax expense recognized in profit or loss	$ 3,638,808	$ 2,014,930

A reconciliation of accounting profit and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2015	2014
Income before income tax	$ 20,240,274	$ 15,874,379
Income tax expense calculated at the statutory rate	3,440,846	2,698,644
Tax effect of adjusting items		
Tax-exempt income	(1,058,789)	(1,074,928)
Others	526,925	190,088

(Continued)

	For the Year Ended December 31	
	2015	2014
Additional income tax under the alternative minimum tax act	$ 1,474	$ 4,562
Income tax on unappropriated earnings	671,954	175,352
Current tax	3,582,410	1,993,718
Deferred tax	(1,136)	4,015
Adjustments for prior years' income tax	57,534	17,197
Income tax expense recognized in profit or loss	$ 3,638,808	$ 2,014,930

(Concluded)

The applicable tax rate used by the Company is the corporate tax rate of 17%.

As the status of 2016 appropriations of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Deferred tax assets and liabilities

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

	December 31	
	2015	2014
Deferred tax assets		
Temporary differences		
Unrealized pension expense	$ 103,245	$ 118,414
Others	509,106	438,224
	$ 612,351	$ 556,638
Deferred tax liabilities		
Temporary differences		
Investment income from foreign subsidiaries	$ 641,729	$ 618,758
Others	1,181,079	1,263,566
	$ 1,822,808	$ 1,882,324

c. Integrated income tax

	December 31	
	2015	2014
Unappropriated earnings		
Generated before January 1, 1998	$ 221,425	$ 221,425
Generated on and after January 1, 1998	30,986,101	23,453,881
	$ 31,207,526	$ 23,675,306
Imputation credits account	$ 2,267,446	$ 1,526,476

	For the Year Ended December 31	
	2015	2014
Creditable ratio for distribution of earnings	11.76%	9.22%

d. Income tax assessments

The tax returns of the Company through 2013 have been assessed by the tax authorities.

31. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the years ended December 31, 2015 and 2014 were as follows:

	For the Year Ended December 31	
	2015	2014
Net income (in thousand dollars)		
Earnings used in the computation of earnings per share	$ 9,531,358	$ 8,615,506
Weighted average number of shares outstanding (in thousand shares)		
Weighted average number of common shares in the computation of basic earnings per share	2,945,021	2,944,137
Effect of potentially dilutive common shares:		
Employee share options	88,469	72,619
Bonus to employee	6,269	10,507
Weighted average number of common shares used in the computation of diluted earnings per share	3,039,759	3,027,263
Earnings per share (in dollars)		
Basic earnings per share	$3.24	$2.93
Diluted earnings per share	$3.14	$2.85

Since the Company offered to settle the bonuses paid to employees by cash or shares, the Company assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is 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.

32. SHARE-BASED PAYMENT ARRANGEMENTS

a. Information about Pou Chen's employee share options

As at November 6, 2007, the Company has issued 125,500,000 units of employee share options to the employees with an exercise price of $29.80 dollars per share. Each of the aforementioned individual employee share options is granted the right to purchase one newly issued common share. If the Company resolved to increase additional capital stock through stock dividends or issue of new shares, the exercise price will be retroactively restated. Additionally, the share of employee share options granted but not exercised will also be adjusted. After the aforementioned adjustment, the exercise price and issued units of employee share options were $18.00 and 145,790,178 units, respectively, as of December 31, 2015.

Information about employee share options for the years ended December 31, 2015 and 2014 was as follows:

	For the Year Ended December 31			
	2015		2014	
Employee Share Options	**Number of Shares Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (NT$)**	**Number of Shares Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (NT$)**
Balance at January 1	148,441	$ 18.70	148,441	$ 19.20
Options exercised	(2,650)	18.00	-	-
Balance at December 31	145,791	18.00	148,441	18.70
Exercisable options at December 31	145,791	18.00	148,441	18.70

Information about outstanding employee share options as of December 31, 2015 and 2014 was as follows:

	December 31	
	2015	2014
Exercise price (NT$)	$18.00	$18.70
Weighted-average remaining contractual life (years)	1.85 years	2.85 years

b. Information about Yue Yuen’s employee share options

On January 28, 2014, the board of directors of Yue Yuen adopted a share award scheme. Under the share award scheme, a trustee which is independent of Yue Yuen purchased Yue Yuen shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Yue Yuen as at the date of grant (January 28, 2014) during the valid period (from January 28, 2014 to January 28, 2024). The maximum number of shares which may be awarded to all participants under the scheme shall not exceed 1% of the issued share capital of Yue Yuen.

Information about the granted Yue Yuen’s employee share options during the years ended December 31, 2015 and 2014 was as follows:

	Number of Shares (Thousand Shares)	
	2015	2014
Balance at January 1	1,485	-
Options granted	-	1,530
Options cancelled	(45)	(45)
Balance at December 31	1,440	1,485

Yue Yuen adopted the Black-Scholes option pricing model and the estimated fair value of the share options amounted to $126,114 thousand (US$3,842 thousand) on the grant date, and the factors were as follows:

	Granted on March 27, 2014	Granted on May 29, 2014
Grant date share price	HK$24.40	HK$24.15
Risk free rates	0.417%	0.300%
Expected volatility	30%	30%
Vesting period	2 years	2 years
Expected dividend yield	4.5%	4.5%

Yue Yuen recognized $55,996 thousand and $43,700 thousand compensation cost for the years ended December 31, 2015 and 2014, respectively.

c. Information about Pou Sheng's employee share options

1) Pou Sheng's share option scheme (the "Pou Sheng Scheme") was adopted on May 14, 2008, and will be expire on May 13, 2018. Under the Pou Sheng Scheme, the board of directors of Pou Sheng may grant options to eligible persons, including directors and employees of Pou Sheng and its subsidiaries, to subscribe for shares in Pou Sheng. The details of the plan under the scheme were as follows:

a) Without prior approval from Pou Sheng's stockholders, the number of shares that may be granted under the following limits:

i. The total number of shares in respect of which options may be granted under the Pou Sheng Scheme is not permitted to exceed 10% of the shares of Pou Sheng in issue at any point in time;

ii. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any twelve-month period is not permitted to exceed 1% of the shares of Pou Sheng in issue at any point in time; and

iii. Options in excess of 0.1% of Pou Sheng's share capital or with a value in excess of HK$5 million (US$0.6 million) may not be granted to substantial stockholders or independent non-executive directors.

b) Exercise price:

The exercise price is to be determined by the directors of Pou Sheng, and will not be less than the highest of:

i. The closing price of Pou Sheng's shares on the date of grant;

ii. The average closing price of Pou Sheng's shares for the five business days immediately preceding the date of grant; and

iii. The nominal value of Pou Sheng's share.

Information about the Pou Sheng Scheme for the years ended December 31, 2015 and 2014 was as follows:

	For the Year Ended December 31			
	2015		2014	
Employee Share Options	Number of Shares Purchasable (Thousand Shares)	Weighted-average Exercise Price (HK$)	Number of Shares Purchasable (Thousand Shares)	Weighted-average Exercise Price (HK$)
Balance at January 1	55,012	$ 1.39	57,067	$ 1.38
Options cancelled	-	-	(2,055)	1.31
Options exercised	(400)	1.45	-	-
Balance at December 31	54,612	1.39	55,012	1.39
Exercisable options at December 31	54,237	1.39	49,462	1.41

Information about outstanding employee share options as of December 31, 2015 and 2014 was as follows:

	December 31	
	2015	2014
Range of exercise price (HK$)	$1.05-$1.62	$1.05-$1.62
Weighted-average remaining contractual life (years)	2.68 years	3.62 years

Pou Sheng recognized $506 thousand and $38 thousand compensation cost for the years ended December 31, 2015 and 2014, respectively.

2) On May 9, 2014, the board of directors of Pou Sheng adopted a share award scheme. Under the share award scheme, a trustee which is independent of Pou Sheng purchased Pou Sheng shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Pou Sheng as at the date of grant (May 9, 2014) during the valid period (from May 9, 2014 to May 9, 2024). The maximum number of shares which may be awarded to all participants under the scheme shall not exceed 1% of the issued share capital of Pou Sheng.

Information about the granted employee share options during the years ended December 31, 2015 and 2014 was as follows:

	Number of Shares (Thousand Shares)	
	2015	2014
Balance at January 1	11,500	-
Options granted	19,170	12,200
Options cancelled	(2,932)	(700)
Balance at December 31	27,738	11,500

Pou Sheng adopted the Black-Scholes option pricing model and the estimated fair value of the share options amounted to $47,005 thousand (US$1,432 thousand) and $24,909 thousand (US$787 thousand) on the grant date, respectively, and the factors were as follows:

	Granted on August 14, 2015	**Granted on March 21, 2015**	**Granted on September 1, 2015**
Grant date share price	HK$1.14	HK$0.55	HK$0.72
Risk free rates	0.78%	0.73%	0.71%
Expected volatility	52%	50%	47%
Vesting period	3 years	3 years	3 years
Expected dividend yield	-	-	-

Pou Sheng recognized $12,671 thousand and $2,529 thousand compensation cost for the years ended December 31, 2015 and 2014, respectively.

33. BUSINESS COMBINATIONS

a. The Group acquired sports marketing and agency businesses from independent third parties during the year ended December 31, 2015 as follows.

1) Considerations transferred

Cash and cash equivalents	$ 80,020

2) Assets acquired and liabilities assumed at the date of acquisition

Assets	
Cash and cash equivalents	$ 16,448
Receivables and other receivables	50,610
Inventories	15,307
Property, plant and equipment	14,504
Liabilities	
Bank borrowings	(7,499)
Payables and other payables	(57,060)
	$ 32,310

The amount of goodwill arising from the acquisition was $47,710 thousand (US$1,546 thousand).

3) Net cash outflow on acquisition of subsidiaries

Consideration paid in cash	$ 80,020
Less: Cash and cash equivalent balances acquired	16,448
	$ 63,572

b. The Group acquired of subsidiaries during the year ended December 31, 2014 as follows:

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Welcome Wealth Group	Retailing of sporting goods	2014.04.07	100	$ 201,887

The Group acquired these subsidiaries in order to continue the expansion of the Group's retailing of sporting goods and brand licensing business.

1) Considerations transferred

Cash and cash equivalents	$ 201,887

2) Assets acquired and liabilities assumed at the date of acquisition

Assets	
Cash and cash equivalents	$ 60,297
Receivables and other receivables	175,397
Inventories	130,660
Property, plant and equipment	3,255
Intangible assets	176,204
Others	20,995
Liabilities	
Bank borrowings	(98,555)
Payables and other payables	(224,465)
Deferred tax liabilities	(41,901)
	$ 201,887

3) Net cash outflow on acquisition of subsidiaries

Consideration paid in cash	$ 201,887
Less: Cash and cash equivalent balances acquired	(60,297)
	$ 141,590

34. DISPOSAL OF SUBSIDIARIES

a. The Group disposed of subsidiaries during the year ended December 31, 2015; the assets and liabilities on the date of disposal were as follows:

Assets	
Cash and cash equivalents	$ 58,325
Receivables and other receivables	258,144
Inventories	104,615
Other current assets	21,941
Property, plant and equipment	107,300
Goodwill	710
Liabilities	
Bank borrowings	(9,320)
Payables and other payables	(225,124)
	$ 316,591

1) Gain on disposal of subsidiaries

Net assets disposed of	$ 316,591
Less: Non-controlling interests	(175,933)
Net value of net assets disposed of	$ 140,658
Consideration received in cash and cash equivalents	$ 146,332
Net value of net assets disposed of	(140,658)
Gain on disposal	$ 5,674

2) Net cash inflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	$ 146,332
Less: Cash and cash equivalents balance disposed of	(58,325)
	$ 88,007

b. The Group disposed of subsidiaries during the year ended December 31, 2014; the assets and liabilities on the date of disposal were as follows:

Assets	
Cash and cash equivalents	$ 53,578
Receivables and other receivables	261,916
Inventories	152,461
Property, plant and equipment	66,987
Liabilities	
Payables and other payables	(198,543)
	$ 336,399

1) Gain on disposal of subsidiaries

Net assets disposed of	$ 336,399
Less: Non-controlling interests	(162,973)
Net value of net assets disposed of	$ 173,426
Consideration received in investments accounted for using equity method	$ 168,167
Consideration received in cash and cash equivalents	6,779
	174,946
Net value of net assets disposed of	(173,426)
Gain on disposal	$ 1,520

2) Net cash outflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	$ 6,779
Less: Cash and cash equivalents balance disposed of	(53,578)
	$ (46,799)

35. NON-CASH TRANSACTIONS

For the year ended December 31, 2014, the Group entered into non-cash investing activities which refer to the investments accounted for using equity method received as consideration in the disposal of subsidiaries, refer to Note 34.

36. OPERATING LEASES ARRANGEMENTS

a. The Group as lessee

The future minimum lease payments of non-cancellable operating leases commitments were as follows:

	December 31	
	2015	**2014**
Not later than 1 year	$ 2,135,408	$ 1,679,096
Later than 1 year and not later than 5 years	3,731,030	2,047,628
Later than 5 years	1,304,399	1,508,281
	$ 7,170,837	$ 5,235,005

b. The Group as lessor

The future minimum lease receivable of non-cancellable operating leases commitments was as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 315,514	$ 290,294
Later than 1 year and not later than 5 years	541,448	512,857
Later than 5 years	781,990	1,073,568
	$ 1,638,952	$ 1,876,719

37. CAPITAL MANAGEMENT

The Group's capital management policy is to ensure the Group has sufficient financial resources and operating plans to balance the working capital, capital expenditure, research and development expenditure, repayment of debt and dividends paid to shareholders within twelve months.

38. FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities that are not measured at fair value were as follows:

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Held-to-maturity financial assets	$ 1,451,293	$ 1,451,293	$ -	$ -
Debt investments with no active market	1,423,468	1,423,468	2,929,926	2,929,926
Other loans and receivables	75,468,067	75,468,067	70,579,412	70,579,412
Financial assets directly associated with non-current assets held for sale	-	-	245,066	245,066
Financial liabilities				
Bank borrowings	66,638,392	66,638,392	68,638,564	68,638,564
Short-term bills payable	2,589,343	2,589,343	1,752,076	1,752,076
Financial liabilities measured at amortized cost	44,774,205	44,774,205	39,730,216	39,730,216
Financial liabilities directly associated with non-current assets held for sale	-	-	180,911	180,911

The above fair value measurements are measured at Level 3 fair value.

b. Fair value of financial instruments that are measured at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 and 2 based on the degree to which the fair value is observable:

1) Level 1 fair value measurements are those derived from quoted prices in active market for identical assets or liabilities.

	December 31	
	2015	2014
Financial assets		
Financial assets at FVTPL		
Domestic open-ended mutual funds	$ 460,002	$ 147,324
Available-for-sale financial assets		
Domestic listed securities		
Equity investment	12,859,057	13,397,793
Foreign listed securities		
Equity investment	455,116	739,861

2) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

	December 31	
	2015	2014
Financial assets		
Financial assets at FVTPL		
Derivative financial instruments	$ 121,286	$ 80,361
Financial assets designated as at FVTPL	654,795	337,449
Financial liabilities		
Financial liabilities at FVTPL		
Derivative financial instruments	1,404,523	674,234

Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair value of financial assets and financial liabilities are determined as follows:

a) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices (includes listed bonds). Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument.

b) The fair value of derivative instruments were calculated using quoted prices. When such prices were not available, a valuation method was used and the estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument.

c. Categories of financial instruments

	December 31	
	2015	**2014**
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 581,288	$ 227,685
Designated as at FVTPL	654,795	337,449
Held-to-maturity financial assets	1,451,293	-
Loans and receivables (Note 1)	76,891,535	73,509,338
Available-for-sale financial assets	13,314,173	14,137,654
Financial assets measured at cost	659,395	741,401
Investments accounted for using equity method	37,437,669	41,071,544
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	1,404,523	674,234
Amortized cost (Note 2)	114,001,940	110,120,856

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, accounts receivable, other receivables, refundable deposits and financial assets directly associated with non-current assets held for sale.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, long-term borrowings, long-term payables, guarantee deposits and financial liabilities directly associated with non-current assets held for sale.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, borrowings, receivables, payables, refundable deposits and guarantee deposits. The Group's treasury function 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 foreign currency risk, interest rate risk, credit risk and liquidity risk.

1) Market risk

The Group's activities expose 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.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts and other derivate instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 42.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB, HKD, VND, IDR and CHF.

The following table details the Group's sensitivity to 5% increase (decrease) in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit with New Taiwan dollars strengthened 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Year Ended December 31	
	2015	**2014**
USD	$ (26,408)	$ 13,108
RMB	(481,965)	(458,881)
HKD	(5,082)	(599)
VND	21,395	(3,585)
IDR	47,035	(8,666)
CHF	(49,406)	-

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting periods were as follows.

	December 31	
	2015	**2014**
Cash flow interest rate risk		
Financial liabilities	$ 69,227,735	$ 70,390,640

Sensitivity analysis

The sensitivity analyses below were based on the Group's floating rate liabilities. The analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. If 1% increase in interest rate would cause the Group to increase its cash-out by $692,277 thousand and $703,906 thousand during the years ended December 31, 2015 and 2014, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds. The investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity price declined by 1%, the fair value of the investments at December 31, 2015 and 2014 would have decrease by $257,094 thousand and $242,130 thousand, respectively.

2) Credit risk

Financial instruments are evaluated for credit risk which represents the potential loss that would be incurred by the Company if the counter-parties or third-parties breached the contracts. The risk includes centralization of credit risk, components, contracts figure, and its accounts receivable. Besides, the Company requires significant clients to provide guarantees or other rights to reduce credit risk of the Company effectively.

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.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2015 and 2014, the Group had available unutilized short-term bank borrowing facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The tables had been drawn up based on the undiscounted cash flows of financial liabilities included both interest and principal from the earliest date on which the Group can be required to pay.

December 31, 2015

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 22,976,935	$ 11,679,699	$ 9,300,384	$ 289,951	$ 51,293
Variable interest rate liabilities	1.37	2,800,720	11,192,024	20,184,742	21,346,148	-
Fixed interest rate liabilities	1.19	9,092,895	700,000	656,500	4,000,000	-
Financial guarantee contracts	-	3,811,299	-	-	-	-
		$ 38,681,849	$ 23,571,723	$ 30,141,626	$ 25,636,099	$ 51,293

December 31, 2014

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 18,306,516	$ 12,807,620	$ 7,350,336	$ 809,894	$ 12,923
Variable interest rate liabilities	1.24	8,411,897	3,817,616	14,500,122	42,137,257	-
Fixed interest rate liabilities	0.99	2,483,105	-	-	-	-
Financial guarantee contracts	-	3,184,022	-	-	-	-
		$ 32,385,540	$ 16,625,236	$ 21,850,458	$ 42,947,151	$ 12,923

The amounts included above for variable interest rate instruments for both non-derivative financial liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2015

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swap contracts	$ -	$ -	$ 6,488	$ 37,633	$ -
Forward exchange contracts	63,656	-	-	-	-
Exchange rate option contracts	632,413	-	157,295	473,336	-
Exchange rate swap contracts	19,430	12,523	1,749	-	-
	$ 715,499	$ 12,523	$ 165,532	$ 510,969	$ -

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swap contracts	$ -	$ -	$ -	$ 38,039	$ -
Forward exchange contracts	319,085	-	-	-	-
Exchange rate option contracts	150,452	-	63,695	102,963	-
	$ 469,537	$ -	$ 63,695	$ 141,002	$ -

c) Financing facilities

	December 31 2015	December 31 2014
Unsecured bank facility, reviewed annually:		
Amount used	$ 68,930,573	$ 70,130,128
Amount unused	30,298,897	33,097,962
	$ 99,229,470	$ 103,228,090
Secured bank facility:		
Amount used	$ 488,000	$ 488,000
Amount unused	-	-
	$ 488,000	$ 488,000

39. TRANSACTIONS WITH RELATED PARTIES

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

a. Operating revenue

Account Items	Related Party Categories	For the Year Ended December 31 2015	2014
Sales	Associates and joint ventures	$ 1,019,751	$ 930,457
	Others	-	24,041
		$ 1,019,751	$ 954,498

Sales to related parties have prices and receivable terms that have no significant differences with non-related parties.

b. Purchases

Related Party Categories	For the Year Ended December 31 2015	2014
Associates and joint ventures	$ 8,139,085	$ 6,463,766

Purchases from related parties have prices and payment terms that have no significant differences with non-related parties.

c. Receivables from related parties

Account Items	Related Party Categories	December 31 2015	2014
Notes receivable, accounts receivable	Associates and joint ventures	$ 78,126	$ 189,553

No bad debt expense had been recognized for the years ended December 31, 2015 and 2014 for the amounts owed by related parties.

d. Payables to related parties

Account Items	Related Party Categories	December 31 2015	2014
Notes payable, accounts payable	Associates and joint ventures	$ 1,881,363	$ 1,755,525

e. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2015	2014
Short-term employee benefits	$ 199,882	$ 301,716
Post-employment benefits	1,750	2,018
	$ 201,632	$ 303,734

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

40. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and issuing gift coupons:

	December 31	
	2015	2014
Debt investmtnets with no active market	$ 32,771	$ 21,542
Investment properties	657,296	657,296
	$ 690,067	$ 678,838

41. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

a. Outstanding letters of credit of the Group at the end of reporting period were as follows:

(Unit: In Thousands of Foreign Currencies)

	December 31	
Currencies	2015	2014
USD	$ 2,631	$ 3,571
EUR	431	555
HKD	100	100
IDR	15,657,664	12,901,016

b. The Company invests in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd. According to a request by the FSC, the Company provides shares of Yue Yuen in the custody during the period from June 27, 2011 to June 27, 2021. The Company will not dispose of or do encumbrance to the shares of Wealthplus which is equal to the shares of Yue Yuen during the trust period.

c. Because of the Company's investment in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd., the Company received a request by the FSC for the Company to provide 490,000 thousand ordinary shares of Ruen Chen in the custody of the trust department of First Bank, and the trust period is ten years.

d. The Company entered into project agreements with the Institute for Information Industry ("III"). According to the project agreements, the Company has to provide promissory notes and bank guarantee to III as guarantee.

e. Yue Yuen's factory in China, Gaobu Factory, took a big strike on April 14, 2014 to strive for adjustments of social insurance benefit and housing provident fund (collectively, the "Employee Benefit Payments"). Yue Yuen had reviewed its employee benefits policy in China following the Gaobu Factory incident. After such review, Yue Yuen's board of directors also decided to raise contributions to the Employee Benefit Payments for employees of Yue Yuen's other factories in China, in additions to the Gaobu Factory (the "Other Factories"). The main reasons for making the Employee Benefit Contributions are to assist Yue Yuen in staff retention and recruitment under the increasingly competitive labor market conditions in China so as to ensure Yue Yuen's normal business operation and production in the Other Factories.

Set out below is a summary of the provisions for contributions to and adjustments of Employee Benefit Payments for Gaobu Factory and the Other Factories:

1) Provision for additional Employee Benefit Payments of Gaobu Factory and the Other Factories is estimated to be US$37,000 thousand and US$53,000 thousand, respectively. This provision had been reflected in the consolidated financial results for the year ended December 31, 2014. As of December 31, 2015, the increased contribution for Employee Benefit Payments in the amount of US$75,530 thousand had been paid.

2) Adjustment of Employee Benefit Payments and monthly living allowance of Gaobu Factory and the Other Factories is estimated to be US$31,000 thousand and US$46,000 thousand, respectively. This provision had been reflected in the consolidated financial results for the year ended December 31, 2014.

42. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

Unit: In Thousands of Foreign Currencies/ In Thousands of New Taiwan Dollars

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 77,423	32.825	$ 2,541,421
NTD	166,554	1	166,554
RMB	2,198,906	4.995	10,983,531
HKD	62,137	4.235	263,152
VND	353,954,609	0.00141	499,076
IDR	209,944,856	0.00243	510,166
CHF	29,783	33.185	988,337

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
USD	$ 2,600	32.825	$ 85,353
NTD	692,074	1	692,074
HKD	53,736	4.235	227,573
Financial liabilities			
Monetary items			
USD	61,344	32.825	2,013,605
NTD	971,699	1	971,699
RMB	271,013	4.995	1,353,716
HKD	38,169	4.235	161,647
VND	659,596,454	0.00141	930,031
IDR	601,899,588	0.00243	1,462,616

(Concluded)

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 101,265	31.650	$ 3,205,044
NTD	62,610	1	62,610
RMB	2,048,491	5.092	10,430,916
HKD	53,787	4.080	219,449
VND	556,619,580	0.00143	795,966
IDR	181,448,062	0.00258	468,136
Non-monetary items			
NTD	407,551	1	407,551
HKD	110,526	4.080	450,946
Financial liabilities			
Monetary items			
USD	109,551	31.650	3,467,293
NTD	1,061,495	1	1,061,495
RMB	248,957	5.092	1,267,689
HKD	50,850	4.080	207,466
VND	505,404,196	0.00143	722,728
IDR	114,786,434	0.00258	296,149

For the years ended December 31, 2015 and 2014, net foreign exchange gains were $303,809 thousand and $209,293 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group entities.

43. SEGMENT INFORMATION

a. Information about reportable segments

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 were as follows:

1) Manufacturing of shoes and apparel;
2) Retailing of sporting goods and brand licensing business;
3) Others.

b. Segment revenues and results

The Group's revenue and results by reportable segment were as follows:

For the year ended December 31, 2015

	Manufacturing of Shoes and Apparel	**Retailing of Sporting Goods and Brand Licensing Business**	**Others**	**Total**
Revenues from external customers	$ 195,313,401	$ 72,926,712	$ 841,060	$ 269,081,173
Segment income	$ 27,176,403	$ 5,985,075	$ 550,021	$ 33,711,499
Administrative cost, remuneration to directors and supervisors				(21,358,105)
Rental income				331,019
Interest income				428,575
Dividend income				758,064
Other income				2,350,706
Net loss on disposal of property, plant and equipment				(393,827)
Net foreign exchange gain				303,809
Net gain on disposal of subsidiaries, associates and joint ventures				159,898
Net gain on disposal of available-for-sale financial assets				78,039
Net gain on disposal of financial assets measured at cost				47,940
Net gain arising on financial assets designated as at FVTPL				217,571
Net loss arising on financial liabilities designated as at FVTPL				(1,005,440)
Impairment loss				(607,272)
Other loss				(147,561)
Finance costs				(1,121,294)
Share of the profit of associates and joint ventures				6,486,653
Income before income tax				$ 20,240,274

For the year ended December 31, 2014

	Manufacturing of Shoes and Apparel	Retailing of Sporting Goods and Brand Licensing Business	Others	Total
Revenues from external customers	$ 183,292,602	$ 59,890,761	$ 792,935	$ 243,976,298
Segment income	$ 24,605,104	$ 3,016,543	$ 486,920	$ 28,108,567
Administrative cost, remuneration to directors and supervisors				(20,187,946)
Rental income				321,575
Interest income				488,171
Dividend income				610,535
Other income				1,938,937
Net gain on disposal of property, plant and equipment				48,835
Net foreign exchange gain				209,293
Net loss on disposal of subsidiaries, associates and joint ventures				(134,840)
Net loss on disposal of available-for-sale financial assets				(128,103)
Net gain on disposal of financial assets measured at cost				85,257
Net gain arising on financial assets designated as at FVTPL				82,534
Net loss arising on financial liabilities designated as at FVTPL				(693,232)
Reversal of impairment loss				176,284
Other loss				(130,459)
Finance costs				(1,075,314)
Share of the profit of associates and joint ventures				6,154,285
Income before income tax				$ 15,874,379

1) Sales between segments were made at market price.

2) Segment profit represented the profit before income tax earned by each segment without allocation of administration costs, remuneration to directors and supervisors, rental income, interest income, dividend income, other income, net loss or gain on disposal of property, plant and equipment, net foreign exchange gain, net gain or loss on disposal of subsidiaries, associates and joint ventures, net gain or loss on disposal of available-for-sale financial assets, net gain on disposal of financial assets measured at cost, gain or loss on financial instruments, impairment loss or reversal of impairment loss, other loss, finance costs and share of the profit of associates and joint ventures. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

c. Geographical information

The Group's revenues from continuing operations from external customers by location of operations were detailed below.

	Revenues from External Customers For the Year Ended December 31 2015	2014
Asia	$ 129,987,620	$ 111,473,442
USA	80,751,723	81,498,836
Europe	52,111,466	45,399,850
Others	6,230,364	5,604,170
	$ 269,081,173	$ 243,976,298

d. Information about major customers

Revenues recognized from manufacturing of footwear and apparel in 2015 and 2014, amounted to \$195,313,401 thousand and \$183,292,602 thousand, respectively. Except as detailed in the following table, no other single customer contributed 10% or more to the Group's revenue for both 2015 and 2014.

	For the Year Ended December 31			
	2015		2014	
	Amount	% of Total	Amount	% of Total
Customers A	$ 53,428,639	20	$ 51,453,012	21
Customers B	44,260,321	16	37,887,834	16
	$ 97,688,960	36	$ 89,340,846	37

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Pou Chen Corporation

We have audited the accompanying balance sheets of Pou Chen Corporation (the "Company") as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Company's investments in Ruen Chen Investment Holding Co., Ltd. were accounted for by the equity method in the financial statements based on financial statements audited by other auditors. Our opinion, insofar as it relates to Ruen Chen Investment Holding Co., Ltd., is based solely on the report of other auditors. As of December 31, 2015 and 2014, the carrying value of the investments was 5.97% ($5,846,585 thousand) and 8.44% ($8,471,915 thousand) of the total assets, respectively. For the years ended December 31, 2015 and 2014, the share of profit of the associate was 33.58% ($3,693,799 thousand) and 37.70% ($3,576,296 thousand) of the income before income tax, respectively.

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. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and their financial performance and their cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Deloitte & Touche

March 24, 2016

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.

POU CHEN CORPORATION

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

ASSETS	2015 Amount	2015 %	2014 Amount	2014 %
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 604,593	1	$ 1,650,263	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	43,064	-	1,377	-
Available-for-sale financial assets - current (Notes 4 and 8)	4,119,079	4	4,362,146	4
Debt investments with no active market - current (Notes 4 and 9)	394,605	-	1,344,855	1
Notes receivable (Notes 4 and 10)	11,217	-	16,365	-
Notes receivable from related parties (Notes 4, 10 and 29)	17	-	53	-
Accounts receivable (Notes 4 and 10)	27,060	-	43,221	-
Accounts receivable from related parties (Notes 4, 10 and 29)	1,502,510	2	1,723,353	2
Other receivables (Notes 4 and 10)	211,402	-	204,280	-
Inventories (Notes 4 and 11)	66,454	-	107,506	-
Other current assets (Notes 4 and 12)	56,620	-	62,542	-
Total current assets	7,036,621	7	9,515,961	9
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 13)	61,000	-	61,000	-
Investments accounted for using equity method (Notes 4 and 14)	84,366,961	86	84,378,013	84
Property, plant and equipment (Notes 4 and 15)	4,187,849	5	4,103,169	4
Investment properties (Notes 4 and 16)	2,029,185	2	2,082,475	2
Deferred tax assets (Notes 4 and 24)	106,469	-	130,149	1
Other non-current assets (Notes 4 and 12)	85,962	-	61,205	-
Total non-current assets	90,837,426	93	90,816,011	91
TOTAL	$ 97,874,047	100	$ 100,331,972	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 4,706,500	5	$ 6,470,000	6
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	48,714	-	38,039	-
Notes payable (Notes 4 and 18)	19,607	-	36,540	-
Notes payable to related parties (Notes 4, 18 and 29)	15,080	-	36,515	-
Accounts payable (Notes 4 and 18)	1,425,749	2	1,474,657	2
Accounts payable to related parties (Notes 4, 18 and 29)	67,934	-	112,508	-
Other payables (Note 19)	1,293,256	1	1,242,161	1
Current tax liabilities (Notes 4 and 24)	1,377,602	1	712,559	1
Current portion of long-term borrowings (Note 17)	4,748,053	5	3,500,000	4
Other current liabilities	69,425	-	56,558	-
Total current liabilities	13,771,920	14	13,679,537	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	12,241,510	12	13,480,801	13
Deferred tax liabilities (Notes 4 and 24)	730,588	1	724,630	1
Accrued pension liabilities (Notes 4 and 20)	1,842,453	2	1,714,985	2
Other non-current liabilities	17,463	-	17,800	-
Total non-current liabilities	14,832,014	15	15,938,216	16
Total liabilities	28,603,934	29	29,617,753	30
EQUITY (Notes 4 and 21)				
Share capital				
Common share	29,467,872	30	29,441,372	29
Capital surplus	4,631,708	5	4,627,549	5
Retained earnings				
Legal reserve	10,260,048	10	9,398,498	9
Special reserve	5,608,553	6	9,180,047	9
Unappropriated earnings	31,207,526	32	23,675,306	24
Total retained earnings	47,076,127	48	42,253,851	42
Other equity	(11,905,594)	(12)	(5,608,553)	(6)
Total equity	69,270,113	71	70,714,219	70
TOTAL	$ 97,874,047	100	$ 100,331,972	100

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

(With Deloitte & Touche audit report dated March 24, 2016)

POU CHEN CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 29)	$ 12,748,522	100	$ 12,661,506	100
OPERATING COSTS (Notes 23 and 29)	9,004,039	71	9,187,671	72
GROSS PROFIT	3,744,483	29	3,473,835	28
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	(169)	-	(1,986)	-
REALIZED GROSS PROFIT	3,744,314	29	3,471,849	28
OPERATING EXPENSES (Notes 20 and 23)				
Selling and marketing expenses	73,442	1	95,093	1
General and administrative expenses	2,210,180	17	2,121,439	17
Research and development expenses	1,012,032	8	1,054,909	8
Total operating expenses	3,295,654	26	3,271,441	26
PROFIT FROM OPERATIONS	448,660	3	200,408	2
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 23 and 29)	556,477	4	548,400	4
Other gains and losses (Note 23)	348,997	3	160,908	1
Finance costs (Note 23)	(358,074)	(3)	(356,442)	(3)
Share of the profit of subsidiaries and associates (Notes 4 and 14)	10,002,754	79	8,932,107	71
Total non-operating income and expenses	10,550,154	83	9,284,973	73
PROFIT BEFORE INCOME TAX	10,998,814	86	9,485,381	75
INCOME TAX EXPENSE (Notes 4 and 24)	(1,467,456)	(11)	(869,875)	(7)
NET INCOME	9,531,358	75	8,615,506	68
OTHER COMPREHENSIVE (LOSS) INCOME (Note 3)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss arising from defined benefit plans (Note 20)	(216,694)	(2)	(179,710)	(1)
Share of the other comprehensive loss of subsidiaries and associates	(76,182)	-	(9,994)	-

(Continued)

POU CHEN CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	$ (567,431)	(5)	$ (111,077)	(1)
Share of the other comprehensive (loss) income of subsidiaries and associates	(5,729,610)	(45)	3,682,571	29
Other comprehensive (loss) income for the year, net of income tax	(6,589,917)	(52)	3,381,790	27
TOTAL COMPREHENSIVE INCOME	$ 2,941,441	23	$ 11,997,296	95
EARNINGS PER SHARE (Note 25)				
Basic	$ 3.24		$ 2.93	
Diluted	$ 3.14		$ 2.85	

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

(With Deloitte & Touche audit report dated March 24, 2016) (Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Income on Available-for-sale Financial Assets	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2014	$ 29,441,372	$ 4,366,099	$ 8,336,553	$ 4,435,090	$ 24,000,543	$ 20,776	$ (9,200,823)	$ (188,728)	$ 61,210,882
Appropriation of 2013 earnings (Note 21)									
Legal reserve	-	-	1,061,945	-	(1,061,945)	-	-	-	-
Special reserve	-	-	-	4,744,957	(4,744,957)	-	-	-	-
Cash dividends	-	-	-	-	(2,944,137)	-	-	-	(2,944,137)
	-	-	1,061,945	4,744,957	(8,751,039)	-	-	-	(2,944,137)
Net income for the year ended December 31, 2014	-	-	-	-	8,615,506	-	-	-	8,615,506
Other comprehensive (loss) income for the year ended December 31, 2014	-	-	-	-	(189,704)	3,324,973	246,521	-	3,381,790
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	8,425,802	3,324,973	246,521	-	11,997,296
Treasury shares resold by subsidiaries (Note 21)	-	218,295	-	-	-	-	-	188,728	407,023
Share of changes in net assets of associates (Notes 4 and 21)	-	4,685	-	-	-	-	-	-	4,685
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 21)	-	38,470	-	-	-	-	-	-	38,470
Change in equity for the year ended December 31, 2014	-	261,450	1,061,945	4,744,957	(325,237)	3,324,973	246,521	188,728	9,503,337
BALANCE AT DECEMBER 31, 2014	29,441,372	4,627,549	9,398,498	9,180,047	23,675,306	3,345,749	(8,954,302)	-	70,714,219
Appropriation of 2014 earnings (Note 21)									
Legal reserve	-	-	861,550	-	(861,550)	-	-	-	-
Special reserve	-	-	-	(3,571,494)	3,571,494	-	-	-	-
Cash dividends	-	-	-	-	(4,416,206)	-	-	-	(4,416,206)
	-	-	861,550	(3,571,494)	(1,706,262)	-	-	-	(4,416,206)
Net income for the year ended December 31, 2015	-	-	-	-	9,531,358	-	-	-	9,531,358
Other comprehensive (loss) income for the year ended December 31, 2015	-	-	-	-	(292,876)	1,675,137	(7,972,178)	-	(6,589,917)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	9,238,482	1,675,137	(7,972,178)	-	2,941,441
Execution of employee share options (Notes 21 and 26)	26,500	21,200	-	-	-	-	-	-	47,700
Share of changes in net assets of associates (Notes 4 and 21)	-	624	-	-	-	-	-	-	624
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 21)	-	(18,814)	-	-	-	-	-	-	(18,814)
Change in percentage of ownership interest in subsidiaries (Notes 4 and 21)	-	1,149	-	-	-	-	-	-	1,149
Change in equity for the year ended December 31, 2015	26,500	4,159	861,550	(3,571,494)	7,532,220	1,675,137	(7,972,178)	-	(1,444,106)
BALANCE AT DECEMBER 31, 2015	$ 29,467,872	$ 4,631,708	$ 10,260,048	$ 5,608,553	$ 31,207,526	$ 5,020,886	$(16,926,480)	$ -	$ 69,270,113

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

(With Deloitte & Touche audit report dated March 24, 2016)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 10,998,814	$ 9,485,381
Adjustments for:		
Depreciation expenses	226,736	230,591
Net (gain) loss on fair value change of financial instruments at fair value through profit or loss	(67,625)	30,991
Finance costs	358,074	356,442
Interest income	(50,840)	(62,718)
Dividend income	(251,886)	(199,970)
Share of the profit of subsidiaries and associates	(10,002,754)	(8,932,107)
Net loss (gain) on disposal of property, plant and equipment	1,564	(5,745)
Net (gain) loss on disposal of available-for-sale financial assets	(22,758)	4
Unrealized gain on the transactions with subsidiaries	169	1,986
Changes in operating assets and liabilities		
Financial instruments held for trading	36,613	1,562
Notes receivable	5,148	(1,927)
Notes receivable from related parties	36	12
Accounts receivable	16,161	18,806
Accounts receivable from related parties	220,843	(282,282)
Other receivables	(5,173)	23,595
Inventories	41,052	12,125
Other current assets	5,923	(32,583)
Other operating assets	(3,671)	(17,718)
Notes payable	(16,933)	24,741
Notes payable to related parties	(21,435)	(2,289)
Accounts payable	(48,908)	361,900
Accounts payable to related parties	(44,574)	9,833
Other payables	13,882	313,676
Other current liabilities	12,867	24,691
Accrued pension liabilities	(89,226)	922
Cash generated from operations	1,312,099	1,359,919
Interest paid	(354,943)	(344,070)
Income tax paid	(772,775)	(1,260,271)
Net cash generated from (used in) operating activities	184,381	(244,422)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(329,458)	-
Proceeds on sale of available-for-sale financial assets	27,852	6
Acquisition of debt investments with no active market	(1,255,170)	(3,275,428)
Proceeds on sale of debt investments with no active market	2,205,420	2,832,914
Acquisition of financial assets measured at cost	-	(1,000)
Acquisition of subsidiaries	(480,118)	(323)
Proceeds from capital return of associates	-	226,116
Acquisition of property, plant and equipment	(153,083)	(95,312)

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Proceeds from disposal of property, plant and equipment	$ 4,742	$ 36,104
Increase in refundable deposits	(974)	-
Decrease in refundable deposits	-	5,027
Increase in prepayments for equipment	(88,617)	(34,901)
Interest received	48,891	61,440
Dividend received	4,922,807	3,843,390
Net cash generated from investing activities	4,902,292	3,598,033
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	150,000
Repayments of short-term borrowings	(1,763,500)	-
Proceeds from long-term borrowings	4,750,000	-
Repayments of long-term borrowings	(4,750,000)	-
Cash dividend	(4,416,206)	(2,944,137)
Decrease in guarantee deposits	(337)	(597)
Execution of employee share options	47,700	-
Net cash used in financing activities	(6,132,343)	(2,794,734)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,045,670)	558,877
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,650,263	1,091,386
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 604,593	$ 1,650,263

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

(With Deloitte & Touche audit report dated March 24, 2016) (Concluded)

1. GENERAL INFORMATION

Pou Chen Corporation (the "Company") is located in Changhwa County; the business activities include manufacturing and sales of various kinds of shoes, and import and export of related products and materials. The Company also invests significantly in shoes and electronics industries to diversify its business operation. The Company invested in Yue Yuen Industrial (Holdings) Limited ("Yue Yuen") and other footwear - related companies through Wealthplus Holdings Limited ("Wealthplus"). Yue Yuen and Pou Sheng International (Holdings) Limited ("Pou Sheng"), a subsidiary of Yue Yuen, are listed on Hong Kong Exchange and Clearing Limited.

In January 1990, the Company started to trade its stocks on the Taiwan Stock Exchange.

The financial statements are presented in New Taiwan dollars, the functional currency of the Company.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 24, 2016.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC)

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Company should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version did not have any material impact on the Company's accounting policies:

   1) Annual Improvements to IFRSs: 2009-2011 Cycle

      Several standards, including IAS 16 "Property, Plant and Equipment" and IAS 32 "Financial Instruments: Presentation," were amended in this annual improvement.

      The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

      The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 "Income Taxes".

2) Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"

The amendment to IFRS 7 requires disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

3) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the disclosure requirements in IFRS 12 are more extensive than in the previous standards.

4) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the previous standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required only for financial instruments will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 28 for related disclosures.

5) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under previous IAS 1, there were no such requirements.

The Company retrospectively applied the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates accounted for using the equity method. The application of the above amendment did not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

6) Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"

The amendment to IAS 32 clarified the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendment clarified the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement".

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

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Company should apply IFRS 15 starting January 1, 2018. As of the date the financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

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

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)
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
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
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
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 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
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

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 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 of the above New IFRSs, whenever applied, would not have any material impact on the Company's accounting policies, except for the following:

1) Annual Improvements to IFRSs: 2010-2012 Cycle

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate 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 Company is a related party of the Company. Consequently, the Company 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.

2) Annual Improvements to IFRSs: 2011-2013 Cycle

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 if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

3) 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:

a) For the Company'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:

i. 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;

ii. 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 instrument is derecognized or reclassified the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

b) Except for above, all other financial assets are measured at fair value through profit or loss. However, the Company 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.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, contract assets arising from IFRS 15 "Revenue from Contracts with Customers" and certain written loan commitments. 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 Company 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.

4) 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, 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, 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, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, 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 in an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the entity's share of the gain or loss is eliminated.

5) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue" 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 is 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.

6) 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" requires 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.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

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

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Company is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

8) 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 Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for low-value and short-term leases. The Company 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. In the statements of comprehensive income, the Company 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. In the 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 Company as lessor.

As of the date the financial statements were approved, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company'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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and 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.

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries, associates and joint ventures. The amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements.

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 twelve 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 twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

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

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

d. Foreign currencies

In preparing the parent company only financial statements of each individual 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 in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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 on 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 case, 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 purposes of presenting the parent company only financial statements, the assets and liabilities of the Company's foreign subsidiaries (in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign subsidiary and the Company loss of control over the subsidiary, all of the exchange differences accumulated in equity are reclassified to profit or loss.

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 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.

e. Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process and merchandise, 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.

f. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company. Investments in subsidiaries are accounted for by the equity method.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When testing for impairment, the cash-generating unit is determined based on the financial statements as a whole by comparing its recoverable amount with its carrying amount. If the recoverable amount of the asset subsequently increases, the reversal of the impairment loss is recognized as a gain, but the increased carrying amount of an asset after a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized on the asset in prior years. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from upstream and downstream transactions with a subsidiary are eliminated in full.

g. Investments in an associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for by the equity method.

Under the equity method, the investment in associates are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associates. The Company also recognizes the changes in the Company's share of equity of associates.

Any excess of the cost of acquisition over the Company'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 Company'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 Company subscribes for additional new shares of an associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of equity of associates. If the Company'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 the 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 Company's share of losses of an associates equals or exceeds its interest in that associates (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 Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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 is deducted from investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

At the date on which the Company ceases to have significant influence over the associates, any retained investment is measured at fair value. The difference between the previous carrying amount of the associates attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associates. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associates on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

h. Property, plant and equipment

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

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

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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 on 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 the Company 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.

Financial assets

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

1) Measurement category

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

a) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

b) 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 amount of available-for-sale monetary financial assets relating to changes in 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 Company'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 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 measured 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 carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets.

c) Loans and receivables

Loans and receivables (including accounts receivable, cash and cash equivalent, debt investments with no active market) 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 equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) 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, the estimated future cash flows of the investment have been affected.

For financial assets measured at amortized cost, such as trade receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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.

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 are 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 measured at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of 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 accounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivable that are written off against the allowance account.

3) Derecognition of financial assets

The Company 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.

Equity instruments

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 and deducted directly in 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.

Financial liabilities

1) Subsequent measurement

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. Fair value is determined in the manner described in Note 28.

2) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. 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.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risks and exchange rate risks, including exchange rate swap contracts, cross currency swap contracts, interest rate swap contracts and exchange rate options contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

l. 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. Sales returns are recognized at the time of sale based on the seller's reliable estimate future returns and based on past experience and other relevant factors.

1) Sale of goods

Sales of goods are recognized when goods are delivered and legal ownership has passed.

2) Rendering of services

Service income is recognized when services are provided. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

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 Company 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 Company 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.

m. 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 Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2) The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

n. 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 service 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 and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets, is recognized in other comprehensive income in the period in which they occur. 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 Company'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 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 Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

o. Taxation

Income tax expense represents the sum of the current tax liabilities and deferred tax liabilities.

1) Current tax

According to the Income Tax Law in the ROC, 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 in the financial statements 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 and unused loss carry forward 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, except where the Company 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 assets and liabilities 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax 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 tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company'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 by the management 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, 2015 and 2014, deferred tax liabilities recognized on taxable temporary differences associated with investments in subsidiaries were $641,729 thousand and $618,758 thousand, respectively. A reversal of deferred tax liabilities mainly depends on whether sufficient future profits in subsidiaries due to the unpredictability of future profit. In cases where the actual future profits of subsidiaries generated are less than expected, a material reversal of deferred tax liabilities may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

b. Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (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. Fair value measurements and valuation process

If some of the Company's assets and liabilities measured at fair value have no quoted prices in active markets, the board of directors of the Company determines whether to engage third party qualified valuers or to self-determine the appropriate valuation techniques for fair value measurements.

Where Level 1 inputs are not available, the Company or engaged valuers would determine appropriate inputs by referring to the analyses of the financial position and the operation results of investees, recent transaction prices and specific features of derivatives. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly.

d. Useful lives of property, plant and impairment

The Company reviews the estimated useful lives of property, plant and equipment at each balance sheet date. The impairment of equipment is assessed based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

e. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

f. Impairment of investment in associate

The Company immediately recognizes impairment loss on its net investment in associate when there is any indication that the investment may be impaired and the carrying amount may not be recoverable. The Company's management evaluates the impairment based on the estimated future cash flow expected to be generated by the associate. The Company also takes into consideration the market conditions and industry development to evaluate the appropriateness of assumptions.

g. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

h. Significant influence over associates

As described in Note 14, the Company holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. but the Company has the power to appoint three out of the nine directors of Elitegroup Computer Systems Co., Ltd.; therefore, the Company is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	2014
Cash on hand	$ 2,014	$ 2,173
Checking accounts and demand deposits	602,579	1,263,288
Cash equivalent (time deposits with original maturities less than three months)	-	384,802
	$ 604,593	$ 1,650,263

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2015	2014
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Exchange rate swap contracts (a)	$ 35,907	$ 1,377
Cross currency swap contracts (b)	7,157	-
	$ 43,064	$ 1,377
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate swap contracts (a)	$ 1,427	$ -
Interest rate swap contracts (b)	44,121	38,039
Exchange rate option contracts (d)	3,166	-
	$ 48,714	$ 38,039

a. At the end of the reporting period, outstanding exchange rate swap contracts not under hedge accounting were as follows:

December 31, 2015

Notional Amount	Maturity Date	Rate	Fair Value
US$ 48,000,000	2016.01.07	32.811	$ 6,349
US$ 11,600,000	2016.01.07	32.811	1,534
US$ 8,600,000	2016.01.07	32.811	1,138
US$ 30,000,000	2016.01.12	32.762	4,643

(Continued)

Notional Amount	Maturity Date	Rate	Fair Value
US$ 30,000,000	2016.01.12	32.727	$ 9,934
US$ 2,000,000	2016.01.12	32.727	662
US$ 26,000,000	2016.01.14	32.786	4,066
US$ 30,000,000	2016.01.14	32.786	4,691
RMB123,900,000	2016.03.14	4.959	93
RMB 50,000,000	2016.07.11	4.826	2,797
RMB 30,000,000	2016.03.11	4.997	(321)
RMB 45,000,000	2016.03.11	4.997	(648)
RMB 53,000,000	2016.03.14	4.968	(458)
			$ 34,480

(Concluded)

December 31, 2014

Notional Amount	Maturity Date	Rate	Fair Value
RMB 30,000,000	2015.01.09	5.044	$ 1,377

The Company entered into exchange rate swap contracts for the years ended December 31, 2015 and 2014 to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

b. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

December 31, 2015

Notional Amount	Maturity Date	Rate	Interest %	Fair Value
US$ 10,000,000	2016.03.16	32.506	0.79	$ 3,921
US$ 10,000,000	2016.05.27	32.520	0.78	3,236
				$ 7,157

The Company entered into cross-currency swap contracts for the years ended December 31, 2015 and 2014 to manage exposures to exchange rate and interest fluctuations of foreign currency denominated assets and liabilities.

c. At the end of the reporting period, outstanding interest rate swap contracts not under hedge accounting were as follows:

December 31, 2015

Notional Amount	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
$ 437,500	2016.09.29	1.066	0.80956	$ (766)
437,500	2016.09.29	1.066	0.80956	(770)
350,000	2016.09.29	1.180	0.80956	(862)
350,000	2016.09.29	1.183	0.80956	(864)

(Continued)

Notional Amount	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
$ 350,000	2016.09.29	1.183	0.80956	$ (866)
350,000	2016.09.29	1.183	0.80956	(761)
250,000	2016.09.29	0.967	0.80956	(287)
350,000	2016.09.29	0.990	0.80956	(452)
350,000	2016.09.29	0.990	0.80956	(475)
300,000	2016.09.29	0.990	0.80956	(385)
500,000	2018.06.01	1.340	0.80767	(5,126)
900,000	2018.06.01	1.310	0.80767	(8,638)
600,000	2018.06.01	1.310	0.80767	(5,810)
500,000	2018.06.01	1.290	0.80767	(4,672)
500,000	2018.06.01	1.278	0.80767	(4,521)
300,000	2018.06.01	1.265	0.80767	(2,645)
500,000	2018.06.01	1.280	0.80767	(4,493)
200,000	2018.06.01	1.260	0.80767	(1,728)
				$ (44,121)

(Concluded)

December 31, 2014

Notional Amount	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
$ 600,000	2018.06.01	1.310	0.89100	$ (4,221)
500,000	2018.06.01	1.340	0.89100	(3,926)
875,000	2016.09.29	1.066	0.88800	(1,344)
700,000	2016.09.29	1.180	0.88800	(1,961)
500,000	2016.09.29	0.967	0.88800	(219)
700,000	2016.09.29	0.990	0.88800	(487)
900,000	2018.06.01	1.310	0.89100	(6,241)
500,000	2018.06.01	1.278	0.89100	(3,034)
300,000	2018.06.01	1.265	0.89100	(1,715)
700,000	2016.09.29	1.183	0.88800	(1,881)
700,000	2016.09.29	0.990	0.88800	(382)
500,000	2018.06.01	1.290	0.89100	(3,195)
875,000	2016.09.29	1.066	0.88800	(1,209)
700,000	2016.09.29	1.183	0.88800	(1,874)
600,000	2016.09.29	0.990	0.88800	(324)
700,000	2016.09.29	1.183	0.88800	(1,899)
500,000	2018.06.01	1.280	0.89100	(3,026)
200,000	2018.06.01	1.260	0.89100	(1,101)
				$ (38,039)

The Company entered into interest rate swap contracts for the years ended December 31, 2015 and 2014 to manage exposures to interest rate fluctuations.

d. At the end of the reporting period, outstanding exchange rate option contracts not under hedge accounting were as follows:

December 31, 2015

Notional Amount	Type	Buy/Sale	Premium Amount	Fair Value
US$ 30,000,000	Put	Sell	$ 2,357	$ (3,166)

The Company entered into exchange rate option contracts for the year ended December 31, 2015 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	December 31	
	2015	2014
Domestic investments		
Listed shares	$ 4,119,079	$ 4,362,146

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET- CURRENT

	December 31	
	2015	2014
Time deposits with original maturity more than three months	$ 394,605	$ 1,344,855

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2015	2014
Notes receivable (including related parties)		
Notes receivable - operating	$ 11,202	$ 16,353
Notes receivable - non-operating	32	65
Less: Allowance for doubtful accounts	-	-
	$ 11,234	$ 16,418
Accounts receivable (including related parties)		
Accounts receivable	$ 1,529,570	$ 1,766,574
Less: Allowance for doubtful accounts	-	-
	$ 1,529,570	$ 1,766,574

(Continued)

	December 31 2015	December 31 2014
Other receivables		
Tax refund receivables	$ 72,022	$ 69,539
Others	139,380	134,741
Less: Allowance for doubtful accounts	-	-
	$ 211,402	$ 204,280

(Concluded)

In determining the recoverability of accounts receivable, the Company considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. Allowance for doubtful account was recognized based on past due of the reporting period and past default experience.

a. Notes receivable

The notes receivable balances at December 31, 2015 and 2014 were not past due.

b. Accounts receivable

The aging analysis of the accounts receivable as at December 31, 2015 and 2014 were as follows:

December 31, 2015

	Not Past Due and Not Impaired	Not Past Due but Impaired	Past Due but Not Impaired	Past Due and Impaired	Total
Less than 30 days	$ 1,169,720	$ -	$ -	$ -	$ 1,169,720
31-90 days	359,850	-	-	-	359,850
More than 91 days	-	-	-	-	-
	$ 1,529,570	$ -	$ -	$ -	$ 1,529,570

December 31, 2014

	Not Past Due and Not Impaired	Not Past Due but Impaired	Past Due but Not Impaired	Past Due and Impaired	Total
Less than 30 days	$ 1,153,330	$ -	$ -	$ -	$ 1,153,330
31-90 days	600,928	-	-	-	600,928
More than 91 days	-	-	12,316	-	12,316
	$ 1,754,258	$ -	$ 12,316	$ -	$ 1,766,574

The above aging schedule was based on the invoice date.

11. INVENTORIES

	December 31	
	2015	2014
Raw materials	$ 36,647	$ 64,076
Supplies	188	311
Work in progress	1,011	1,047
Finished goods	15,566	33,054
Merchandise	13,042	9,018
	$ 66,454	$ 107,506

a. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2015 and 2014 was $9,004,039 thousand and $9,187,671 thousand, respectively.

b. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2014 included inventory write-downs of $10,000 thousand.

12. OTHER ASSETS

	December 31	
	2015	2014
Current		
Prepayments	$ 44,261	$ 54,138
Supplies inventory	1,594	1,430
Temporary payments	3,576	3,934
Value-added tax retained	7,189	3,040
	$ 56,620	$ 62,542
Non-current		
Prepayments	$ 35,263	$ 31,590
Prepayments for equipment	39,735	19,623
Refundable deposits	7,095	6,121
Others	3,869	3,871
	$ 85,962	$ 61,205

13. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2015	2014
Domestic shares		
Unlisted shares	$ 61,000	$ 61,000
Classified according to measurement categories		
Available-for-sale financial assets	$ 61,000	$ 61,000

Management believed that the above investments held by the Company, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31 2015	December 31 2014
Investments in subsidiaries	$ 76,715,802	$ 73,883,204
Investments in associates	7,651,159	10,494,809
	$ 84,366,961	$ 84,378,013

a. Investments in subsidiaries

	December 31 2015	December 31 2014
Unlisted companies	$ 76,715,802	$ 73,883,204

At the end of the reporting period, the proportion of ownership and voting rights in subsidiary held by the Company were as follows:

Name of Subsidiary	December 31 2015	December 31 2014
Wealthplus Holdings Limited	100.00%	100.00%
Win Fortune Investments Limited	100.00%	100.00%
Windsor Entertainment Co., Ltd.	100.00%	100.00%
Pou Shine Investments Co., Ltd.	100.00%	100.00%
Pan Asia Insurance Services Co., Ltd.	100.00%	100.00%
Pro Arch International Development Enterprise Inc.	100.00%	96.32%
Barits Development Corporation	99.49%	99.47%
Pou Yuen Technology Co., Ltd.	97.82%	97.82%
Pou Yii Development Co., Ltd.	15.00%	15.00%
Wang Yi Construction Co., Ltd.	7.82%	7.82%

1) The Company holds less than 50% interest in Pou Yii and Wang Yi, but the Company and its subsidiaries hold more than 50% interest in Pou Yii and Wang Yi; therefore, the Company has control over Pou Yii and Wang Yi.

2) The investments in subsidiaries 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, 2015 and 2014 was based on the subsidiaries' financial statements audited by the auditors for the same years.

b. Investments in associates

	December 31	
	2015	2014
Material associates		
Ruen Chen Investment Holding Co., Ltd.	$ 5,846,585	$ 8,471,915
Associates that are not individually material	1,804,574	2,022,894
	$ 7,651,159	$ 10,494,809

1) Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2015	2014
Ruen Chen Investment Holding Co., Ltd.	20%	20%

The summarized financial information below represents amounts shown in the material associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Ruen Chen Investment Holding Co., Ltd.

	December 31	
	2015	2014
Assets	$ 3,192,737,851	$ 2,845,485,896
Liabilities	(3,152,391,615)	(2,790,298,128)
Non-controlling interests	(10,816,750)	(12,531,631)
Owners of Ruen Chen Investment Holding Co., Ltd.	$ 29,529,486	$ 42,656,137
Proportion of the Company	20%	20%
Equity attributable to the Company	$ 5,905,897	$ 8,531,227
Other adjustments	(59,312)	(59,312)
Carrying amount	$ 5,846,585	$ 8,471,915

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 567,236,107	$ 510,773,474
Net income	$ 20,343,103	$ 19,868,877
Other comprehensive (loss) income	(35,214,398)	2,640,221
Total comprehensive (loss) income	$ (14,871,295)	$ 22,509,098

2) Associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights December 31 2015	2014
Elitegroup Computer Systems Co., Ltd.	12.57%	12.58%
Techview International Technology Inc.	30.00%	30.00%

a) The summarized financial information below represents amounts shown in the associates that are not individually material which financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

	For the Year Ended December 31 2015	2014
The Company's share of:		
Net income	$ 144,057	$ 169,432
Other comprehensive (loss) income	(12,545)	6,326
Total comprehensive income	$ 131,512	$ 175,758

b) The Company holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. but the Company has the power to appoint three out of the nine directors of Elitegroup Computer Systems Co., Ltd.; therefore, the Company is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.

c) Fair values (Level 1) of investments in associates that are not individually material with available published price quotation are summarized as follows:

	December 31 2015	2014
Elitegroup Computer Systems Co., Ltd.	$ 1,418,856	$ 1,867,284

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2014	$ 1,636,068	$ 4,001,892	$ 511,590	$ 212,998	$ 355,762	$ 69,992	$ 4,398	$ 6,792,700
Additions	-	28,359	56,603	4,841	17,576	1,894	11,980	121,253
Disposals	-	(4,344)	(104,353)	(32,771)	(25,188)	(2,256)	-	(168,912)
Transfer from prepayments for equipment	-	-	12,897	15,238	-	-	-	28,135
Transfer from (to) investment property	15,645	(10,266)	-	-	-	-	-	5,379
Reclassified	-	14,981	-	-	-	-	(14,981)	-
Balance at December 31, 2014	$ 1,651,713	$ 4,030,622	$ 476,737	$ 200,306	$ 348,150	$ 69,630	$ 1,397	$ 6,778,555

(Continued)

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Accumulated depreciation								
Balance at January 1, 2014	$ -	$ 1,696,591	$ 395,850	$ 172,288	$ 320,300	$ 62,548	$ -	$ 2,647,577
Disposals	-	(1,079)	(79,278)	(31,056)	(24,948)	(2,192)	-	(138,553)
Depreciation expense	-	107,548	32,715	14,298	20,160	3,111	-	177,832
Transfer to investment property	-	(11,470)	-	-	-	-	-	(11,470)
Balance at December 31, 2014	$ -	$ 1,791,590	$ 349,287	$ 155,530	$ 315,512	$ 63,467	$ -	$ 2,675,386
Carrying amounts at January 1, 2014	$ 1,636,068	$ 2,305,301	$ 115,740	$ 40,710	$ 35,462	$ 7,444	$ 4,398	$ 4,145,123
Carrying amounts at December 31, 2014	$ 1,651,713	$ 2,239,032	$ 127,450	$ 44,776	$ 32,638	$ 6,163	$ 1,397	$ 4,103,169
Cost								
Balance at January 1, 2015	$ 1,651,713	$ 4,030,622	$ 476,737	$ 200,306	$ 348,150	$ 69,630	$ 1,397	$ 6,778,555
Additions	-	44,902	46,056	4,188	20,709	7,823	72,249	195,927
Disposals	-	(101,739)	(35,952)	(20,662)	(24,208)	(1,008)	-	(183,569)
Transfer from prepayments for equipment	25,423	1,882	27,645	2,600	195	4,520	6,240	68,505
Reclassified	-	44,921	(168)	-	17	151	(44,921)	-
Balance at December 31, 2015	$ 1,677,136	$ 4,020,588	$ 514,318	$ 186,432	$ 344,863	$ 81,116	$ 34,965	$ 6,859,418
Accumulated depreciation								
Balance at January 1, 2015	$ -	$ 1,791,590	$ 349,287	$ 155,530	$ 315,512	$ 63,467	$ -	$ 2,675,386
Disposals	-	(98,625)	(34,374)	(19,075)	(24,189)	(1,000)	-	(177,263)
Depreciation expense	-	108,713	32,715	12,495	16,428	3,095	-	173,446
Balance at December 31, 2015	$ -	$ 1,801,678	$ 347,628	$ 148,950	$ 307,751	$ 65,562	$ -	$ 2,671,569
Carrying amounts at January 1, 2015	$ 1,651,713	$ 2,239,032	$ 127,450	$ 44,776	$ 32,638	$ 6,163	$ 1,397	$ 4,103,169
Carrying amounts at December 31, 2015	$ 1,677,136	$ 2,218,910	$ 166,690	$ 37,482	$ 37,112	$ 15,554	$ 34,965	$ 4,187,849

(Concluded)

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

Items	Estimated Useful Life
Buildings and improvements	
Main buildings	55 years
Elevators	15 years
Machinery and equipment	5-12 years
Transportation equipment	5 years
Office equipment	3-7 years
Other equipment	3-10 years

b. The Company has three parcels of land located in Changhwa County with carrying value of $56,102 thousand. Due to certain restrictions under the land regulations, the ownership for these three parcels of land resides with a trustee through a trust agreement which prohibits the trustee from selling, pledging or hypothecating the property.

16. INVESTMENT PROPERTIES

	2015	2014
Cost		
Balance at January 1	$ 2,542,722	$ 2,548,101
Transfer to property plant and equipment	-	(5,379)
Balance at December 31	$ 2,542,722	$ 2,542,722
Accumulated depreciation and impairment		
Balance at January 1	$ 460,247	$ 396,018
Depreciation expense	53,290	52,759
Transfer from property plant and equipment	-	11,470
Balance at December 31	$ 513,537	$ 460,247
Carrying amounts at January 1	$ 2,082,475	$ 2,152,083
Carrying amounts at December 31	$ 2,029,185	$ 2,082,475

a. The above items of investment properties are depreciated on a straight-line method over the estimated useful life of the asset:

Items	Estimated Useful Life
Buildings	
Factories and main business buildings	55 years
Elevator equipment	15 years

b. The fair value valuation was performed by independent qualified professional valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

	December 31	
	2015	2014
Investment property	$ 2,973,648	$ 2,973,648

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2015	2014
Unsecured borrowings		
Credit borrowings	$ 4,706,500	$ 6,470,000

The range of effective interest rate on bank borrowings was 0.89%-1.15% and 0.89%-1.20% per annum as of December 31, 2015 and 2014, respectively.

b. Long-term borrowings

	December 31 2015	2014
Unsecured borrowings		
Bank loans	$ 17,000,000	$ 17,000,000
Less: Long-term expenses for syndication loan	(10,437)	(19,199)
Less: Current portion	(4,748,053)	(3,500,000)
	$ 12,241,510	$ 13,480,801

The range of effective interest rate on bank borrowings was 1.38%-1.60% and 1.46%-1.59%, per annum as of December 31, 2015 and 2014, respectively.

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31 2015	2014
Notes payable (including related parties)		
Operating	$ 34,327	$ 70,846
Non-operating	360	2,209
	$ 34,687	$ 73,055
Accounts payable (including related parties)	$ 1,493,683	$ 1,587,165

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	December 31 2015	2014
Payable for salaries	$ 225,978	$ 217,080
Payable for purchase of property, plant and equipment	77,088	34,244
Compensation due to directors and supervisors	101,736	169,882
Employee compensation payable	575,784	504,171
Interest payable	26,402	32,033
Payable for annual leave	65,536	59,227
Others	220,732	225,524
	$ 1,293,256	$ 1,242,161

20. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The Company 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.

Defined Benefit Plan

The defined benefit plan adopted by the Company 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 contributes 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. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2015	2014
Present value of defined benefit obligation	$ 1,868,076	$ 1,725,694
Fair value of plan assets	(25,623)	(10,709)
Net defined benefit liability	$ 1,842,453	$ 1,714,985

Movements in net defined benefit liability (asset) 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, 2014	$ 1,708,531	$ (174,178)	$ 1,534,353
Service cost	22,364	-	22,364
Net interest expense (income)	28,587	(2,288)	26,299
Recognized in profit or loss	50,951	(2,288)	48,663
Remeasurement			
Actuarial loss (gain) - experience adjustments	181,310	(1,600)	179,710
Recognized in other comprehensive income (loss)	181,310	(1,600)	179,710
Contributions from the employer	-	(47,741)	(47,741)
Benefits paid	(215,098)	215,098	-
Balance at December 31, 2014	$ 1,725,694	$ (10,709)	$ 1,714,985

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2015	$ 1,725,694	$ (10,709)	$ 1,714,985
Service cost	20,631	-	20,631
Net interest expense (income)	28,450	(446)	28,004
Recognized in profit or loss	49,081	(446)	48,635
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,479)	(1,479)
Actuarial loss - changes in demographic assumptions	72,628	-	72,628
Actuarial loss - changes in financial assumptions	60,173	-	60,173
Actuarial loss - experience adjustments	85,372	-	85,372
Recognized in other comprehensive income (loss)	218,173	(1,479)	216,694
Contributions from the employer	-	(137,861)	(137,861)
Benefits paid	(124,872)	124,872	-
Balance at December 31, 2015	$ 1,868,076	$ (25,623)	$ 1,842,453

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2015	2014
Operating costs	$ 154	$ 427
Selling and marketing expenses	41	40
General and administrative expenses	37,335	36,345
Research and development expenses	11,105	11,851
	$ 48,635	$ 48,663

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

a. 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.

b. Interest risk: A decrease in the government 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.

c. 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	
	2015	2014
Discount rate(s)	1.375%	1.750%
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 increase (decrease) as follows:

	December 31, 2015
Discount rate(s)	
0.25% increase	$ (43,788)
0.25% decrease	$ 45,412
Expected rate(s) of salary increase	
0.25% increase	$ 43,812
0.25% decrease	$ (42,460)

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	
	2015	2014
The expected contributions to the plan for the next year	$ 388,956	$ 229,502
The average duration of the defined benefit obligation	9.5 years	8.8 years

21. EQUITY

a. Share capital

	December 31	
	2015	2014
Numbers of shares authorized (in thousands)	4,500,000	4,500,000
Shares authorized	$ 45,000,000	$ 45,000,000
Number of shares issued and fully paid (in thousands)	2,946,787	2,944,137
Shares issued	$ 29,467,872	$ 29,441,372

The Company's employee share options were exercised for 2,650 thousand shares (amounted to $26,500 thousand) during the year ended December 31, 2015.

b. Capital surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from issuance of common shares	$ 848,603	$ 827,403
Recognized from conversion of bonds	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	484,759	503,573
May be used to offset a deficit only (2)		
Recognized from share of changes in equities of subsidiaries	20,937	19,788
May not be used for any purpose		
Recognized from share of changes in net assets of associates	5,309	4,685
	$ 4,631,708	$ 4,627,549

1) 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).

2) Such capital surplus are recognized from share of changes in equities of subsidiaries that resulted from equity transactions, or from share of changes in capital surplus of subsidiaries accounted by using equity method when there was no actual disposal or acquisition of subsidiaries.

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the annual net profits should be appropriated as follows:

1) For paying taxes.

2) For offsetting deficits.

3) For legal reserve at 10% of the remaining profits, and for special reserve to be appropriated and distributed according to regulations or upon request by the FSC.

4) Any remaining profits after the appropriations mentioned above plus prior years' accumulated unapproriated earnings may be partially or fully retained or distributed as dividends to shareholders as proposed according to stock ownership proportion.

Profits may be distributed after taking into consideration financial, business and operational factors. The distribution of profits shall be proposed by the board of directors, and submitted to the shareholders' meeting for approval. The ratio of distribution shall be not less than 30% of the net income for each fiscal year, and a portion for cash dividend shall be not less than 30% of total distribution. If there are material changes in the operating environment, the Company would adjust the ratio and amounts of distribution of profits.

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 consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on December 25, 2015 and March 24, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 15, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 23.

Under Rule No. 1010012865 and Rule No. 1010047490 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. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

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.

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 2014 and 2013 approved in the stockholders' meetings on June 12, 2015 and June 17, 2014, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2014	**For Year 2013**	**For Year 2014**	**For Year 2013**
Legal reserve	$ 861,550	$ 1,061,945	$ -	$ -
(Reversal) special reserve	(3,571,494)	4,744,957	-	-
Cash dividends	4,416,206	2,944,137	1.50	1.00

d. Other equity item

1) Exchange differences on translation foreign operations

	For the Year Ended December 31	
	2015	**2014**
Balance at January 1	$ 3,345,749	$ 20,776
Exchange differences arising on translation of foreign subsidiaries and associates	1,675,137	3,324,973
Balance at December 31	$ 5,020,886	$ 3,345,749

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

	For the Year Ended December 31	
	2015	**2014**
Balance at January 1	$ (8,954,302)	$ (9,200,823)
Unrealized loss on available-for-sale financial assets	(567,431)	(111,077)
Unrealized (loss) gain on available-for-sale financial assets of subsidiaries and associates	(7,404,747)	357,598
Balance at December 31	$ (16,926,480)	$ (8,954,302)

e. Treasury shares

The changes in treasury shares were summarized as follows:

	Beginning of Year	Addition	Reduction	End of Year
For the year ended December 31, 2014				
Shares held by subsidiaries	9,934,059	-	(9,934,059)	-

The Company's shares held by its subsidiaries were deducted total consideration of 9,934,059 shares which were sold by Pou Shine Investments Co., Ltd. and other companies during the year ended December 31, 2014. And the profit of $218,295 thousand was recognized as capital surplus from treasury shares transactions.

22. REVENUE

	For the Year Ended December 31	
	2015	2014
Revenue from the products	$ 11,073,855	$ 11,195,078
Revenue from the rendering of services	1,674,667	1,466,428
	$ 12,748,522	$ 12,661,506

23. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Other income

	For the Year Ended December 31	
	2015	2014
Rental income (Note 29)		
Rental income from operating lease		
Investment properties	$ 119,455	$ 120,626
Others	21,497	24,363
	140,952	144,989
Interest income		
Cash in bank	18,925	6,807
Debt investment with no active market	31,915	55,911
	50,840	62,718
Dividend income	251,886	199,970
Others	112,799	140,723
	$ 556,477	$ 548,400

b. Other gains and losses

	For the Year Ended December 31	
	2015	2014
Net (loss) gain on disposal of property, plant and equipment	$ (1,564)	$ 5,745
Net foreign exchange gain	327,109	243,523
Net gain (loss) on disposal of available-for-sale financial assets	22,758	(4)
Net gain (loss) arising on financial assets designated as at FVTPL	55,258	(7,225)
Net gain (loss) arising on financial liabilities designated as at FVTPL	12,367	(23,766)
Others	(66,931)	(57,365)
	$ 348,997	$ 160,908

c. Finance costs

	For the Year Ended December 31	
	2015	2014
Interest on bank borrowings	$ 330,476	$ 337,190
Interest on short-term bills payable	-	883
Other interest expense	27,598	18,369
	$ 358,074	$ 356,442

d. Depreciation and amortization

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	$ 173,446	$ 177,832
Investment properties	53,290	52,759
	$ 226,736	$ 230,591
An analysis of depreciation by function		
Operating costs	$ 7,201	$ 12,655
Operating expenses	166,245	165,177
Non-operating expenses	53,290	52,759
	$ 226,736	$ 230,591

e. Direct expenses with investment properties

	For the Year Ended December 31	
	2015	2014
Direct operating expenses from investment properties that generated rental income	$ 65,442	$ 65,348
Direct operating expenses from investment properties that did not generated rental income	65	66
	$ 65,507	$ 65,414

f. Employee benefits expense

	2015			2014		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Salary						
Termination benefits	$ -	$ 11,043	$ 11,043	$ -	$ 37,806	$ 37,806
Others	18,247	2,185,793	2,204,040	37,546	2,262,665	2,300,211
	18,247	2,196,836	2,215,083	37,546	2,300,471	2,338,017
Labor and health insurance	2,120	198,544	200,664	4,320	178,135	182,455
Post-employment benefit						
Defined contribution plans	794	79,661	80,455	1,238	71,970	73,208
Defined benefit plans	154	48,481	48,635	426	48,237	48,663
	948	128,142	129,090	1,664	120,207	121,871
Other employee benefits	924	66,100	67,024	1,756	42,662	44,418
Total employee benefits expense	$ 22,239	$ 2,589,622	$ 2,611,861	$ 45,286	$ 2,641,475	$ 2,686,761

As of December 31, 2015 and 2014, there were 3,273 and 3,164 employees, respectively, in the Company.

The existing (2014) Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates 1%-5% and no higher than 3%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to employees and the remuneration to directors and supervisors were $334,667 thousand and $169,882 thousand, respectively, representing 3.0% and 1.5%, respectively, of the base net income.

In compliance with the Company Act as amended in May 2015, the Company proposed to amend its Articles of Incorporation on December 31, 2015 and March 24, 2016 and stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates 1%-5% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were $203,472 thousand and $101,736 thousand, respectively, representing 1.8% and 0.9%, respectively, of the base net profit. The bonus to employees and remuneration to directors and supervisors for the year ended December 31, 2015 have been proposed by the Company's board of directors on March 24, 2016 and are subject to the resolution of the shareholders' meeting to be held on June 15, 2016.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of bonuses to employees and remuneration to directors and supervisors for 2014 and 2013 had been approved in the stockholders' meetings on June 12, 2015 and June 17, 2014, respectively; the amounts were as follows:

	For the Year Ended December 31			
	2014		2013	
	Cash Dividend	Share Dividend	Cash Dividend	Share Dividend
Bonus to employees	$ 334,667	$ -	$ 142,211	$ -
Remuneration to directors and supervisors	169,882	-	72,188	-

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 12, 2015 and June 17, 2014 and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013, respectively.

Information about the bonus to employees, directors and supervisors approved in the meetings of the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2015	**2014**
Current tax		
In respect of the current year	$ 733,679	$ 678,378
Income tax expense of unappropriated earnings	671,954	175,344
	1,405,633	853,722
Deferred tax	55,156	2,902
Adjustments for prior years' income tax	6,667	13,251
Income tax expense recognized in profit or loss	$ 1,467,456	$ 869,875

A reconciliation of accounting profit and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2015	**2014**
Income before income tax	$ 10,998,814	$ 9,485,381
Income tax expense calculated at the statutory rate	1,869,798	1,612,515
Tax effect of adjusting items		
Tax-exempt income	(1,094,125)	(933,696)
Others	(41,994)	(441)
Income tax on unappropriated earnings	671,954	175,344
Current tax	1,405,633	853,722
Deferred tax	6,667	13,251
Adjustments for prior years' income tax	55,156	2,902
Income tax expense recognized in profit or loss	$ 1,467,456	$ 869,875

The applicable tax rate used by the Company is the corporate tax rate of 17%.

As the status of 2016 appropriations of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Deferred tax assets and liabilities

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

	December 31	
	2015	2014
Deferred tax assets		
Temporary differences		
Unrealized pension expense	$ 103,245	$ 118,414
Others	3,224	11,735
	$ 106,469	$ 130,149
Deferred tax liabilities		
Temporary differences		
Investment income from foreign subsidiaries	$ 641,729	$ 618,758
Land value increment tax	86,547	86,547
Others	2,312	19,325
	$ 730,588	$ 724,630

c. Integrated income tax

	December 31	
	2015	2014
Unappropriated earnings		
Generated before January 1, 1998	$ 221,425	$ 221,425
Generated on and after January 1, 1998	30,986,101	23,453,881
	$ 31,207,526	$ 23,675,306
Imputation credits account	$ 2,267,446	$ 1,526,476

	For the Year Ended December 31	
	2015	2014
Creditable ratio for distribution of earnings	11.76%	9.22%

d. Income tax assessments

The tax returns of the Company through 2013 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the years ended December 31, 2015 and 2014 were as follows:

	For the Year Ended December 31	
	2015	2014
Net income (in thousand dollars)		
Earnings used in the computation of earnings per share	$ 9,531,358	$ 8,615,506
Weighted average number of shares outstanding (in thousand shares)		
Weighted average number of common shares in computation of basic earnings per share	2,945,021	2,944,137
Effect of potentially dilutive common shares:		
Employee share options	88,469	72,619
Bonus to employee	6,269	10,507
Weighted average number of common shares used in the computation of diluted earnings per share	3,039,759	3,027,263
Earnings per share (in dollars)		
Basic earnings per share	$3.24	$2.93
Diluted earnings per share	$3.14	$2.85

Since the Company offered to settle the bonuses paid to employees by cash or shares, the Company assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is 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.

26. SHARE-BASED PAYMENT ARRANGEMENTS

As at November 6, 2007, the Company has issued 125,500,000 units of employee share options to the employees with an exercise price of $29.80 dollars per share. Each of the aforementioned individual employee share options is granted the right to purchase one newly issued common share. If the Company resolved to increase additional capital stock through stock dividends or issue of new shares, the exercise price will be retroactively restated. Additionally, the share of employee share options granted but not exercised will also be adjusted. After the aforementioned adjustment, the exercise price and issued units of employee share options were $18.00 and 145,790,178 units, respectively, as of December 31, 2015.

Information about employee share options for the years ended December 31, 2015 and 2014 was as follows:

	For the Year Ended December 31			
	2015		2014	
Employee Share Options	Number of Shares Purchasable (Thousand Shares)	Weighted-average Exercise Price (NT$)	Number of Shares Purchasable (Thousand Shares)	Weighted-average Exercise Price (NT$)
Balance at January 1	148,441	$ 18.70	148,441	$ 19.20
Options exercised	(2,650)	18.00	-	-
Balance at December 31	145,791	18.00	148,441	18.70
Exercisable options at December 31	145,791	18.00	148,441	18.70

Information about outstanding employee share options as of December 31, 2015 and 2014 was as follows:

	December 31	
	2015	2014
Exercise price (NT$)	$18.00	$18.70
Weighted-average remaining contractual life (years)	1.85 years	2.85 years

27. CAPITAL MANAGEMENT

The Company's capital management policy is to ensure the Company has sufficient financial resources and operating plans to balance the working capital, capital expenditure, research and development expenditure, repayment of debt and dividends paid to shareholders within twelve months.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Financial assets and financial liabilities of their fair values cannot be reliably measured are as follows:

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Debt investment with no active market	$ 394,605	$ 394,605	$ 1,344,855	$ 1,344,855
Financial assets measured at cost	61,000	-	61,000	-
Other loans and receivables	2,363,894	2,363,894	3,643,656	3,643,656

(Continued)

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Bank borrowings	$ 21,696,063	$ 21,696,063	$ 23,450,801	$ 23,450,801
Other financial liabilities measured at amortized cost	2,839,089	2,839,089	2,920,181	2,920,181

(Concluded)

The above fair value measurement at Level 3 fair value.

2) Fair value of financial instruments carried at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 and 2 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices in active market for identical assets or liabilities.

	December 31	
	2015	2014
Financial assets		
Available-for-sale financial assets		
Domestic listed securities		
Equity investment	$ 4,119,079	$ 4,362,146

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

	December 31	
	2015	2014
Financial assets		
Financial assets at FVTPL		
Derivative financial instruments	$ 43,064	$ 1,377
Financial liabilities		
Financial liabilities at FVTPL		
Derivative financial instruments	48,714	38,039

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair value of financial assets and financial liabilities are determined as follows:

a) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices (includes listed bonds). Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Company are consistent with those that market participants would use in setting a price for the financial instrument.

b) The fair value of derivative instruments were calculated using quoted prices. When such prices were not available, a valuation method was used and the estimates and assumptions used by the Company are consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	December 31	
	2015	**2014**
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 43,064	$ 1,377
Loans and receivables (Note 1)	2,758,499	4,988,511
Available-for-sale financial assets	4,119,079	4,362,146
Financial assets measured at cost	61,000	61,000
Investments accounted for using equity method	84,366,961	84,378,013
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	48,714	38,039
Amortized cost (Note 2)	24,535,152	26,370,982

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, accounts receivable, other receivables, and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits.

c. Financial risk management objectives and policies

The Company's major financial instruments included equity investments, receivables, payables and borrowings. The Company's treasury function monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include exchange rate risk, interest rate risk, credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts and other derivate instruments.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company's sensitivity to 5% increase (decrease) in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit with New Taiwan dollars strengthened (weakened) 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Year Ended December 31	
	2015	**2014**
USD	$ (73,315)	$ (150,271)
RMB	(20,208)	(87,805)

b) Interest rate risk

The Company was exposed to interest rate risk because it borrowed funds at floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts.

The carrying amounts of the Company's financial liabilities with exposure to interest rates at the end of the reporting periods were as follows.

	December 31	
	2015	**2014**
Cash flow interest rate risk		
Financial liabilities	$ 21,696,063	$ 23,450,801

Sensitivity analysis

The sensitivity analyses below were based on the Company's floating rate liabilities. The analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. If 1% increase in interest rate would cause the Company to increase its cash-out by $216,961 thousand and $234,508 thousand during the years ended December 31, 2015 and 2014, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. The investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity price declined by 1%, the fair value of the investments at December 31, 2015 and 2014 would have decrease by $55,379 thousand and $62,294 thousand, respectively.

2) Credit risk

Financial instruments are evaluated for credit risk which represents the potential loss that would be incurred by the Company if the counter-parties or third-parties breached the contracts. The risk includes centralization of credit risk, components, contracts figure, and its accounts receivable. Besides, the Company requires significant clients to provide guarantees or other rights to reduce credit risk of the Company effectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2015 and 2014, the Company had available unutilized short-term bank borrowing facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The tables had been drawn up based on the undiscounted cash flows of financial liabilities included both interest and principal from the earliest date on which the Company can be required to pay.

December 31, 2015

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 701,928	$ 899,297	$ 1,237,866	$ -	$ -
Variable interest rate liabilities	1.40	1,427,800	2,498,700	5,530,000	8,250,000	-
Fixed interest rate liabilities	1.58	-	-	-	4,000,000	-
		$ 2,129,728	$ 3,397,997	$ 6,767,866	$ 12,250,000	$ -

December 31, 2014

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 828,258	$ 1,091,136	$ 982,987	$ -	$ -
Variable interest rate liabilities	1.39	-	-	9,970,000	13,500,000	-
		$ 828,258	$ 1,091,136	$ 10,952,987	$ 13,500,000	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2015

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Exchange rate swap contract	$ -	$ 1,427	$ -	$ -	$ -
Interest rate swaps contracts	-	-	6,488	37,633	-
Exchange rate option contract	3,166	-	-	-	-
	$ 3,166	$ 1,427	$ 6,488	$ 37,633	$ -

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swaps contracts	$ -	$ -	$ -	$ 38,039	$ -

c) Financing facilities

	December 31	
	2015	2014
Unsecured bank facility and reviewed annually:		
Amount used	$ 21,716,250	$ 23,475,383
Amount unused	15,485,767	10,702,097
	$ 37,202,017	$ 34,177,480

29. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Operating revenue

Account Items	Related Parties Categories	For the Year Ended December 31 2015	2014
Sales and service revenue	Subsidiaries	$ 12,422,701	$ 12,266,409
	Associates	68,298	76,597
		$ 12,490,999	$ 12,343,006

Sales to related parties have prices and receivable terms that have no significant differences with non-related parties.

The Company entered into a technical service agreement with Yue Yuen. According to the agreement, the service fees that the Company will receive from Yue Yuen are determined by:

1) For products developed by the Company and sold by Yue Yuen, 0.5% of net sales invoice amounts.

2) For materials, machines and other goods purchased, inspected and arranged for shipment through the Company from Taiwan suppliers, 1% of supplier's invoice amounts.

3) For materials, machines and other goods purchased from Taiwan or overseas directly by Yue Yuen through sourcing services provided by the Company, 0.5% of the supplier's invoice amounts.

b. Purchases

Related Parties Categories	For the Year Ended December 31 2015	2014
Subsidiaries	$ 3,770	$ 40,524
Associates	785,943	880,642
	$ 789,713	$ 921,166

Purchases from related parties have prices and payment terms that have no significant differences with non-related parties.

c. Rental income

Related Parties Categories	For the Year Ended December 31 2015	2014
Subsidiaries	$ 119,379	$ 124,133
Associates	2,531	1,021
Others	3,147	1,295
	$ 125,057	$ 126,449

d. Receivables from related parties

Related Parties Categories	December 31 2015	December 31 2014
Subsidiaries	$ 1,497,662	$ 1,717,324
Associates	4,865	6,082
	$ 1,502,527	$ 1,723,406

e. Payables to related parties

Related Parties Categories	December 31 2015	December 31 2014
Subsidiaries	$ 364	$ 4,379
Associates	82,650	144,644
	$ 83,014	$ 149,023

f. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31 2015	For the Year Ended December 31 2014
Short-term employee benefits	$ 139,377	$ 221,381
Post-employment benefits	1,750	2,018
	$ 141,127	$ 223,399

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

30. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

a. Outstanding letters of credit of the Company at the end of reporting period were as follows:

(Units: In Thousands of Foreign Currencies)

	December 31 2015	December 31 2014
USD	$ -	$ 67,392

b. The Company invests in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd. According to a request by the FSC, the Company provides shares of Yue Yuen in the custody during the period from June 27, 2011 to June 27, 2021. The Company will not disposal or do encumbrance to the shares of Wealthplus which is equal to the shares of Yue Yuen during the trust period.

c. Because of the Company's investment in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd., the Company received a request by the FSC for the Company to provide 490,000 thousand ordinary shares of Ruen Chen in the custody of the trust department of First Bank, and the trust period is ten years.

d. The Company entered into project agreements with the Institute for Information Industry ("III"). According to the project agreements, the Company has to provide promissory notes and bank guarantee to III as guarantee.

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

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

Unit: In Thousands of Foreign Currencies/ In Thousands of New Taiwan Dollars

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 65,743	32.825	$ 2,158,010
RMB	80,831	4.995	403,752
Non-monetary items			
USD	1,224	32.825	40,175
RMB	578	4.995	2,889
Financial liabilities			
Monetary items			
USD	21,066	32.825	691,485
Non-monetary items			
USD	96	32.825	3,166

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 95,882	31.650	$ 3,034,677
RMB	344,064	5.092	1,751,975
Non-monetary items			
RMB	270	5.092	1,377
Financial liabilities			
Monetary items			
USD	895	31.650	28,317

6.6 If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report, the Annual Report Shall Explain How The Difficulties Affected the Company's Financial Situation: N/A

VII. REVIEW AND ANALYSIS OF FINANCIAL CONDITIONS, FINANCIAL PERFORMANCE AND RISK FACTORS

7.1 Financial Conditions

(in NT$ thousands)

Item \ Year	2015	2014	Difference	
			Amount	Percentage
Current Assets	145,663,287	143,594,963	2,068,324	1.44%
Non-Current Assets	134,960,632	129,446,982	5,513,650	4.26%
Total Assets	280,623,919	273,041,945	7,581,974	2.78%
Current Liabilities	92,169,066	74,638,733	17,530,333	23.49%
Non-Current Liabilities	33,651,186	46,277,617	(12,626,431)	(27.28%)
Total Liabilities	125,820,252	120,916,350	4,903,902	4.06%
Equity	29,467,872	29,441,372	26,500	0.09%
Capital Surplus	4,631,708	4,627,549	4,159	0.09%
Retained Earnings	47,076,127	42,253,851	4,822,276	11.41%
Other Equity	(11,905,594)	(5,608,553)	(6,297,041)	112.28%
Non-Controlling Interests	85,533,554	81,411,376	4,122,178	5.06%
Total Equity	154,803,667	152,125,595	2,678,072	1.76%

(1) Analysis of changes in financial ratios :

A. Increase in Current liabilities: this was primarily due to an increase in Current portion of long-term borrowings.

B. Decrease in Non-current liabilities: this was primarily due to a reduction in Long-term borrowings.

C. Decrease in Other equity: this was primarily due to the NT$1.7 billion difference in foreign currency conversion that was incurred from consolidating financial statements of foreign subsidiaries and the NT$8 billion decline in unrealized gains (losses) from Available-for-sale financial assets.

(2) Impact: no material impact.

(3) Action plan(s) for the future: N/A.

7.2 Financial Performance

(in NT$ thousands)

Item \ Year	2015	2014	Difference	
			Amount	Percentage
Operating Revenue	269,081,173	243,976,298	25,104,875	10.29%
Operating Costs	204,575,755	188,707,550	15,868,205	8.41%
Operating Expenses	52,152,024	47,348,127	4,803,897	10.15%
Profit from Operations	12,353,394	7,920,621	4,432,773	55.96%
Non-operating Income and Expenses	7,886,880	7,953,758	(66,878)	(0.84%)
Profit Before Income Tax	20,240,274	15,874,379	4,365,895	27.50%
Income Tax Expense	3,638,808	2,014,930	1,623,878	80.59%
Net Income	16,601,466	13,859,449	2,742,017	19.78%
Other Comprehensive Income (Loss)	(7,816,031)	2,677,034	(10,493,065)	(391.97%)
Total Comprehensive Income	8,785,435	16,536,483	(7,751,048)	(46.87%)

(1) Analysis of changes in financial ratios :

A. Increase in Profit from operations: Profit from operations increased by NT$4.4 billion in 2015, primarily due to our footwear manufacturing business maintaining consistent growth, as well as the expansion of our distribution network and improved operating efficiency that benefited our sportswear retail and wholesale business. Profit increase in our distribution business also drove the growth of Profit from operations.

B. Increase in Profit before income tax: Profit before income tax increased by NT$4.4 billion in 2015, primarily due to our footwear manufacturing business maintaining consistent growth, as well as the expansion of our distribution network and improved operating efficiency that benefited our sportswear retail and wholesale business. Profit increase in our distribution business also drove the growth of Profit before income tax.

C. Increase in Income tax expense: Income tax expense increased by NT$1.6 billion in 2015, primarily due to the growth of Profit before income tax compared to last year, resulting in a higher Income tax expenses being recognized.

D. Increase in Other comprehensive loss: Other comprehensive loss increased by NT$10.5 billion primarily due to : (1) A decrease by NT$2.2 billion in foreign currency conversion gains, which was primarily attributable to changes in the foreign exchange rate when converting the functional currency of the foreign subsidiaries, U.S. dollars, into New Taiwan dollars, resulting in this year's reduced conversion gains from converting financial statements of foreign subsidiaries; (2) Unrealized loss from Available-for-sale financial assets increased by NT$1.3 billion primarily due to higher unrealized loss recognized from Mega Financial Holding Company Ltd. this year compared to last year; and (3) Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method increased by NT$7 billion this year primarily due to higher unrealized loss from Nan Shan Life Insurance Co., Ltd. ("Nan Shan"), recognized by Ruen Chen Investment Holding Co., Ltd. ("Ruen Chen").

(2) Sales conditions forecast

In 2016, our group will evaluate the competitive advantages of each manufacturing facility for maximum flexibility in production capacity allocation, and continue promoting supply chain integration and capacity optimization to create better added value and operating efficiency for our footwear manufacturing business. Concurrently, we expect to meet brand customers' demands and deliver value by offering innovative products and quality service, strengthening our lead position in the footwear manufacturing industry. Our sportswear retail grew with the overall growth of our wholesale business. We will continue to enhance sales strategies and inventory management and establish a sports services platform to improve the operation effectiveness of our sales locations. By staying connected to each brand, we also expect to better respond to market trends and shifts in consumer preferences.

(3) Impact on future financial operations of the Company: no material impact.

(4) Action plan(s) for the future: N/A.

7.3 Cash Flow

Analysis and discussion of changes in cash flow over the fiscal year, improvement plan(s) for inadequate liquidity and cash liquidity forecast analysis and discussion for the next year as follows:

(1) Analysis of changes in cash flow in 2015

(in NT$ thousands)

Cash and Cash Equivalents at the Beginning of the Year	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Effects of exchange rate changes on the balance of cash held in foreign currencies	Cash and Cash Equivalents at the End of the Year
34,794,727	22,044,179	(9,463,463)	(7,269,558)	(2,284,974)	37,820,911

A. Operating activities: A net cash inflow of NT$22,044,179 thousand from operating activities was primarily due to NT$20,240,274 thousand of Profit before income tax from continuing operations and NT$7,961,099 thousand Depreciation expense adjustments not affecting cash flow, to be deducted NT$6,486,653 thousand of Share of profit of associates and joint ventures accounted for using the equity method.

B. Investing activities: A net cash outflow of NT$9,463,463 thousand from investing activities was primarily due to the Acquisition of property, plant and equipment in the amount of NT$13,342,832 thousand, as well as the Acquisition of debt investments with no active market in the amount of NT$2,553,718 thousand. Meanwhile, there was cash inflow from Dividends received in the amount of NT$2,740,878 thousand and Proceeds on sale of debt investments with no active market in the amount of NT$4,060,176 thousand.

C. Financing activities: A net cash outflow of NT$7,269,558 thousand from financing activities was primarily due to Repayment of short-term borrowings of NT$2,713,921 thousand and Dividend payments of NT$4,416,206 thousand.

(2) Improvement plan(s) for inadequate liquidity: N/A.

(3) Liquidity forecast analysis for the next year

(in NT$ thousands)

Cash Balance Amount at the Beginning of the Year	Net Cash Provided by Operating Activities	Net Cash Provided by Investing and Financing Activities	Cash Surplus (Deficit)	Measures for Managing Cash Deficit	
				Investment Plans	Financing Plans
37,820,911	16,465,817	(18,228,834)	36,057,894	-	-

A. The entire year's net cash flow provided by operating activities: This is the balance of estimated future cash receivables from business growth, minus account payables from operation, business expenses and interest payments incurred from bank loans.

B. The entire year's net cash flow provided by investing and financing activities:
(A) Investing activities: This is the balance of projected future capital expenditures deducting from cash dividends received from investments accounted for using the equity method.
(B) Financing activities: This is the balance of repayment to bank loans and payment of cash dividends.

7.4 Impact of Significant Capital Expenditures on the Financial Operations of the Company over the Last Fiscal Year: N/A.

7.5 Reinvestment Policy of the Last Fiscal Year, Reasons for Profit (Loss), Improvement Plan and Investment Plan for the Year Ahead:

Our reinvestment policy is primarily aimed to increase the Company’s competitiveness in the industry by expanding the scale of existing footwear manufacturing and sportswear retail/wholesale businesses, and accordingly to drive growth of investment returns and deliver value to our shareholders.

(1) Our share of profit from affiliates and joint ventures in 2015 accounted for using the equity method was NT$6.49 billion, a NT$340 million increase compared to NT$6.15 billion in 2014. The growth was primarily driven by ① Yue Yuen Industrial (Holdings) Limited’s increased profit from reinvestment in the shoe manufacturing business in 2015; and ② higher profit recognized by the Company from Ruen Chen’s equity investment in 2015 that derived from equity investment in Nan Shan’s stable growth as well as Nan Shan’s good return in bond investment.

(2) In the year ahead, we plan to continue developing and investing in our two core businesses, footwear manufacturing and sportswear retail/wholesale, ensure sustained growth by adequately responding to the changing business environment and challenges, with a goal to achieve stronger returns for our investments.

7.6 Analysis and Evaluation of Risk Factors

Information pertaining to the risk factors of the Company over the latest year and as of the date of the Annual Report as follows:

(1) Risk Management Structure and Functions

In recent years, we have taken a rigorous approach to the management of enterprise risks, including risk identification, assessment, reporting, and attendance. A set of guidelines for managing risks was adopted in 2015 and subsequently approved by the board of directors. From 2007 onwards, the audit committee has been required to annually prepare a company-wide risk assessment report at the end of each year, which is to be included in our audit plan as reference and submitted to the board of directors for discussion and approval as the basis of the Company’s decisions and policymaking for the following year.

Our risk management structure is as follows:

Title of Body	Scope of Responsibilities and Functions
Board of Directors	The board is the highest governing body of risk management of the Company, and its objective is to promote and implement risk management practices pursuant to applicable laws and regulations, fully understand the risks the Company is exposed to due to its operations and ensure the effectiveness of risk management mechanism, taking the ultimate responsibility in risk management of the Company.
Board Committees	Responsible for evaluating each risk factor based on their independent and expert opinions, then submitting to the board for resolution pursuant to the organizational documents of the Company.
President	A. Responsible for implementing risk management decisions of the board and coordinating the risk management between different departments B. Responsible for reviewing the strategies of each risk management program and project risk evaluations
Presidents of Administration, the Management Department and other Department Heads	A. Responsible for supporting and overseeing risk management practices by their respective departments and business units B. Responsible for adjusting risk categories due to changes in conditions and recommending responses C. Responsible for providing executive summaries of implementation of risk management processes D. Responsible for performance assessment and coordination of adjusted risk categories
Individual departments and business units	Responsible for day-to-day risk management practices

(2) Impact of Interest Rate/Exchange Rate Fluctuations and Inflation on the Company's Profitability and Future Action Plans

A. Interest Rate Fluctuation

The main interest rate exposure of the Company was attributable to the variable-rate borrowings raised for operating activities. The fluctuation on interest rate will affect the Company's effective interest rates. As at the end of 2015, total financial liabilities of the Company was NT$69,227,735 thousand. If the interest rate had increased by 1%, it would increase cash outflow by NT$692,277 thousand for the year ended December 31, 2015.

Accompanied with increasing business investment and household spending, declining unemployment, the U.S. economy has been stably recovering. With an expectation that inflation rate will reach FED's target, 2%, over the medium term, the Federal Reserve decided to raise federal fund rate by 0.25% to 0.25%~0.50% in December 2015. But the rest of the world showed multi-recovery speeds. Europe, China and Japan still maintain easing monetary policy. Taiwan Central Bank lowered the benchmark discount rate by 0.125% in September and December 2015 respective, as the sluggish economy and slowed down economic growth. It is anticipated that the Federal Reserve will gradually start monetary policy normalization to mitigate threat to the recovering U.S. economy and neutralize the impact of U.S. interest rate rise on global financial markets. It is expected that Taiwan Central Bank will maintain a more ease monetary policy to stimulate the economy in 2016.

In order to manage our exposure to interest rate risk, we used the cash generated from operating, hedging floating rate term debt into fixed rates loan, and borrowed fixed rate term loan to fulfill our capital requirements. We will continually observe the interest rate movement, assess the hedging effects and adopt feasible interest rate swap and cross currency swap hedging strategies to reduce our exposure to interest rate fluctuations. As for assets, the Company invested in low-risk financial instruments, such as bank deposits, repurchase agreement and money market funds to secure principal and maintain liquidity.

B. Exchange Rate Fluctuation

Because majority of the Company's revenues are denominated in U.S. dollars, the Company's profit (loss) will be affected by the fluctuation of U.S. dollars. In 2015, the net foreign currency conversion profit was NT$303,809 thousand.

Following the Company's conservative hedging Guidelines, the Company closely monitor financial market and manage its exposure by offsetting assets against liabilities and entered into forward and currency swap contracts to lower total exposure to foreign currency risk..

C. Inflation

In order to lessen the impact on raw materials cost and energy price fluctuation in the future, the Company will continually monitor price movement of raw materials, well-managed inventory volume, I and regularly reevaluate and adjust procurement strategies as necessary.

(3) Policies and Future Action Plans for High-risk, High-Leveraged Investments, Fund Lending to Third Parties, Endorsements or Guarantees, Transactions in Financial Derivatives, Main Reasons for Profit (Loss)

A. The Company focuses on its principal business activities and has not engaged in any high-risk, high-leveraged investments. It will follow and adopt the Procedures for Acquisition and Disposal of Assets for any future investments made by the Company.

B. For the operation demands of its affiliates, the Company has adopted its own Operating Procedures for Fund Lending and Procedures for Making Endorsements or Guarantees pursuant to the applicable laws and regulations prescribed by the regulatory authorities, and designated specific units of the Company with oversight responsibilities. The office of internal audit will also audit periodically relevant implementations according to our internal control policy.

C. Future transactions will continue to follow the internal control policy of the Company.

(4) Future Research and Development Programs and Projected Expenses

For future research and development programs of the Company, please refer to Section 5.1.3 of "V. Business Highlights" on page 84. The future expenses are estimated to account for 3% of annual revenues.

(5) Impact of Important Policy and Regulatory Changes in Taiwan and Overseas on the Financial Condition and Operations of the Company and Action Plans

The business activities of the Company are in compliance with current local policies and regulations in each jurisdiction we operate. We also have administrators at each regional office who provide our administration management department with timely updates on local policy and regulatory changes, allowing us to take proper action as may be required.

(6) Impact of Changes in Technology and Industry on the Financial Condition and Operations of the Company and Action Plans

In order to increase management automation, we have introduced an electronic operating system and established an online information network for the management of the group. By integrating with the upstream and downstream industries, we are able to shorten the information transfer process and lead time, therefore improving operating efficiency. In response to changing industry conditions, we also commit our efforts to the development of new products, improvement of manufacturing process and technology to strengthen our competitiveness. Therefore, we expect these changes in technology and industry to have a positive impact on the Company's financial condition and operations.

(7) Impact of Change in Corporate Image to Crises Management and Action Plans

Our principles of professionalism and integrity for achieving corporate sustainability are maintained in our commitment to social responsibilities, corporate image, corporate governance, environmental protection and risk management practices. The Company was ranked 18th in the Commonwealth Magazine's 2014 Taiwan's Top 2000 Survey, 17th in the 2013 Taiwan's Top 2000 Survey, and 151st in the 2012 Greater China Top 1000 Survey, 22nd by the 2009 Commonwealth Corporate Citizen Award in the large-cap enterprise category, and received the Global Views Monthly Corporate Social Responsibility Award in 2010. As of the date of the report, there are no foreseeable corporate image crises.

(8) Expected Benefits of Mergers and Acquisitions, Associated Risks and Action Plans

The Company had no plans for mergers or acquisitions over the past year and as of the date of the Annual Report.

(9) Expected Benefits of Capacity Expansion, Associated Risks and Action Plans

We carefully evaluate our factory expansion plans based on current production capacity and potential growth in operations, and submit major capital expenditures to the board of directors for review and resolution after taking into account investment efficiency and potential risks.

(10) Risks Associated with Concentration of Supply and Sales and Action Plans

We have a diversified base of suppliers and distributors and have established long-term partnerships with our suppliers and good relations with customers; therefore, we are currently not exposed to any supply or sales concentration risk.

(11) Impact of Transfer of Significant Number of Shares by Directors, Supervisors and/or Major Shareholders Holding 10% or More of the Total Outstanding Shares, Risks Associated and Action Plans

The Company does not have any shareholders holding more than 10% of the outstanding shares. Since June 14, 2013, there has not been any transfer of significant number of shares by the directors or supervisors. Therefore, there is currently no impact to the Company's business.

(12) Impact of Change in Ownership, Risks Associated and Action Plans

Management of the Company has been stable in the latest fiscal year and as of the date of the annual report, and committed to creating a robust performance and maximizing value for the shareholders, therefore having a positive impact on the operations of the Company.

(13) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the Annual Report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings, or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: N/A

(14) Other Significant Risks and Action Plans: N/A

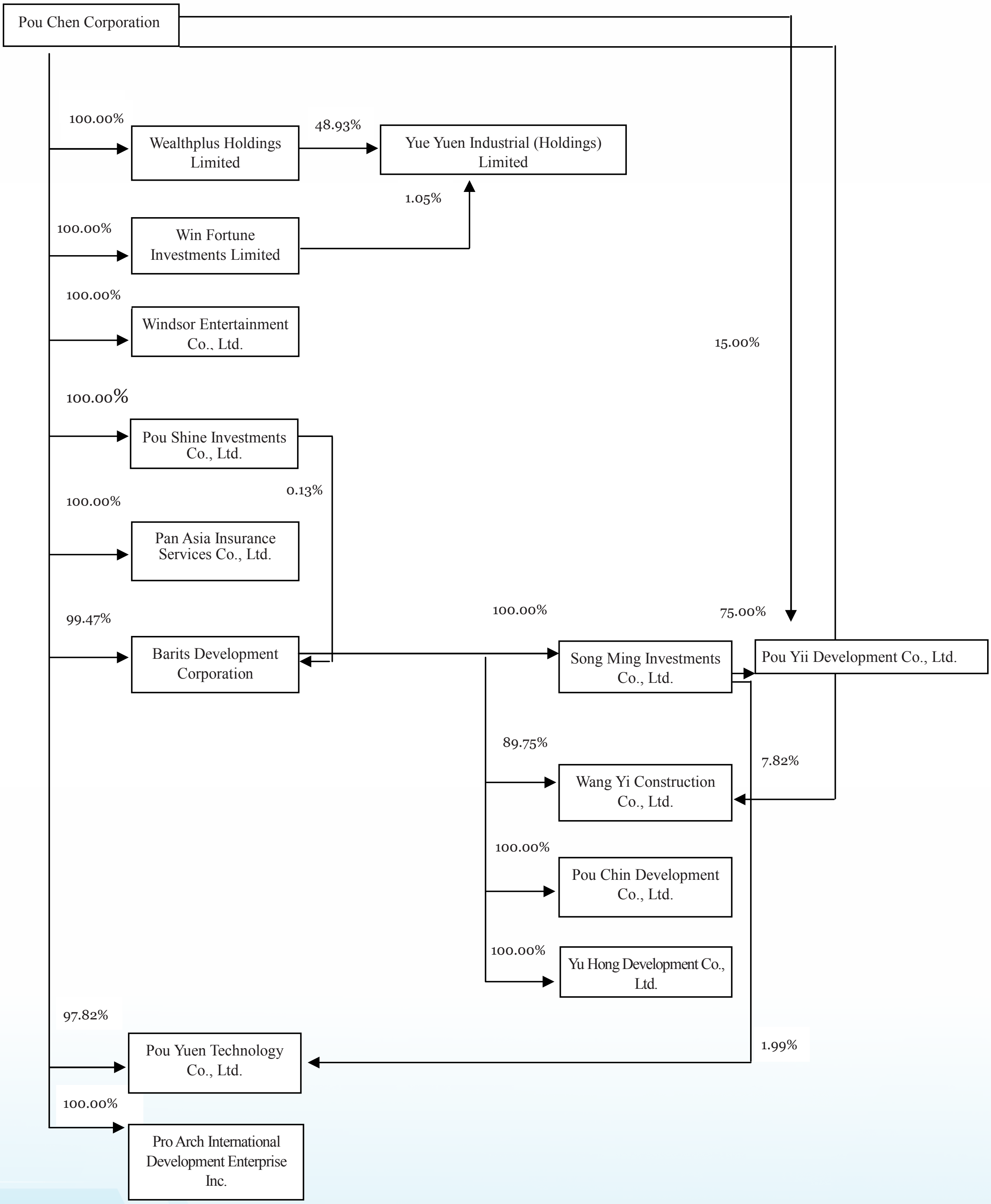
7.7 Other Material Items: N/A

VIII. SPECIAL DISCLOSURE

8.1 Affiliated Enterprises

(1) Consolidated Results of Operations

A. Group Organizational Chart



B. Group Company Profiles

Amount in NT thousands or US dollars

Entity Name	Establishment	Address	Paid-in Capital	Main Business and/or Products
Wealthplus Holdings Limited	August 28, 1991	British Virgin Islands	US$9,222,000	Investment in companies in the footwear and electronics industries
Win Fortune Investments Limited	January 25, 1994	British Virgin Islands	US$100,000	Investment activities
Windsor Entertainment Co., Ltd.	July 15, 2003	No.610, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	100,000	Tourist Hotel management
Pou Shine Investments Co., Ltd.	March 19, 1990	No.2, Fu Kong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	1,330,945	Investment activities
Pan Asia Insurance Services Co., Ltd.	May 14, 1999	8F, No.3, Sec. 1, Dunhua S. Rd., Taipei City, Taiwan	3,000	Property insurance agency
Barits Development Corporation	November 21, 1985	No.2, Fu Kong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	2,320,654	Footwear material trading and investment
Pou Yuen Technology Co., Ltd.	December 22, 1993	No.4, Fu Kong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	290,700	Software and information technology services and mold design software services
Pro Arch International Development Enterprise Inc.	June 22, 1999	No.8, Gongyequ 11th Rd., Xitun Dist., Taichung City, Taiwan	200,000	Footwear design and manufacturing
Song Ming Investments Co., Ltd.	September 26, 1996	No.2, Fu Kong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	1,204,864	Investment activities
Wang Yi Construction Co., Ltd.	May 23, 1984	6F-1, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	77,000	Construction engineering
Pou Yii Development Co., Ltd.	October 18, 1996	1F, No.71, Dadun 4^{th} St., Taichung City, Taiwan	525,000	Real estate leasing and sales
Pou Chin Development Co., Ltd.	December 27, 2007	10F, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	370,000	Land consolidation agency
Yu Hong Development Co., Ltd.	October 18, 2012	13F, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	10,000	Real estate development
Yue Yuen Industrial (Holdings) Limited	May 11, 1992	Suites 3307-09, 33/F, Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	US$53,211,000	Footwear and sportswear manufacturing and distribution

C. Disclosure of Information on Overlapping Shareholders where Control is Presumed between the Company and any Group Companies: N/A

D. Industries in which the Group Companies Operate

The business activities of the group companies primarily involve the following industries:

(A) Main business activities: import and export of footwear products and raw materials, manufacturing and design of footwear, and investments in other related business, etc.

(B) Investment activities

(C) Building and construction: construction engineering business activities, property leasing and sales, and real estate development, etc.

(D) Other business activities: tourist hotel management, and insurance agencies, etc.

For main business and/or products of each group company, please refer to "B. Group Company Profiles" on page 277.

E. Directors, Supervisors, and Presidents of Our Group Companies

Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
Wealthplus Holdings Limited	Director	Tsai, Chi-Jui	-	-
	Director	Tsai, Pei-Chun	-	-
	Director	Tsai, Nai-Fung	-	-
	Director	Chan, Lu-Min	-	-
	Director	Kuo, Tai-Yu	-	-
	Director	Kung, Sung-Yen	-	-
	Director	Ho, Ming-Kun	-	-
Win Fortune Investments Limited	Director	Tsai, Chi-Jui	-	-
	Director	Tsai, Nai-Fung	-	-
	Director	Chan, Lu-Min	-	-
Windsor Entertainment Co., Ltd.	Chairman and President	Pou Chen Corporation, represented by Cheng, Chin-Hsuan	10,000,000	100.00
	Director	Pou Chen Corporation, represented by Chan, Lu-Min	10,000,000	100.00
	Director	Pou Chen Corporation, represented by Ho, Ming-Kun	10,000,000	100.00
	Supervisor	Pou Chen Corporation, represented by Sung, Chien-Shih	10,000,000	100.00
Pou Shine Investments Co., Ltd.	Chairman	Pou Chen Corporation, represented by Chan, Lu Min	133,094,460	100.00
	Director	Pou Chen Corporation, represented by Ho, Ming-Kun	133,094,460	100.00
	Director	Pou Chen Corporation, represented by Sung, Chien-Shih	133,094,460	100.00
	Supervisor	Pou Chen Corporation, represented by Chang, Yea-Fen	133,094,460	100.00
Pan Asia Insurance Services Co., Ltd.	Director	Pou Chen Corporation, represented by Ho, Ming-Kun	-	100.00
Barits Development Corporation	Chairman	Pou Chen Corporation, represented by Chan, Lu-Min	230,882,558	99.49
	Vice Chairman	Pou Chen Corporation, represented by Tsai, Nai-Fung	230,882,558	99.49
	Director	Pou Chen Corporation, represented by Lu, Chin-Chu	230,882,558	99.49

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(Continued)

Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
	Director	Pou Chen Corporation, represented by Ho, Ming-Kun	230,882,558	99.49
	Director	Pou Chen Corporation, represented by Hsiao, Hsiu-Chen	230,882,558	99.49
	Supervisor	Pou Shine Investments Co., Ltd., represented by Hsu, Hsiang-Ming	296,670	0.13
Pou Yuen Technology Co., Ltd.	Supervisor	Pou Shine Investments Co., Ltd., represented by Liu, Shu-Hsuan	296,670	0.13
	Chairman and President	Pou Chen Corporation, represented by Ho, Ming-Kun	28,437,147	97.82
	Director	Pou Chen Corporation, represented by Sung, Chien-Shih	28,437,147	97.82
	Director	Pou Chen Corporation, represented by Hsu, Hsiang-Ming	28,437,147	97.82
	Supervisor	Song Ming Investments Co., Ltd., represented by Chan, Lu-Min	578,170	1.99
Pro Arch International Development Enterprise Inc.	Chairman	Pou Chen Corporation, represented by Chan, Lu-Min	20,000,000	100.00
	Director	Pou Chen Corporation, represented by Ho, Ming-Kun	20,000,000	100.00
	Director	Pou Chen Corporation, represented by Shih, Shu-Chin	20,000,000	100.00
	Supervisor	Pou Chen Corporation, represented by Yao, Cheng-Wu	20,000,000	100.00
Song Ming Investments Co., Ltd.	Chairman	Barits Development Corporation, represented by Chan, Lu-Min	120,486,400	100.00
	Director	Barits Development Corporation, represented by Tsai, Nai-Fung	120,486,400	100.00
	Director	Barits Development Corporation, represented by Chang, Yea-Fen	120,486,400	100.00
	Supervisor	Barits Development Corporation, represented by Ho, Ming-Kun	120,486,400	100.00
Wang Yi Construction Co., Ltd.	Chairman	Barits Development Corporation, represented by Yeh, Sheng-Fa	6,910,750	89.75
	Director	Barits Development Corporation, represented by Lin, Ding	6,910,750	89.75
	Director	Cheng Hui-Yow	-	-
	Supervisor	Cheng, Mei-Hua	-	-
Pou Yii Development Co., Ltd.	Chairman	Song Ming Investments Co., Ltd., represented by Wu, Chin-Tiao	39,375,000	75.00
	Director	Song Ming Investments Co., Ltd., represented by Hsiao, Hsiu-Chen	39,375,000	75.00
	Director	Song Ming Investments Co., Ltd., represented by Shih, Ching-Yi	39,375,000	75.00
Pou Chin Development Co., Ltd.	Chairman	Barits Development Corporation, represented by Chen, Chiung-Yang	37,000,000	100.00

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(Continued)

Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
	Director	Barits Development Corporation, represented by Hsu, Hui-Min	37,000,000	100.00
	Director	Barits Development Corporation, represented by Liao, Yu-Tzu	37,000,000	100.00
	Supervisor	Barits Development Corporation, represented by Wu, Yu-Wen	37,000,000	100.00
Yu Hong Development Co., Ltd.	Chairman	Barits Development Corporation, represented by Chan, Lu-Min	1,000,000	100.00
	Director	Barits Development Corporation, represented by Ho, Ming-Kun	1,000,000	100.00
	Director	Barits Development Corporation, represented by Liu, Shu-Hsuan	1,000,000	100.00
	Supervisor	Barits Development Corporation, represented by Hsiao, Hsiu-Chen	1,000,000	100.00
Yue Yuen Industrial (Holdings) Limited	Executive Director and Chairman	Lu, Chin-Chu	-	-
	Executive Director and Managing Director	Tsai, Pei-Chun	-	-
	Executive Director	Kuo, Tai-Yu	-	-
	Executive Director	Chan, Lu-Min	-	-
	Executive Director	Lin Cheng-Tien	-	-
	Executive Director	Hu, Chia-Ho	-	-
	Executive Director	Lee, Shao-Wu	-	-
	Executive Director	Tsai, Ming-Lun	-	-
	Executive Director	Liu, Hong-Chih	-	-
	Independent Non-executive Director	Leung, Yee-Sik	-	-
	Independent Non-executive Director	Huang, Ming-Fu	-	-

(Continued on next page)

(Continued)

Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
	Independent Non-executive Director	Chu, Li-Sheng	-	-
	Independent Non-executive Director	Yen, Mun-Gie	-	-
	Independent Non-executive Director	Hsieh, Yung-Hsiang	-	-

F. Financial Highlights of Group Companies

(in NT$ thousands)

Entity Name	Capital	Total Assets	Total Liabilities	Net Asset Value	Operating Revenue	Profit(Loss) From Operations	Net Income (Loss) after tax	Basic Earnings (Loss) Per Share (NT$)
Wealthplus Holdings Limited	$295,429	$81,675,097	$15,851,202	$65,823,895	$167,212	($14,617)	$ 5,478,750	N/A
Win Fortune Investments Limited	3,230	1,927,020	50	1,926,970	130,319	130,188	130,188	N/A
Windsor Entertainment Co., Ltd.	100,000	196,567	140,474	56,093	484,793	3,793	7,963	0.80
Pou Shine Investments Co., Ltd.	1,330,945	3,048,670	621,681	2,426,989	212,470	206,741	205,343	1.54
Pan Asia Insurance Services Co., Ltd.	3,000	22,273	5,337	16,936	29,334	13,241	11,010	N/A
Barits Development Corporation	2,320,654	10,833,792	4,857,100	5,976,692	441,173	(22,376)	294,181	1.32
Pou Yuen Technology Co., Ltd.	290,700	598,009	85,040	512,969	17,782	10,741	28,549	0.98
Pro Arch International Development Enterprise Inc.	200,000	226,253	4,614	221,639	17,142	3,254	5,453	3.10
Song Ming Investments Co., Ltd.	1,204,864	1,708,129	3,251	1,704,878	109,511	109,216	109,216	0.91
Wang Yi Construction Co., Ltd.	77,000	147,797	43,279	104,518	12,961	(3,673)	(725)	(0.09)
Pou Yii Development Co., Ltd.	525,000	1,114,907	355,963	758,944	6,972	(4,604)	46,237	0.88
Pou Chin Development Co., Ltd.	370,000	423,366	4,595	418,771	104,865	47,058	47,080	1.27
Yu Hong Development Co., Ltd.	10,000	665,984	488,866	177,118	-	(592)	(12,696)	(12.70)
Yue Yuen Industrial (Holdings) Limited	1,702,220	238,456,753	78,723,443	159,733,311	267,615,859	11,269,832	12,366,085	7.51

Note: The amount of assets and liabilities of foreign affiliates and subsidiaries are calculated at the foreign exchange rate on the date of the balance sheets; whereas profit and loss amounts are calculated at a weighted average foreign exchange rate for the period of the income statements.

(2) Declaration of Consolidated of Financial Statements of Affiliates

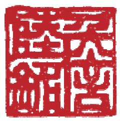
Representation Statement

March 24, 2016

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, 2015 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 “Consolidated Financial Statements”. 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.

Hereby declared

Pou Chen Corporation



Chan, Lu-Min

Chairman

(3) Consolidated Financial Statements of Group Companies

A. Consolidated Balance Sheets: see page 127.
B. Consolidated Income Statements: see page 128 to 129.
C. Information of Group Companies Required to be Disclosed under Article 13 of the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises

(A) List of subsidiaries

Entity Name	Relationship with the Parent	Business Activities	Percentage of Ownership
Wealthplus Holdings Limited	Wholly owned subsidiary	Investment in companies in the footwear and electronics industries	100.00%
Win Fortune Investments Limited	Wholly owned subsidiary	Investment activities	100.00%
Windsor Entertainment Co., Ltd.	Wholly owned subsidiary	Hotel management	100.00%
Pou Shine Investments Co., Ltd.	Wholly owned subsidiary	Investment activities	100.00%
Pan Asia Insurance Services Co., Ltd.	Wholly owned subsidiary	Property insurance agency	100.00%
Pro Arch International Development Enterprise Inc.	Wholly owned subsidiary	Footwear design and manufacturing	100.00%
Pou Yuen Technology Co., Ltd.	99.81% owned subsidiary	Software and information technology services and mold design software services	99.81%
Vantage Capital Investment Ltd.	99.81% owned subsidiary	Investment holding company	99.81%
Barits Development Corporation	99.62% owned subsidiary	Footwear material trading and investment	99.62%
Song Ming Investments Co., Ltd.	99.62% owned subsidiary	Investment activities	99.62%
Pou Chin Development Co., Ltd.	99.62% owned subsidiary	Land consolidation agency	99.62%
Yu Hong Development Co., Ltd.	99.62% owned subsidiary	Real estate development	99.62%
Wang Yi Construction Co., Ltd.	97.22% owned subsidiary	Construction engineering	97.22%
Pou Yii Development Co., Ltd.	89.71% owned subsidiary	Real estate leasing	89.71%
Yue Yuen Industrial (Holdings) Limited	49.98% owned subsidiary	Footwear and sportswear manufacturing and distribution	49.98%
Pou Sheng International (Holdings) Limited	30.62% owned subsidiary	Sportswear retail and brand merchandise distribution	30.62%

(B) Changes in the numbers of subsidiaries included in the Consolidated Financial Statements: N/A

(C) Subsidiaries not included in the Consolidated Financial Statements: N/A

(D) Method used and adjustments made in response to the different fiscal year-ends between the parent and its subsidiaries: N/A

(E) Method used and adjustments made in response to the different accounting polices between the parent and its subsidiaries:

The certified public accountants in Hong Kong who audited the financial statements of our subsidiaries, Yue Yuen Industrial (Holdings) Limited and Pou Sheng International (Holdings) Limited, have taken the different accounting principles applied into consideration and have made adjustments accordingly. After inquiring and reviewing the financial information of our other subsidiaries, we have not found significant differences between the accounting policies that would require adjustments.

(F) Risks associated with the operations of foreign subsidiaries: N/A

(G) Legal or contractual restrictions on profit distribution of each group company

Entities	Legal or Contractual Restrictions
Barits Development Corporation, Pou Shine Investments Co., Ltd., Wang Yi Construction Co., Ltd., Pou Chin Development Co., Ltd., Pou Yii Development Co., Ltd., Song Ming Investments Co., Ltd., Yu Hong Development Co., Ltd., and Pou Yuen Technology Co., Ltd.	The Company's annual net profits should be appropriated as follows: 1. For paying taxes. 2. For offsetting deficits. 3. For legal reserve at 10% of the remaining profits, and for special reserve to be appropriated and distributed according to regulations or upon request by the FSC. 4. The total of any remaining profits after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then distributed the remainder as proposed according to stock ownership proportion.
Pan Asia Insurance Services Co., Ltd.	The Company's annual net profits should be appropriated as follows: 1. For paying taxes. 2. For offsetting deficits. 3. For legal reserve at 10% of the remaining profits, and for special reserve to be appropriated and distributed according to regulations or upon request by the FSC. 4. To the extent that there is any balance of the earnings remaining, the managing directors shall propose a profit distribution plan to the shareholders' meeting; the resolution may only be approved by the unanimous decision of all the shareholders.

Entities	Legal or Contractual Restrictions
Windsor Entertainment Co., Ltd.	If the company has pre-tax surplus earnings for the fiscal year after the accounts are closed, the company shall, after setting aside an amount to pay business income tax due, first offset losses from previous years, then set aside 10% of such amount for its legal reserve; provided, however, the appropriation of legal reserve is not mandatory where the balance of the legal reserve is equal to the amount of its paid-in capital. The board of directors shall propose a profit distribution plan to the shareholders' meeting to distribute the remaining balance of the earnings.
Pro Arch International Development Enterprise Inc.	If the company has pre-tax surplus earnings for the fiscal year after the accounts are closed, the company shall, after setting aside an amount to pay taxes due, first offset accumulated losses, then set aside 10% of such amount for its legal reserve; provided, however, the appropriation of legal reserve is not mandatory where the balance of the legal reserve is equal to the amount of its paid-in capital. The company shall also allocate or reverse a portion of the earnings as special reserve as required by the operations of the company and in accordance with applicable laws and regulations. To the extent that there is any balance of the earnings remaining, the board of directors shall propose a profit distribution plan to the shareholders' meeting for the distribution of dividends.

(H) Amortization method and period for borrowings (loans) on a consolidated basis: Please refer to Note 4 — Summary of Significant Accounting Policies in the accompanying notes to the Consolidated Financial Statements.

(I) Separate disclosures:

a. Transactions eliminated: Please refer to Schedule 8 of Note 43 in the accompanying notes to the Consolidated Financial Statements.

b. Fund lending: Please refer to Schedule 1 of Note 43 in the accompanying notes to the Consolidated Financial Statements.

c. Endorsement and guarantee: Please refer to Schedule 2 of Note 43 in the accompanying notes to the Consolidated Financial Statements.

d. Derivative financial instruments: Please refer to Note 38 in the accompanying notes to the Consolidated Financial Statements.

e. Material contingencies: Please refer to Note 41 in the accompanying notes to the Consolidated Financial Statements.

f. Material events after the reporting period: N/A

g. Financial instruments and securities held: Please refer to Schedule 3 and Schedule 9 of Note 43 in the accompanying notes to the Consolidated Financial Statements.

(J) Other：N/A

8.2 Any Private Placement of Securities within the Latest Fiscal Year and as of the Date of the Annual Report: N/A

8.3 Summary of Share Ownership and Disposal of Shares of the Company by Subsidiaries within the Latest Fiscal Year and as of the Date of the Annual Report

(in NT$ thousands)

Entity Name	Paid-in Capital	Capital Resources	Share Ownership	Date of Purchase or Disposal	Number and Value of Shares Purchased (January 1, 2015-March 31, 2016	Number and Value of Shares Disposed (January 1, 2015-March 31, 2016	Investment Income (Loss)	Number and Value of Shares Held (as of March 31, 2016)	Pledged Shares	Amount of Endorsement and Guarantee Provided by the Company (as of March 31, 2016)	Amount of Borrowings from the Company
Pou Shine Investments Co., Ltd.	1,330,945	N/A	100%	—	—	—	—	—	None	1,500,000	None
Barits Development Corporation	2,320,654	N/A	The Company's 99.60% owned subsidiary	—	—	—	—	—	None	7,981,100	None
Song Ming Investments Co., Ltd.	1,204,864	N/A	The Company's 99.60% owned subsidiary	—	—	—	—	—	None	—	None
Pou Yii Development Co., Ltd.	525,000	N/A	The Company's 89.70% owned subsidiary	—	—	—	—	—	None	350,000	None

8.4 Additional Information Required to be Disclosed: N/A

8.5 Other Disclosures

There has not been any event occurred within the latest fiscal year and as of the date of the Annual Report which would materially affect the shareholder equity or price of securities of the Company according to Item 2 Paragraph 2 of Article 36 of the Securities and Exchange Act.

POU CHEN CORPORATION

Chan, Lu-Min

Chairman