Pou Chen Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 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.

Very truly yours,

POU CHEN CORPORATION

By

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March 24, 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

<u>*Notice to Readers*</u>

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.

Financial assets

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	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	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	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	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	Proportion of Ownership and Voting Rights December 31 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	For the Year Ended December 31 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	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	
Net value of net assets disposed of	$ 146,332
	(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	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