ADVANCED INTERNATIONAL MULTITECH CO., LTD

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENTACCOUNTANTS

DECEMBER 31, 2016 AND 2015

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 730,522	12	$ 485,291	8
1150	Notes receivable, net	6(3)	10,257	-	5,581	-
1170	Accounts receivable, net	6(4)	2,285,122	37	2,098,417	36
1200	Other receivable		18,411	-	9,940	-
1220	Current income tax assets		348	-	570	-
130X	Inventories	5 and 6(5)	1,299,616	21	1,136,618	19
1410	Prepayments	6(6)	96,443	1	119,258	2
1470	Other current assets		9,449	-	17,806	-
11XX	**Total current assets**		4,450,168	71	3,873,481	65
	Non-current assets					
1543	Financial assets carried at cost - non-current	6(2)	55	-	183	-
1600	Property, plant and equipment	6(7)(9)and 6	1,627,930	26	1,872,421	32
1780	Intangible assets	6(8)	9,668	-	23,464	-
1840	Deferred income tax assets	6(24)	54,826	1	55,866	1
1900	Other non-current assets	6(10)and 8	100,055	2	100,612	2
15XX	**Total non-current assets**		1,792,534	29	2,052,546	35
1XXX	**Total assets**		$ 6,242,702	100	$ 5,926,027	100

(Continued)

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(11) and 8	$ 40,336	-	$ 268,608	4
2150	Notes payable		1,642	-	3,453	-
2170	Accounts payable		1,280,517	20	1,004,567	17
2200	Other payables	6(12)	922,160	15	815,553	14
2230	Current income tax liabilities		113,766	2	98,453	2
2320	Current portion of long-term liabilities	6(13) and 8	-	-	15,076	-
2399	Other current liabilities		40,886	1	49,919	1
21XX	Total current liabilities		2,399,307	38	2,255,629	38
	Non-current liabilities					
2540	Long-term loans	6(13) and 8	-	-	30,425	-
2570	Deferred income tax liabilities	6(24)	55,072	1	41,350	1
2640	Net defined benefit liability-non-current		63,285	1	59,158	1
2670	Other non-current liabilities		577	-	176	-
25XX	**Total non-current liabilities**		118,934	2	131,109	2
2XXX	**Total liabilities**		2,518,241	40	2,386,738	40
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(16)				
3110	Share capital - common stock		1,333,757	21	1,333,757	23
	Capital reserve	6(16)(17)				
3200	Capital surplus		733,780	12	731,095	12
	Retained earnings	6(18)(24)				
3310	Legal reserve		664,300	11	663,675	11
3350	Undistributed earnings		650,101	10	403,011	7
	Other equity interest					
3400	Other equity interest		(21,412)	-	65,614	1
31XX	**Equity attributable to owners of the parent**		3,360,526	54	3,197,152	54
36XX	**Non-controlling interest**		363,935	6	342,137	6
3XXX	**Total equity**		3,724,461	60	3,539,289	60
	Commitments and Contingent Liabilities	9				
3X2X	**Total liabilities and equity**		$ 6,242,702	100	$ 5,926,027	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 8, 2017.

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AN 2015
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS,
EXCEPT FOR EARNING PER SHARE AMOUNTS)

	Items	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
4000	**Operating revenue**		$ 8,952,279	100	$ 8,786,162	100
5000	**Operating costs**	6(5)(8)(22(23)	(7,675,331)	(86)	(7,850,775)	(89)
5900	**Net operating margin**		1,276,948	14	935,387	11
	Operating expenses	6(5)(8)(22(23)				
6100	Selling expenses		(192,214)	(2)	(168,055)	(2)
6200	General and administrative expenses		(394,219)	(4)	(406,850)	(5)
6300	Research and development expenses		(318,083)	(4)	(345,018)	(4)
6000	**Total operating expenses**		(904,516)	(10)	(919,923)	(11)
6500	**Net other revenue and expense**	6(19)	63,906	1	53,347	1
6900	**Operating profit**		436,338	5	68,811	1
	Non-operating income and expenses					
7010	Other income	6(20)	6,451	-	13,323	-
7020	Other gains and losses	6(21)	51,725	-	58,988	1
7050	Finance costs		(1,830)	-	(7,277)	-
7000	**Total non-operating income and expenses**		56,346	-	65,034	1
7900	**Profit before income tax**		492,684	5	133,845	2
7950	Income tax expense	6(24)	(98,446)	(1)	(71,264)	(1)
8200	**Profit for the year**		$ 394,238	4	$ 62,581	1
8311	Estimation of net defined benefit liability	6(14)	($ 5,296)	-	($ 2)	-
8349	Tax income- items from not reclassified	6(24)	900	-	-	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(87,026)	(1)	(10,024)	-
8300	**Other comprehensive (loss) income for the year**		($ 91,422)	(1)	($ 10,026)	-
8500	**Total comprehensive income for the year**		$ 302,816	3	$ 52,555	1
	Profit attributable to:					
8610	Owners of the parent		$ 345,474	4	$ 6,250	-
8620	Non-controlling interest		48,764	-	56,331	1
	Total		$ 394,238	4	$ 62,581	1
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 254,052	2	($ 3,776)	-
8720	Non-controlling interest		48,764	1	56,331	1
	Total		$ 302,816	3	$ 52,555	1
	Earnings per share (in dollars)	6(25)				
9750	**Basic earnings per share**			$ 2.59		$ 0.05
9850	**Diluted earnings per share**			$ 2.57		$ 0.05

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 8, 2017.

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent												
			Capital Reserve				Retained Earnings							
	Notes	Share capital - common stock	Capital reserve	Movement of the subsidiaries	Unearned employee benefits	Others	Legal reserve	Special reserve	Undistributed earnings	Financial Statements translation differences of foreign operations	Treasury stock	Total	Non-controlling interest	Total Equity
2015														
Balance at January 1, 2015		$ 1,343,427	$675,325	$ 16,480	$ 25,157	$ 6,034	$663,675		$468,350	$ 75,638	$ -	$3,274,086	$ 290,301	$3,564,387
Profit of the year		-	-	-	-	-	-		6,250	-	-	6,250	56,331	62,581
Other comprehensive income for the year		-	-	-	-	-	-		(2)	(10,024)	-	(10,026)	-	(10,026)
Appropriations of 2014 earnings:														
Cash dividends	6(18)	-	-	-	-	-	-		(67,171)	-	-	(67,171)	-	(67,171)
Unearned employee Benefits retired		-	-	-	(5,869)	5,869	-		-	-	-	-	-	-
share-based payment transaction	6(15)	-	-	-	12,960	-	-		-	-	-	12,960	-	12,960
The influence from non-controlling interest of subsidiaries capital		-	-	-	-	-	-		-	-	-	-	(4,495)	(4,495)
Increase in treasury stock	6(16)	-	-	-	-	-	-		-	-	(18,947)	(18,947)	-	(18,947)
Decrease in treasury stock	6(16)	(9,670)	(4,861)	-	-	-	-		(4,416)	-	18,947	-	-	-
Balance at December 31, 2015		$ 1,333,757	$670,464	$ 16,480	$ 32,248	$ 11,903	$663,675		$403,011	$ 65,614	$ -	$3,197,152	$ 342,137	$3,539,289
2016														
Balance at January 1, 2016		$ 1,333,757	$670,464	$ 16,480	$ 32,248	$ 11,903	$663,675		$403,011	$ 65,614	$ -	$3,197,152	$ 342,137	$3,539,289
Profit of the year		-	-	-	-	-	-		345,474	-	-	345,474	48,764	394,238
Profit of the year		-	-	-	-	-	-		(4,396)	(87,026)	-	(91,422)	-	(91,422)
Other comprehensive ncome for the year														
Legal reserve		-	-	-	-	-	625		(625)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	-	-		(93,363)	-	-	(93,363)	-	(93,363)
Unearned employee Benefits retired		-	-	-	(6,529)	6,529	-		-	-	-	-	-	-
share-based payment transaction	6(15)	-	-	-	2,685	-	-		-	-	-	2,685	-	2,685
The influence from non-controlling interest of subsidiaries capital		-	-	-	-	-	-		-	-	-	-	(26,966)	(26,966)
Balance at December 31, 2016		$ 1,333,757	$670,464	$ 16,480	$ 28,404	$ 18,432	$664,300		$650,101	($ 21,412)	$ -	$3,360,526	$ 363,935	$3,724,461

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 8, 2017.

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit(Loss) before tax		$ 492,684	$ 133,845
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7) (22)	372,370	389,118
Amortization	6(22)	27,455	28,508
Amortization of long-term prepaid rent	6(10) (22)	1,820	1,850
Provision for doubtful accounts and sales discount	6(4)	20,698	2,555
Loss (gain) on financial assets at fair value through profit or loss, net	6(21)	-	(31)
Loss (gain) on financial liabilities at fair value through profit or loss, net	6(21)	-	1,181
Interest income	6(20)	(3,041)	(9,759)
Interest expense		1,583	7,006
Cost of stock-based payment transaction	6(15)	2,685	12,960
Loss on disposal of property, plant and equipment, net	6(21)	7,167	23,504
Expense transferred from property, plant and equipment		1,483	-
Loss on impairment of non-financial assets	6(9) (21)	11,193	28,769
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets held for trading		-	31
Notes receivable		(4,676)	7,651
Accounts receivable		(298,722)	(308,907)
Other receivables		(8,871)	23,271
Inventories		(204,381)	174,272
Prepayments		17,190	79
Other liquid assets		8,258	(12,227)
Changes in operating liabilities			
Financial liabilities held for trading		-	(1,608)
Notes payable		(1,811)	(13,343)
Accounts payable		338,028	(113,193)
Other payables		180,363	(18,597)
Other liquid liabilities		(4,915)	32,595
Accrued pension liabilities		(1,169)	214
Other operating liabilities		-	(413)
Cash inflow generated from operations		955,391	389,331
Income taxes (paid)		(65,255)	(12,694)
Net cash flows from operating activities		890,136	376,637

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ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS)

	Notes	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets carried at cost reduced capital returns		$ 128	$ -
Acquisition of property, plant and equipment	6(27)	(209,769)	(288,816)
Increase in prepayment for equipment		(35,417)	(21,337)
Proceeds from disposal of property, plant and equipment		19,054	35,790
Increase in refundable deposits		(2,730)	(2,269)
Decrease in refundable deposits		1,957	1,398
Acquisition of intangible assets	6(8)	(5,955)	(1,318)
Increase in other non-current assets		(10,898)	(8,472)
Interest received		3,364	11,466
Net cash flows used in investing activities		(240,266)	(273,558)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		2,905,308	5,926,588
Decrease in short-term loans		(3,132,948)	(6,246,608)
Increase in short-term notes and bills payable		-	469,634
Decrease in short-term notes and bills payable		-	(520,000)
Repayment of long-term debt		(44,720)	(72,084)
Increase in guarantee deposits		436	-
Interest paid		(1,644)	(7,424)
Cash dividend	6(18)	(93,363)	(67,171)
Non-controlling interest		(26,966)	(4,495)
Cost of repaid treasury stock	6(16)	-	(18,947)
Net cash flows used in financing activities		(393,897)	(540,507)
Effect of exchange rate changes on cash and cash equivalents		(10,742)	(9,300)
Net Increase in cash and cash equivalents		245,231	(446,728)
Cash and cash equivalents at beginning of year		485,291	932,019
Cash and cash equivalents at end of year		$ 730,522	$ 485,291

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 8, 2017.

ADVANED INTERNATIONAL MULTITECH CO., LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPTAS OTHERWISE INDICATED)

1. HISTORYAND ORGANIZATION

Advanced International Multitech Co., Ltd. (the "Company"),was founded in 1987.The company specializes in the manufacturing of golf club heads, golf balls, shafts, composite materials, carbon fiber components, and accessories for bicycles, such as forks, frames, and aviation products. The composite materials, as mentioned above, include Prepreg Carbon Fiber and they are applied in Aircraft Interior, Electronic Device Carbon Cover, Carbon Panels, Carbon Tubes, Robot Arms & Frames, Light-weighted Elevator Cage Components, and other Industrial Carbon Fiber Components.

2. THE DATE OF AUTHORIZATION FOR ISSURANCE OF THE CONSOLIDATED FINANCIAL STATEMENT AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 8, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial ReportingStandards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")
None.

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

None.

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

New standards, interpretations and amendments 2017 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments January 1, 2016 to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
FRS 14,'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016

Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

Except for the followings, the above standards and interpretations have no significant impact to the Group's financial condition and operating result based on the Group's assessment.

IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2017 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 'Financial instruments'with IFRS 4'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018

IFRS 16, ‘Leases’	January 1, 2019
Disclosure initiative (amendments to IAS 7) 0	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, ‘Foreign currency transactions and advance consideration’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, ‘First-time adoption of international financial reporting standards’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

Except for the followings, the above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment.

A. IFRS 9, ‘Financial instruments’

(a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses (‘ECL’) or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

B. IFRS 15 "Revenue from contracts with customers"

IFRS 15 "revenue from contracts with customers" replaces IAS 11 "Construction Contracts", IAS 18 "Revenue" and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step1: Identify contracts with customer

Step2: Identify separate performance obligations in the contract(s)
Step3: Determine the transaction price
Step4: Allocate the transaction price.
Step5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

D. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

E. IFRIC 22, 'Foreign currency transactions and advance consideration'

The Interpretation states that the date of the transaction for a foreign currency-denominated contract should be the date of initial recognition of the non-monetary asset or non-monetary liability arising from the receipt or payment of the advance consideration.

4.SUMMARY OF SIGNIFICANTACCOUNTING POLICIES

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

(1)Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2)Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
Investor	Subsidiary	Main Business Activities	December 31, 2016	December 31, 2015
Advanced International Multitech Co., Ltd	Advanced International Multitech (BVI) Co., Ltd.	Equity investment	100	100
"	Advanced Group International (BVI) Co., Ltd.	Equity investment	100	100
"	FOO-GUO International Limited	Equity investment	100	100
"	Advanced International Multitech (VN) Corporation Ltd.	Sale of golf club heads, golf balls, shafts	100	100
"	Launch Technologies Co., LTD	Manufacture of golf ball	55.93	55.93
"	FGI Deportes S DE RL DE CV	Manufacture and sale of sports goods	100	100

Advanced Group International (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (DONGGUAN) CO., LTD.	Manufacture and sale of Prepreg Carbon Fiber	100	100
Advanced International Multitech (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (SHATIAN, DONGGUAN) CO., LTD	Manufacture and sale of Prepreg Carbon Fiber	100	100
FOO-GUO International LIMITED	FOOGUO SPORTS (DONGGUAN) LTD	Manufacture and sale of sports goods	100	100

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2016 and 2015, the non-controlling interest amounted to $363, 935, and $342, 137, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2016		December 31, 2015	
		Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., LTD	Taiwan	$363,935	44.07	342,137	44.07

Summarized financial information of the subsidiary:

Balance sheets

	Launch Technologies Co., LTD	
	December 31, 2016	December 31, 2015
Current assets	$ 502, 973	$ 404, 294
Non-current assets	522, 366	539, 844
Current liabilities	(198, 993)	(167, 502)
Non-current liabilities	(544)	(296)
Total net assets	$ 825, 802	$ 776, 340

Statements of comprehensive income

	Launch Technologies Co., LTD	
	Year 2016	Year 2015
Revenue	$ 1,368,028	$ 1,273,743
Profit before income tax	131,563	142,837
Income tax expense	(21,367)	(17,401)
Profit for the year	110,196	125,436
Other comprehensive loss, net of tax	-	-
Total comprehensive income for the year	$ 110,196	$ 125,436

Statements of cash flows

	Launch Technologies Co., LTD	
	Year 2016	Year 2015
Net cash provided by operating activities	$ 175,782	$ 244,715
Net cash used in investing activities	(82,487)	(48,508)
Net cash (used in) provided by financing activities	(61,190)	(158,203)
Increase (decrease) in cash and cash equivalents	32,105	(38,004)
Cash and cash equivalents, beginning of year	47,611	9,607
Cash and cash equivalents, end of year	$ 79,716	$ 47,611

(4)Foreign currency translation

A. The consolidated financial statements are presented in NTD, which is the Company’s functional and the Group’s presentation currency.

B. Foreign currency transactions and balances

(a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

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

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

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

C. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

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

(5)Classification of current and non-current items

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

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

(b)Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6)Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7)Accounts receivable

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

(8)Impairment of financial assets

A. The Group assesses at balance sheet date whether there is objective evidence that an individual financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the individual financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b)A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) Increase in probability of the borrower going bankruptcy or suffering financial reorganization;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate, and is recognised in profit or loss. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized ,the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset directly.

(b) Financial assets 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 estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset directly.

(9)Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10)Inventories

The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11)Property, plant and equipment

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

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

C. While land is not depreciated, other property, plant and equipment that apply cost model are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant in relation to the total cost of the item, it must be depreciated separately.

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

Buildings and auxiliary buildings	2 ～ 56 years
Machinery and equipment	2 ～ 20 years
Utility equipment	3 ～ 40 years
Transportation equipment	3 ～ 5 years
Office equipment	2 ～ 10 years
Other equipment	2 ～ 20 years

(12)Leased assets/ leases (lessee)

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

(13)Intangible assets

A. Technology authorization fees and computer software are stated initially at its cost ,and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Customer relationship is generated by merger is stated at the initially cost, and amortized on a straight-line basis over its estimated useful life of 5 to 10 years, then make the impairment test annually.

(14)Impairment of non-financial assets

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

(15)Borrowings

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

(16)Notes and accounts payable

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

(17)Derecognition of financial liabilities

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

(18)Offsetting financial instruments

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

(19)Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

iii. Past service costs are recognized immediately in profit or loss.

C. Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations.

D. Employees', directors' and supervisors' remuneration

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

(20)Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(21)Income tax

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

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

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(22)<u>Share capital</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23)<u>Dividends</u>

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24)<u>Revenue recognition</u>

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

(25)<u>Government grants</u>

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(26)<u>Operating segments</u>

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION ON UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2)Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date based on judgments and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be significant changes to the evaluation. As of December 31, 2016, the carrying amount of inventories was$1,299,616。

6. DETAILS OF SIGNIFICANTACCOUNTS

(1)Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand and revolving funds	$ 1,294	$ 4,062
Checking accounts and demand deposits	524,891	336,726
Cash equivalents	204,337	144,503
Total	$ 730,522	$ 485,291

A. The Group associates with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it expects that the probability of counterparty default is low.

B. The Group didn't use the cash and cash equivalents as collateral.

(2)Financial assets carried at cost

Items	December 31, 2016	December 31, 2015
Non-current items:		
Unlisted stocks	$ 55	$ 183

A.According to the Group's intension, its investments in above equity instruments should be classified as "available-for-sale financial assets". However, as the above equity instruments are not traded in active market, and no sufficient industry information of companies similar to the above companies or no financial information of the above companies can be obtained, the fair value of the investment in above equity instruments cannot be measured reliably. Accordingly, the Group classified those stocks as ‘financial assets carried at cost’.

B. As of December 31, 2016 and 2015, no financial assets measured at cost held by the Group were pledged to others.

(3) Notes receivable

	December 31, 2016	December 31, 2015
Notes receivable	$ 10,257	$ 5,581
Less: allowance for bad debts	-	-
	$ 10,257	$ 5,581

(4) Accounts receivable

	December 31, 2016	December 31, 2015
Accounts receivable	$ 2,297,791	$ 2,105,757
Less: allowance for sales returns and discounts	(1,685)	(2,081)
allowance for bad debts	(10,984)	(5,259)
	$ 2,285,122	$ 2,098,417

A. The Group’s accounts receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties’ industrial characteristics, scale of business and profitability.

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

	December 31, 2016	December 31, 2015
Up to 30 days	$ 273,884	$ 192,028
31 to 90 days	85,945	62,251
91 to 180 days	31,328	12,335
Over 181 days	1,991	3,733
	$ 393,148	$ 270,347

The above aging analysis was based on past due date.

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

(a) As of December 31, 2016 and December 31, 2015, the Group’s accounts receivable that were impaired amounted to $14,624 and $349, respectively.

(b) Movements on the Group provision for impairment of accounts receivable are as follows:

	2016		
	Individual provision	Group provision	Total
At January 1	$ 349	$ 4,910	$ 5,259
Provision for impairment	14,624	6,074	20,698
Write-offs during the period	(14,973)	-	(14,973)
At December 31	$ -	$ 10,984	$ 10,984

	2015		
	Individual provision	Group provision	Total
At January 1	$ -	$ 2,704	$ 2,704
Provision for impairment	349	2,206	2,555
At December 31	$ 349	$ 4,910	$ 5,259

D.The Group does not hold any collateral as security.

(5)Inventories

	December 31, 2016		
	Cost	Allowancefor valuation loss	Book value
Raw materials	$ 487,205	($ 25,133)	$ 462,072
Work in process	311,063	(863)	310,200
Finished goods	519,688	(46,419)	473,269
Inventory in transit	54,075	-	54,075
	$ 1,372,031	($ 72,415)	$ 1,299,616

	December 31, 2015		
	Cost	Allowancefor valuation loss	Book value
Raw materials	$ 507,202	($ 31,917)	$ 475,285
Work in process	243,321	(2,294)	241,027
Finished goods	431,189	(47,976)	383,213
Inventory in transit	37,093	-	37,093
	$ 1,218,805	($ 82,187)	$ 1,136,618

The cost of inventories recognised as expense for the period:

	Year 2016	Year 2015
Cost of inventories sold	$ 7,675,771	$ 7,853,016
Gain on reversal of decline in market value	(4,905)	(4,694)
Loss from sale of scraps	8,724	8,920
Others	(4,259)	(6,467)
	$ 7,675,331	$ 7,850,775

(6)Prepayments

	December 31, 2016	December 31, 2015
Prepaid sales tax	$ 47,841	$ 54,735
Overpaid sales tax	20,137	28,636
Prepaid expenses	21,745	24,453
Prepayment for purchases	6,720	11,434
	$ 96,443	$ 119,258

(7)Property, plant and equipment

Cost	2016										
Name of Assets	At January 1, 2016		Additions		Disposals		Reclassifications		Net exchange differences		At December 31, 2016
Land	$	162,544	$	-	$	-	$	-	$	-	$ 162,544
Buildings		1,345,370		13,444	(	31,688)	(	8,641)	(	44,214)	1,274,271
Machinery and equipment		1,770,831		99,593	(	266,612)		17,677	(	52,786)	1,568,703
Utility equipment		324,247		2,517	(	5,939)		385	(	13,217)	307,993
Transportation equipment		6,131		1,022	(	902)		-	(	176)	6,075
Office equipment		46,365		6,275	(	4,018)		6,863	(	2,590)	52,895
Others		453,144		36,937	(	87,030)		28,114	(	17,942)	413,223
Construction in progress		1,234		12,163		-	(	9,238)		138	4,297
	$	4,109,866	$	171,951	($	396,189)	$	35,160	($	130,787)	$ 3,790,001

Accumulated depreciation	2016										
Name of Assets	At January 1, 2016		Depreciation Expenses		Disposals		Reclassifications		Net exchange differences		At December 31, 2016
Buildings	$	523,286	$	87,134	($	28,450)	($	10,475)	($	23,265)	$ 548,230
Machinery and equipment		1,196,943		199,997	(	244,895)	(	12,187)	(	41,604)	1,098,254
Utility equipment		169,373		25,950	(	5,918)	(	78)	(	7,128)	182,199
Transportation equipment		3,652		917	(	902)		-	(	122)	3,545
Office equipment		33,885		7,102	(	4,010)		2,342	(	1,964)	37,355
Others		310,306		61,867	(	85,793)		20,398	(	14,290)	292,488
	$	2,237,445	$	382,967	($	369,968)	$	-	($	88,373)	$ 2,162,071
Total	$	1,872,421									$ 1,627,930

Cost	2015					
Name of Assets	At January 1, 2015	Additions	Disposals	Reclassifications	Net exchange differences	At December 31, 2015
Land	$ 162,544	$ -	$ -	$ -	$ -	$ 162,544
Buildings	1,371,465	67,564	(120,379)	29,590	(2,870)	1,345,370
Machinery and equipment	1,854,616	183,846	(284,973)	21,360	(4,018)	1,770,831
Utility equipment	338,396	7,384	(20,731)	1,868	(2,670)	324,247
Transportation equipment	7,462	842	(2,114)	-	(59)	6,131
Office equipment	80,372	3,888	(38,042)	776	(629)	46,365
Others	517,204	43,952	(106,280)	1,372	(3,104)	453,144
Construction in progress	4,884	14,787	-	(18,438)	1	1,234
	$ 4,336,943	$ 322,263	($ 572,519)	$ 36,528	($ 13,349)	$ 4,109,866

Accumulated depreciation	2015					
Name of Assets	At January 1, 2015	Depreciation Expenses	Disposals	Reclassifications	Net exchange differences	At December 31, 2015
Buildings	$ 541,366	$ 103,084	($ 117,223)	$ -	($ 3,941)	$ 523,286
Machinery and equipment	1,241,376	196,151	(236,337)	-	(4,247)	1,196,943
Utility equipment	163,892	27,705	(20,746)	-	(1,478)	169,373
Transportation equipment	3,845	1,049	(1,207)	-	(35)	3,652
Office equipment	63,662	7,862	(37,087)	-	(552)	33,885
Others	331,186	82,036	(100,625)	-	(2,291)	310,306
	$ 2,345,327	$ 417,887	($ 513,225)	$ -	($ 12,544)	$ 2,237,445
Total	$ 1,991,616					$ 1,872,421

A.Capitalization of Borrowing costs and interest rate from Property, plant and equipment

	Year 2016	Year 2015
Amount capitalised	$ －	$ 117
Range of the interest rates for capitalisation	－	1.31%

(8)Intangible assets

	Technical skill	Computer Software	Others	Total
At January 1, 2016				
Cost	$ 14,500	$ 37,321	$ 65,500	$ 117,321
Accumulated amortisation and impairment	(9,393)	(24,968)	(59,496)	(93,857)
	$ 5,107	$ 12,353	$ 6,004	$ 23,464
Year 2016				
At January 1	$ 5,107	$ 12,353	$ 6,004	$ 23,464
Additions－acquired separately	－	5,955	－	5,955
Cost reduce	－	(13,571)	－	(13,571)
Amortisation	(2,918)	(10,250)	(6,004)	(19,172)
Impairment loss	－	(579)	－	(579)
Reduce in accumulated amortization	－	13,571	－	13,571
At December 31	$ 2,189	$ 7,479	$ －	$ 9,668
At December 31, 2016				
Cost	$ 14,500	$ 29,705	$ 65,500	$ 109,705
Accumulated amortisation and impairment	(12,311)	(22,226)	(65,500)	(100,037)
	$ 2,189	$ 7,479	$ －	$ 9,668

	Technical skill	Computer Software	Others	Total
At January 1, 2015				
Cost	$ 14,500	$ 52,166	$ 65,500	$ 132,166
Accumulated amortisation and impairment	(6,266)	(29,188)	(52,946)	(88,400)
	$ 8,234	$ 22,978	$ 12,554	$ 43,766
Year 2015				
At January 1	$ 8,234	$ 22,978	$ 12,554	$ 43,766
Additions－acquired separately	-	1,318	-	1,318
Cost reduce	-	(17,291)	-	(17,291)
Amortisation	(3,127)	(13,066)	(6,550)	(22,743)
Reduce in accumulated amortization	-	17,291	-	17,291
Reclassfied	-	1,129	-	1,129
Net exchange differences	-	(6)	-	(6)
At December 31	$ 5,107	$ 12,353	$ 6,004	$ 23,464
At December 31, 2015				
Cost	$ 14,500	$ 37,321	$ 65,500	$ 117,321
Accumulated amortisation and impairment	(9,393)	(24,968)	(59,496)	(93,857)
	$ 5,107	$ 12,353	$ 6,004	$ 23,464

The details of amortization are as follows:

	Year 2016	Year 2015
Operating costs	$ 662	$ 1,594
Selling expenses	9,546	10,199
Administrative expenses	3,355	4,244
Research and development expenses	5,609	6,706
	$ 19,172	$ 22,743

(9)Impairment of non-financial assets

A.The Group recognised impairment loss for the year ended December 31, 2016 and 2015 were $11,193 and $28,769, respectively. Details of such loss are as follows:

	Year 2016		Year 2015	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss－Buildings	$ 599	$ －	$ 8,676	$ －
Impairment loss－machinery	9,360	－	5,209	－
Impairment loss－Office equipment	4	－	485	－
Impairment loss－Utility equipment	－	－	882	－
Impairment loss－Other equipment	634	－	13,517	－
Impairment loss－Intangible assets	579	－	－	－
Impairment loss－Other assets	17	－	－	－
	$ 11,193	$ －	$ 28,769	$ －

B. The impairment loss reported by operating segments is as follows:

	Year 2016		Year 2015	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Soft goods division	$ 11,193	$ －	$ 28,769	$ －

(10)Long-term prepaid rent (list on other non-current assets)

	December 31, 2016	December 31, 2015
Land use right	$ 38,269	$ 41,438

Long-term prepaid rent refers to the land use rights obtained in China. Upon signing of the lease, the amount has been paid in full. The Group recognized rental expense of $1,820 and $1,850 for the year ended December 31, 2016 and 2015, respectively.

(11)Short-term loans

Type of loans	December 31, 2016	Interest rate range
Unsecured loans	$ 40,336	－

Type of loans	December 31, 2015	Interest rate range
Loans from letter of credits	$ 227,187	1.09%~1.51%
Unsecured loans	41,421	－
	$ 268,608	

(12)Other payables

	December 31, 2016	December 31, 2015
Awards and salaries payable	$ 358,428	$ 268,445
Payable for processing charge	201,719	154,706
Payables for employee's remuneration and directors' and supervisors' remuneration	43,606	13,245
Payables for equipment	19,303	57,121
Others	299,104	322,036
	$ 922,160	$ 815,553

(13)Long-term loans

December 31, 2016: None.

Type of loans	Loan period	Interest rate range	Collateral	December 31, 2015
CTBC Bank	2013/9-2018/9	2.20%	Note	$ 45,501
Less: current portion				(15,076)
				$ 30,425

Note: Details of long-term borrowings pledged as collateral are provided in Note 8.

(16)Pensions

A. Defined benefit plans

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

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

	December 31, 2016	December 31, 2015
Present value of defined benefit obligations	$ 91,456	$ 91,452
Fair value of plan assets	(28,171)	(32,294)
Net defined benefit liability	$ 63,285	$ 59,158

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

Year 2016	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	$ 91,452	($ 32,294)	$ 59,158
Current service cost	110	-	110
Interest (Expense) revenue	1,555	(549)	1,006
	93,117	(32,843)	60,274
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)			
Change in financial assumptions	2,348	-	2,348
Experience adjustments	2,757	191	2,948
	5,105	191	5,296
Pension fund contribution	-	(2,285)	(2,285)
Paid Pension	(6,766)	6,766	-
Balance at December 31	$ 91,456	($ 28,171)	$ 63,285

Year 2015	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$100,229	($41,288)	$58,941
Current service cost	$111	-	$111
Interest income (expense)	$2,005	($826)	$1,179
Last period service cost	$1,483	-	$1,483
	$103,828	($42,114)	$61,714
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in financial assumptions	$3,646	-	$3,646
Experience adjustments	($3,252)	($392)	($3,644)
	$394	($2,558)	$2
Pension fund contribution	-	($2,558)	($2,558)
Paid pension	($12,770)	$12,770	-
Balance at December 31	$91,452	($32,294)	$59,158

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plans in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2016 and 2015 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year 2016	Year 2015
Discount rate	1.50%	1.70%
Future salary increases	2.25%	2.25%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.
Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2016				
Effect on present value of defined benefit obligation	($ 2,926)	$ 3,068	$ 2,807	($ 2,695)

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 11,463)	$ 13,620	$ 12,381	($ 10,720)

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 are $2,285.

(g) As of December 31, 2016, the weighted average duration of that retirement plan is 14 years.

B. Defined contribution plans

(a)Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on 13% of employees’ monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.

(c) The subsidiaries in mainland Vietnam have defined contribution plans in accordance with the local regulations.

(d)The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2016 and 2015 were $101,368and $111,730, respectively.

(15)Share-based payment

A.As of December 31, 2016 and 2015, the share-based payment transactions of the Company are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	October 11, 2012	4,720,000	5 years	Note

B.Details of the share-based payment arrangements are as follows:

	Year 2016		Year 2015	
	No. stock options	Weighted-average exercise price (in dollars)	No. stock options	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	3,127,000	$ 37.3	3,883,000	$ 38.2
Options forfeited	(607,000)	-	(756,000)	-
Options outstanding at December 31	2,520,000	36	3,127,000	37.3
Options exercisable at December 31	2,520,000	-	2,445,250	-

C.As of December 31, 2016and December 31, 2015, the range of exercise prices of stock options outstanding was $36and $37.3 (in dollars), respectively; the weighted-average remaining contractual period was0.778 years and 1.778 years, respectively.

D.For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The parameters used in the estimation of the fair value are as follows:

	Grant date	Stock price	Exercise price	Exercise price volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per share
Employee stock options	2012/10/11	$42	$42	33.28%	3.875 years	-	0.90%	$11.33

E.Expenses incurred on share-based payment transactions are shown below:

	Year 2016	Year 2015
Equity-settled	$ 2,685	$ 12,960

F.As of July 13, 2016and July14, 2015,the exercise price of employee stock options issued on October 11,2012 was adjusted from $37.3 (indollars) to $36 (in dollars)and$38.2 (indollars) to $37.3 (in dollars), following the terms of employee stock options.

(16)Capital

A. In accordance with the Company's Articles of Incorporation, the total authorized common stock is 14.63 billion shares (including 5 million shares for stock warrants conversion and 10 million shares for convertible bond.). ，As of December 31, 2015, the total issued and outstanding common stock was $1,333,757 with par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follow :

	2016	2015
At January 1	133,376	134,343
Disposal of treasury shares	-	(967)
At December 31	133,376	133,376

B. Treasury shares

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

	2015			
Reason for reacquisition	At January 1, 2015	Additions	Disposals	At December 31, 2015
Maintain corporate credit and shareholders' equity	-	967	(967)	-

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

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

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(17)Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18)Retained earnings

A. In accordance with the Company's Articles of Incorporation, current year's earnings must be distributed in the following order:
  (a)Paying the income tax
  (b)Covering accumulated deficit;
  (c)Setting aside as legal reserve equal to 10% of current year's net income after tax and distribution pursuant to clause
  (d)Setting aside a special reserve in accordance with applicable legal and regulatory requirement
  (e)The remainder is distributable earnings of which 1% is appropriated as employees' bonus; qualified employees include employees of affiliates per criteria set by Board of Directors.

B. The remaining earnings along with the inappropriate earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with dividend policy, the shareholders. proposal of earnings appropriation is prepared by the Board of Directors and resolved by the shareholders.

C.Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2016 and 2015 earnings had been approved by the shareholders which is $93,363($0.7per share) and $67,171 ($0.5 per share) respectively. The Board meeting on March 8, 2017 had approved to distribute $1.3 per common stock holders, the amount of dividend is $173,388.

F. For the information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(23).

(19)Other income and expenses– net

	Year 2016	Year 2015
Mold income	$ 21,918	$ 15,425
Sample income	10,024	12,935
Other income	31,964	24,987
	$ 63,906	$ 53,347

(20)Other revenue

	Year 2016	Year 2015
Interest income	$ 3,041	$ 9,759
Others	3,410	3,564
	$ 6,451	$ 13,323

(21)Other gains and losses

	Year 2016	Year 2015
Net currency exchange gains	$ 57,247	$ 108,562
Net gains on financial assets at fair value through profit or loss	-	31
Net losss on financial liailities at fair value through profit or loss	-	(1,181)
Losses on disposal of property, plant and equipment	(7,167)	(23,504)
Loss on impairment of non-financial assets	(11,193)	(28,769)
Others	12,838	3,849
	$ 51,725	$ 58,988

(22)Expenses by nature

	Year 2016	Year 2015
Employee benefit expense	$ 2,390,804	$ 2,306,583
Depreciation expense	372,370	389,118
Amortisation expense	29,275	30,358
	$ 2,792,449	$ 2,726,059

(23)Employee benefit expense

	Year 2016	Year 2015
Wages and salaries	$ 2,049,350	$ 1,942,460
Employee stock options	2,685	12,960
Labour and health insurance fees	124,998	122,890
Pension costs	102,484	114,503
Other personnel expenses	111,287	113,770
	$ 2,390,804	$ 2,306,583

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors and supervisors remuneration. The ratio shall not be lower than 1% for employees’ compensation and shall not be higher than 5% for directors and supervisors remuneration.

B. For the years ended December 31, 2016 and 2015, employees’ compensation (bonus) was accrued at $24,900 and $1,500, respectively; and the directors’ and supervisors’ remuneration was accrued at $8,300 and $500, respectively. The aforementioned amounts were recognized in salary expenses.

C. For the years ended December 31, 2016 , he employees’ compensation and directors’ and supervisors’ remuneration were estimated and accrued based based on a certain percentage of profit of current year distributable as of the end of reporting period.
Employees’ compensation and directors’ and supervisors’ remuneration of 2015 as resolved by the meeting of board of directors were in agreement with those amounts recognised in the 2015 financial statements. Actual number of cash distributed as employees’ compensation for 2015.Information about employees’ compensation and directors’ and supervisors’ remuneration of the Company as resolved by the meeting of board of directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(24)Income tax

A.Income tax expense

(a)Components of income tax expense:

		Year 2016		Year 2015
Current tax:				
Current tax on profits for the period	$	91,677	$	44,801
Tax on undistributed suplus earning		5,170		1,075
Adjustments in respect of prior years	(	11,526)		9,036
Total current tax		85,321		54,912
Deferred tax:				
Origination and reversal of temporary differences		13,125		16,352
Income tax expense	$	98,446	$	71,264

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

		Year 2016		Year 2015
Remea surement of defined benefit obligations	($	900)	$	-

B. Reconciliation between income tax expense and accounting profit

		Year 2016		Year 2015
Tax calculated based on profit before tax and statutory tax rate (note)	$	131,300	$	48,454
Effects from items disallowed by tax regulation	(	19,979)		20,808
Tax on undistributed suplus earning		5,170		1,075
Tax exempted income by tax	(	6,574)	(	7,817)
Income tax expense		55	(	292)
Adjustments in respect of prior years	(	11,526)		9,036
Income tax expense	$	98,446	$	71,264

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

	Year 2016				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:					
Temporary differences					
Loss on inventory	$18,890	($ 1,141)	$ -	($1,198)	$16,551
pensions	10,057	(199)	900	-	10,758
depreciion	14,177	619	-	(1,102)	13,694
others	7,240	1,373	-	(237)	8,376
Tax losses	5,502	(55)	-	-	5,447
Subtotal	55,866	597	900	(2,537)	54,826
Deferred tax liabilities:					
Investment	(26,278)	(14,116)	-	-	(40,394)
Land	(11,598)	-	-	-	(11,598)
Unrealised exchange	(3,474)	394	-	-	(3,080)
Subtotal	(41,350)	(13,722)	-	-	(55,072)
Total	$14,516	($13,125)	$ 900	($2,537)	($ 246)

	Year 2015				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:					
Temporary differences					
Loss on inventory	$19,205	$ 22	$ -	($ 337)	$18,890
pensions	10,020	37	-	-	10,057
depreciion	17,443	(2,956)	-	(310)	14,177
others	15,289	(7,903)	-	(146)	7,240
Tax losses	17,185	(11,683)	-	-	5,502
Subtotal	79,142	(22,483)	-	(793)	55,866
Deferred tax liabilities:					
Investment	(27,943)	1,665	-	-	(26,278)
Land	(11,598)	-	-	-	(11,598)
Unrealised exchange	(7,940)	4,466	-	-	(3,474)
Subtotal	(47,481)	6,131	-	-	(41,350)
Total	$31,661	($16,352)	$ -	($ 793)	$14,516

(25)Earnings per share

	Year 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands	Earnings per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 345, 474	133, 376	$ 2. 59
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	345, 474	133, 376	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation			
Employees' bonus	-	1, 023	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 345, 474	134, 399	$ 2. 57

	Year 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands	Earnings per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 6, 250	134, 100	$ 0. 05
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	6, 250	134, 100	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation			
Employees' bonus	-	77	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 6, 250	134, 177	$ 0. 05

(26)Operating lease

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015
Not later than one year	$ 8, 740	$ 9, 356
Later than one year but not later thn five yers	17, 594	24, 709
Later than five years	-	1, 438
	$ 26, 334	$ 35, 503

(27)Supplemental cash flow information

A. Investing activities with partial cash payments

	Year 2016	Year 2015
Purchase of property, plant and equipment	$ 171, 951	$ 322, 263
Add: opening balance of payable on equipment	57, 121	23, 674
Less: ending balance of payable on equipment	(19, 303)	(57, 121)
Cash paid during the period	$ 209, 769	$ 288, 816

7. RELATED PARTY TRANSACTIONS

(1) Key management compensation

	Year 2016	Year 2015
Salaries and other short-term employee benefits	$ 23,044	$ 18,958
Share based payments	706	3,612
	$ 23,750	$ 22,570

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2016	December 31, 2015	Purpose
Land	$ 125,648	$ 125,648	Short and long-term loans
Building-net value	315,947	330,601	Short and long-term loans
Machinery and equipment -net value	–	28,727	Short and long-term loans
Time deposits and cash (shown as"other non-current assets")	268	166	Customs deposits
	$ 441,863	$ 485,142	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2016	December 31, 2015
Raw materials	$ 98,148	$ 44,314

B. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2016	December 31, 2015
Property, plant and equipment	$ 21,640	$ 50,434

C. Operating lease commitments

Note 6(26).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors has approved the proposal of cash dividend $1.3 per share for 2016, the amount is $173,388on March 8, 2017. Please refer to Note 6(18).

12.OTHERS

(1)Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to operate with the goal to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio.

During 2016, the Group's strategy, which was unchanged from 2015,the debt ratio is as follow:

	December 31, 2016	December 31, 2015
Total liabilities	$ 2,518,241	$ 2,386,738
Total assets	$ 6,242,702	$ 5,926,027
Gearing ratio	40	40

(2)Financial instruments

A.Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets measured at fair value through profit or loss, available-for-sale financial assets, notes and accounts receivable inclusive of related parties and other financial assets, short-term loans, financial liabilities measured at fair value through profit or loss, notes and accounts payable inclusive of related parties and current portion of the long-term liabilities.) approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B.Financial risk management policies

(a)The Group employs a comprehensive risk management and control system to clearly identify, measure, and control the various kinds of financial risk it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk.

(b)Risk management is executed by the Group's finance department by following policies approved by the Board. Through cooperation with the Group's operating units, finance department is responsible for identifying, evaluating and hedging financial risks.

C.Significant financial risks and degrees of financial risks

(a)Market risk

i. Foreign exchange risk

(i)The Group is a multinational group. Foreign exchange risk arises from different exchange rates to functional currency as the invoice dates of accounts receivable and payable denominated in non-functional foreign currency are different.(The main risk arises from USD and RMB)

(ii).As to the exchange rate risk arising from the difference between various functional currencies and the reporting currency in the consolidated financial statements, it is managed by the Group's finance department.

(iii).The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2016	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 86,118	32.20	$ 2,773,000
USD：RMB	36,140	6.9495	1,163,708
Non-monetary items			
RMB ：NTD	232,755	4.617	1,074,630
Financial liabilities			
Monetary items			
USD：NTD	45,114	32.30	1,457,182
USD：RMB	12,028	6.9495	388,504
Non-monetary items			
RMB ：NTD	5,940	4.617	27,425

December 31, 2015	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 75,972	32.78	$ 2,490,362
USD：RMB	30,834	6.3571	1,010,739
Non-monetary items			
RMB ：NTD	211,039	4.995	1,054,140
Financial assets			
Monetary items			
USD：NTD	42,386	32.88	1,393,652
USD：RMB	13,630	6.3571	448,154
Non-monetary items			
RMB ：NTD	31,891	4.995	159,296

(iv).Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015 amounted to $57,247 and $108,562, respectively.

(v).The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	Year 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 27,730	$ –
USD：RMB	1%	11,637	–
Financial liabilities			
Monetary items			
USD：NTD	1%	14,572	$ –
USD：RMB	1%	3,885	–

	Year 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 24,904	$ –
USD：RMB	1%	10,107	–
Financial liabilities			
Monetary items			
USD：NTD	1%	13,937	–
USD：RMB	1%	4,482	–

ii. Price risk

None.

iii. Interest rate risk

(i) The Group's interest rate risk arises from long-term loans or corporate bonds with floating rates. The Company's long-term corporate bonds with fixed interest rates do not have interest rate risk or fair value interest rate risk. Long-term loans or corporate bonds with floating rates expose the Group to cash flow interest rate risk, but most of the risks are offset by cash and cash equivalents with variable interest rates.

(b)Credit risk

i.Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments. The counterparties are banks with good credit quality and financial institutions with investment grade or above and government agencies, so there is no significant compliance concerns and credit risk.

(c)Liquidity risk

i. Cash flow forecasting is performed by each operating entity of the Group and aggregated by Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions

ii.The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2016	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 40,336	$ -	$ -
Notes payable	1,642	-	-
Accounts payable	1,280,517	-	-
Other payables	922,160	-	-

Non-derivative financial liabilities: December 31, 2015	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 268,951	$ -	$ -
Notes payable	3,453	-	-
Accounts payable	1,004,567	-	-
Other payables	815,553	-	-
Long-term borrowings	16,018	17,091	14,933

Derivative financial liabilities:

December 31,2016：None。

Derivative financial liabilities:

December 31,2015：None。

(3)Fair value information

A. Details of the fair value of the Group’s financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed stocks is included in Level 1. 。

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group’s investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. There were no related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31,2016 and 2015.

D. For the years ended at December 31, 2016 and 2015, there was no transfer into or out from Level 3.

13.SUPPLEMENTARY DISCLOSURES

(1)Significant transactions information

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

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

C. Hold of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost reaching NT $300 million or 20% of paid-in capital or more: None.

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

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

G.Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2)Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3)Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

In accordance with IFRS No. 8, "Operating Segments", the Group has determined the operating segments and reportable operating segments. Operating segments which have met certain quantitative threshold are disclosed individually or aggregately as reportable operating segments; other segments which have not met the quantitative threshold are included in the 'all other segments'.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments

(4) Reconciliation information for segment profit (loss)

The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(5) Information on products and services

As the Group considered the business from a product perspective, the reportable segments were based on different products and services. Revenues are consist as follow:

	Year 2016	Year 2015
Commodities of sales reveune	$ 8,952,279	$ 8,786,162

(6) Geographical information

Geographical information for the years ended December 31, 2016 and 2015 is as follows:

	Year 2016		Year 2015	
	Revenue	Non-current asset	Revenue	Non-current asset
America	$ 5,811,773	$ -	$ 5,245,635	$ -
Asia	2,507,965	1,732,179	2,864,526	2,011,205
Others	632,541	-	676,001	-
Total	$ 8,952,279	$ 1,732,179	$ 8,786,162	$ 2,011,205

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2016 and 2015 is as follows:

	Year 2016		Year 2015	
	Revenue	Net Sales (%)	Revenue	Net Sales (%)
Client A	$ 3,349,049	37	$ 2,427,889	28
Client B	1,459,091	16	2,101,407	24
	$ 4,808,140	53	$ 4,529,296	52