Stock Code: 3189

KINSUS INTERCONNECT TECHNOLOGY CORP.
2015 Annual Report

Notice to readers

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

Printed on March 31, 2016
Taiwan Stock Exchange Market Observation Post System: **http://mops.twse.com.tw**
Annual Report is available at:**http://www.kinsus.com.tw**

The inside cover of annual report

1. **The name, title, telephone number, and e-mail address of the spokesman or acting spokesman**
   (1) The Spokesman
   Name: Mu, Xian Jue
   Title: Senior Project Director of Planning Office
   Telephone number: 886-(03) 487-1919 EXT 6660
   E-mail: jackmu@kinsus.com.tw
   (2) The Acting Spokesperson
   Name: Liu, Su Zhen
   Title: Senior Director of Finance Department
   Telephone number: 886-(03) 487-1919 EXT 5005
   E-mail: suejaneliu@kinsus.com.tw

2. **The address and telephone number of the Company's headquarters, branch offices, and factories**
   Headquarter (Shilei Factory): No.1245, Zhonghua Rd., Xinwu Dist., Taoyuan City 327, Taiwan, R.O.C.
   Telephone number: 886-(03) 487-1919
   Qinghua Factory: No.810, Zhonghua Rd., Xinwu Dist., Taoyuan City 327, Taiwan, R.O.C.
   Telephone number: 886 (03) 487-1988
   Xinfeng Factory: No.526, Sec. 2, Jianxing Rd., Xinfeng Township, Hsinchu County 304, Taiwan, R.O.C.
   Telephone number: 886-(03) 557-1799

3. **The name, address, e-mail address, and telephone number of the agency handling shares transfer**
   Name: Shareholder Services Department, KGI Securities
   Address: 5th Fl., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan, R.O.C.
   Website: https://www.kgieworld.com.tw
   Telephone number: 886-2-2389-2999

4. **The name of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm**
   Names of certified public accountant: Huang, Yi Hui and Zhang, Zhi Ming
   Name of accounting firm: Ernst & Young
   Address: 9th Fl., No. 333, Sec. 1, Keelung Rd., Songshan Dist., Taipei City 105, Taiwan, R.O.C.
   Website: http://www.ey.com.tw
   Telephone number: 886-2-2757-8888

5. **The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities**
   NA

6. **The address of the Company's website**
   http://www.kinsus.com.tw

The contents of annual report

Page

1. A report to the shareholders

Dear Shareholders,

(1)Operating results for 2015

In 2015, the global economy kept in a very low atmosphere. The price of international oil and gas continuously drop significantly. The currucies of most countries except for USA were depreciated dramatically. The semiconductor market therefore was down impacted. Acceding to the statistics published by international research and consulting institution Gartner, 2015 global semiconductor revenues, including giant companies such as Intel, Qualcomm, Micon, drop by 1.9% from 2014.

In overviewing the development of global semiconductor industry, the growth in China market got lower in 2015. Also FED increased the interest rate starting from the fourth quarter 2015. In turn, the strong US Dollar raised the cost of computer or other electronic devices in Western Europe as well as in Japan. The consumers delay the need of upgrading their devices or turned to buy the ones with a lower price in the hope of saving their expenditures and costs. The shipment volumes of personal computer, tablet and smartphone were decreased significantly. And the global semiconductor was decreased slightly to US$333.7 billion with the negative effect of computer system system and slower-growth momentum for smartphone.

The parent-company-only revenues in 2015 were NT$17,827,251 thousand, reduced by 7.58% from 2014's revenues of NT$19,290,237 thousand. The parent company only net incomes in 2015 were NT$2,903,952 thousand, reduced by 19.72% from 2014's net incomes of NT$3,617,327 thousand. On the other hand, the Company's consolidated revenues in 2015 were NT$23,061,311 thousand, reduced by 7.55% from 2014's consolidated revenues of NT$24,943,834 thousand. The Company's consolidated net incomes in 2015 were NT$2,729,526 thousand, reduced by 21.80% from 2014's net incomes of NT$3,490,233 thousand. Fortunately, the parent company only revenues in 2015 fourth quarter have been recovered to above NT$5 billion, near to the historical record highest point. We expect that the Company's performance can be back to the trend of growth.

(2)Summary of the business plan for FY2016

(A)Business Policy

Since our establishment, we have been upholding the principle of "Satisfying Customers, Pursuing of Excellence" as our business policy, developing leadership in technique to meet market demand, mastering new generation product demands, investing engineering resources to stay ahead, and striving for better profit under competition for the purpose of greater profit.

(B)Sales volume forecast and the basis

IoT, Automative and Cloud applications will continue to develop in 2016. The business opportunity for semiconductor can be expected to be prospective as a result. In addition, the promotion of mobile smart devices specification will continuously drive the demand for high-end processing of Wafer Foundry and Packaging & Testing. It is expected that the annual growth rate of production value for the national semiconductor industry in 2016 can be kept at a positive trend.

The developing applications in electronic /semiconductor industry include Autonomous Driving Assistant System, VR, Cloud computing IoT, etc. Although these technologies are not mature, the related market is a furutre star with huge size. According to the estimation made by Gartner, IoT devices will create a market size of 6.4 billion units in 2016 and furthermore will grow with an annual compound rate of 30%. The market opportunity is unlimited. Kinsus' products, including SiP substrate, FCCSP substrate, High-density embedded substrate are exactly well-prepared for meeting the industrial developing trend.

However, we have to carefully watch that the ASP (average selling prices) of various mobile devices and IoT devices were decreased year by year, i.e. 3% drop in 2015 and estimated to be at least 5% in 2016. Unfortunately, the sale growth might be slowered down due to the negative trend of "high-end but low-price" even though the revenues of mobilephone semiconductor are stable attributed to the market rapidly being transferred to smartphone and 4G LTE.

(C)Other important production and sales policies

a.Continuously investing more in R&D in order to meet the demand of clients' multi-demand and expanding the production line of micro wire. Along with the wafer fab 16/14 NM, we will move on to 10 nm product production in order to seize the market opportunity.

b.Concerning the expanding scale in operation, we will continuously invite professionals and introduce high-end system and skill, aggressively invest in automated production for better quality and profit.

c.Staying competitive in the way of maintaining partnerships with advanced chip design company, getting hold the latest market information, and completing the preparation of production process and capacity earlier.

(3)The Company's future development strategy

In 2016, portable, wearable device components of a micro-scale trend will continue. Accordingly the demand for related SiP substrate, FCCSP substrate, high-density embedded substrateis still very strong. These are the substrate products needed to be applied in transferring the existing products to the end devices for VR, iCloud and IoT. The Company, in the future, will do its best to control the key opportunities in market. Also Kinsus will continue to adjust its market strategy in response to the market changes and to win business cases in order to share the performance results with its shareholders.

Sincerely Yours,

The Chairman and CEO
Guo, Ming-Dong

2. A Company Profile

(1)Date of Incorporation: 9/11/ 2000

(2)A brief history of the Company

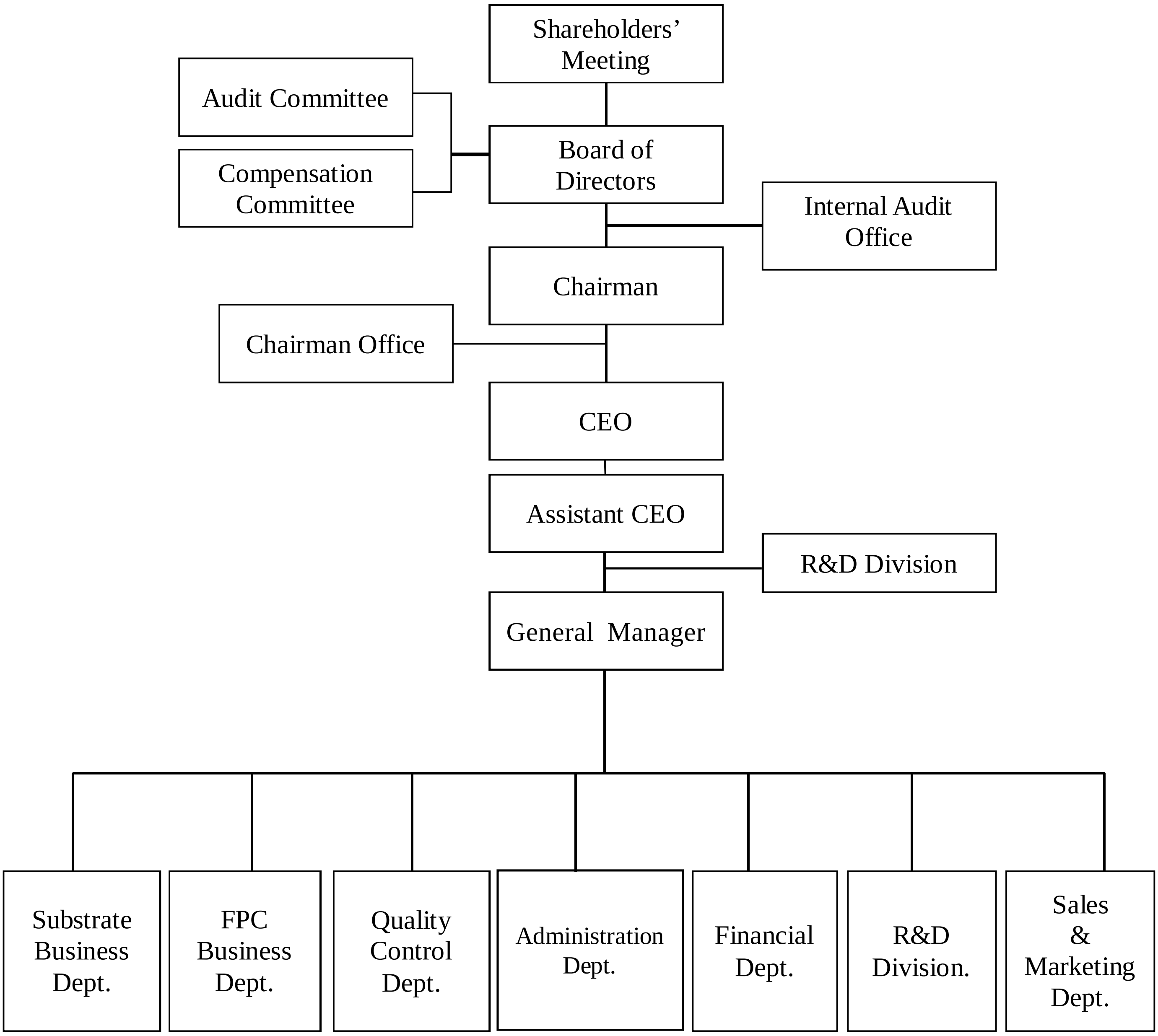
Year	Milestones
2000/09	Founded with NT$2.5 billion capital and NT$12 billion paid-up capita. Manufacturing mainly in BGA related products.
2000/12	Cash capital increased by issuing new shares of NT$100 million with NT$1.3 billion paid-up capita after increase in total
2001/04	Cash capital increased by issuing new shares of NT$600 million with NT$1.9 billion paid-up capita after increase in total
2001/05	Started operations
2001/07	Be certified to QS 9000.
2001/12	Be certified to ISO 14000 - Environmental management
2002/06	Corporation went public.
2002/11	Cash capital increased by issuing new shares of NT$100 million with NT$2 billion paid-up capita after increase in total
2003/03	Plant expansion to the 3rd floor and the 4th floor
2003/09	Listed for trading in emerging markets
2003/12	Acquired the review by Industrial Science and Technology Committee on the submissions of “Science and technology product or technology successful development and marketketing”.
2004/06	Surplus capital increased by issuing new shares of NT$220 million with NT$2.22 billion paid-up capita after increase in total
2004/11	Listed on Taiwan Stock Exchange
2004/11	Plant built in Qinghua: No.810, Zhonghua Rd., Xinwu Dist., Taoyuan City
2005/05	Operating performance ranked the 2nd, return on assets ranked 15th, return on equity ratio ranked 31st, growth drive ranked 33rd, profitability ranked 38th, and business revenue ranked 355th among top 1000 manufacturing companies by Commonwealth Magazine
2005/07	Surplus capital increased by issuing new shares of NT$378 million with NT$2.598 billion paid-up capita after increase in total
2005/08	Cash capital increased by issuing new shares of NT$300 million with NT$2.898 billion paid-up capita after increase in total
2005/10	Plany bought at No.8, Qingnian Rd., Yangmei Dist., Taoyuan City 32661, Taiwan (R.O.C.)
2006/05	Cash capital increased by issuing new shares of NT$500 million with NT$3.398 billion paid-up capita after increase in total
2006/05	Ranked 19th as Taiwan's most profitable companies by Commonwealth Magazine

2006/07	Ranked 89th as Taiwan's most profitable companies by Digital Time Business among top 100 Taiwan Technology
2006/08	Surplus capital increased by issuing new shares of NT$492 million with NT$3.89 billion paid-up capita after increase in total
2006/11	Ranked 131st among Asia’s top 150 with 14 Taiwan Enterprises listed by Business Week Asia
2007/03	Be certified to ISO 14001 - Environmental management and OHSAS 18001
2007/05	Ranked No. 212 on business revenue by Commonwealth Magazine
2007/08	Surplus capital increased by issuing new shares of NT$464 million with NT$4.354 billion paid-up capita after increase in total
2008/05	Ranked 52nd on return on assets, 146th on equity ratio, 22nd on profitability, and 595th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine
2008/08	Surplus capital increased by issuing new shares of NT$106 million with NT$4.46 billion paid-up capita after increase in total
2009/05	Ranked 35th on profitability and 229th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine
2010/05	Ranked 48th on profitability and 234th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine
2010/08	Invested PIOTEK COMPUTER (SUZHOU) CO., LTD.
2011/05	Ranked 115th on profitability and 192nd on business revenue among top 1000 manufacturing companies by Commonwealth Magazine
2012/05	Ranked 108th on profitability and 162nd on business revenue among top 1000 manufacturing companies by Commonwealth Magazine
2013/03	Bought plant at Xinfeng: No.526, Sec. 2, Jianxing Rd., Xinfeng Township, Hsinchu County 304, Taiwan
2013/04	Being selected as 2012 Deloitte Asia Pacific top 500 high tech, high growth enterprises
2013/05	Ranked 116th on profitability and 158th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine
2014/05	Ranked 720th on market capitalization among top 1000 entrprises in China, Taiwan, Hongkong, and Macau by Business Today.
2015/05	Ranked 139th on profitability and 56th on net profit by Commonwealth Magazine

3. A Corporate Governance Report

(1)Organizational system

(A)The Company's structure



(B)The tasks of its principal divisions

Dept.	Job Description
Chief Executive Officer (CEO)	1. Business planning and strategic planning 2. Company long-term development policy planning 3. Business monitoring, promoting and implementation
Assistant CEO	Assisting the President to promote company's businesses.
Audit Office	Identifying deficiencies in internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions.
R&D Center	Advanced product and technology research and development, equipment automation, and building new plants.
General Manager	Responsible for business plan development, besiness performance management and analysis, Investment analysis and benefit assessment, cost reduction and control, business process automation and improvement, annual budgeting, overseas business management, promotion and performance evaluation in other important projects, manufacturing capacity and standard work hours, rationalization of personnel standards.
Administration Dept.	Responsible for the planning and execution of human resource, general affairs, envionmrntal and purchasing.
Financial Dept.	Responsible for finance and investment, annual budgeting, credit control, and stocks services.
R&D Dept.	Responsible for coordinating the product, design, development, and facility services.
Sales&Marketing Dept.	Responsible for the company's product sales and marketing.
Substrate Business Dept.	Responsible for substrates related products manufacturing and work objectives and effectiveness management, manufacturing cost control analysis and improvement and production planning.
FPC Business Dept.	Responsible for COF related products manufacturing and work objectives and effectiveness management、manufacturing cost control analysis and improvement、and production planning
Quality Control Dept.	Responsible for the quality policy, objectives and systems developed and implemented in order to meet customers’needs.

(2)Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units.

(A)Directors as of March 29, 2016

Title	Nationality/Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse&Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C	Guo, Ming-Dong	2015.6.11	3	2000.9.1	1,179,795	0.26%	1,169,795	0.26%	–	–	–	–	National Taipei Institute of Technology President/UNICAP ELECTRONICS	Note 1	–	–	–
Director	R.O.C	Tong,Zi-Xian	2015.6.11	3	2000.9.1	200,000	0.04%	200,000	0.04%	–	–	–	–	Computer and Communication Engineering /Taipei Tech Chairman/PEGATRON Corp.	Note 2	–	–	–
Director	R.O.C	Lu, Jing	2015.6.11	3	2003.9.1	1,151,607	0.26%	1,141,607	0.26%	–	–	–	–	Master of Industrial Engineering/Univ. of Iowa Chungshan Institute of Science and Technology Vice President/UNICAP ELECTRONICS	Note 3	–	–	–
Director	R.O.C	Hua Xu Investment Corp. Rep. : Su, Yan-Xue	2015.6.11	3	2000.9.1	58,233,091	13.06%	58,233,091	13.06%	–	–	–	–	Master of Industrial Engineering/Carnegie MellonUniv. Chief Investment Officer/ASUSTEK ComputerIncorp. Chief Investment Officer/PEGATRON Corp.	Note 4	–	–	–
Director	R.O.C	Su,Yan-Xue	2015.6.11	3	2009.6.16	–	–	–	–	–	–	–	–	as above	as above	–	–	–
Director	R.O.C	Hua Xu Investment Rep : Wu, Xiang-Xiang	2015.6.11	3	2000.9.1	55,556,221	12.46%	55,556,221	12.46%	–	–	–	–	International Trade/Providence Univ. M.B.A./Univ. of St.Thomas Vice President/kun jian Consulting Co., Chief Investment Officer/PEGATRON Corp.	Note 5	–	–	–
Director	R.O.C	Wu,Xiang-Xiang	2015.6.11	3	2003.9.1	–	–	–	–	–	–	–	–	as above	as above	–	–	–
Director	R.O.C	Zbeng,Zhong-Ren	2015.6.11	3	2003.9.1	–	–	–	–	–	–	–	–	School of Law/Soochow Univ. PhD./Stanford University Dean&Professor/Law School of Shih Hsin Univ.	Note 6	–	–	–
Independent Director	R.O.C	Chen, Jin-Cai	2015.6.11	3	2003.9.1	–	–	–	–	–	–	–	–	Graduate School/Tamkang Univ. M.P.A/Univ. of San Francisco President/Namchow Group	Note 7	–	–	–
Independent Director	R.O.C	Huang, Chun-Bao	2015.6.11	3	2003.9.1	–	–	–	–	–	–	–	–	Electrical Engineering/National Taipei Institute of President& GM/HAVIX ELECTRONICS CO., LTD.	Note 8	–	–	–
Independent Director	R.O.C	Wu, Hui-Huang	2015.6.11	3	2010.6.18	–	–	–	–	–	–	–	–	Board Director& President/UNIVERSAL SCIENTIFIC INDUSTRIAL CO., LTD Director/Taiwan Electrical and Electronic Director/Taiwan Federation of Industry Director/Taiwan Province Industry Asso.	Note 9	–	–	–

Note 1	CEO	Director: Pegavision Investment, Pegavision Corp, Kinsus Holding(Samoa) Limited, Kinsus Holding(Cayman) Limited, Piotek Holding Ltd., Piotek Holdings Ltd.(Cayman). Independent Director: TAIFLEX Scientific Corp., Silergy Corp.
Note 2	Chairman	Pegatron Corp.(also the Executive CEO), Lumens Digital Optics Inc, Hua Wei Investment, Hua Xu Investment, Pegavision Investment, Pegavision Corp., Casetek Holdings Limited, eslite Foundation for Culture and Arts, and Ri-Kuan Metal Corporation.
	Director	Ability Enterprise, Asrock Inc., Hua Yu Investment, Hua Yuan Investment, Hua Wei Investment, Hua Wei International, The Eslite Spectrum Corporation, Eslite Corp., Ezhi Technologies, Inc., AS Fly Travel Service, Azurewave Technologies, Inc., Pegatron Holding Ltd., Unihan Holding Ltd., Protek Global Holdings Ltd., Magnificent Brightness Ltd., Casetek Holdings Ltd., Pegatron Holland Holding B.V.I., Digitek Global Holdings Ltd., AMA Holdings Ltd., Kinsus Corp.(USA), Powtek Holdings Limited, Cotek Holdings Limited, Grand Upright Technology Limited, Alliance Culture Foundation, Hanguang Education Foundation, Public Television Service, Ministry of Culture National Performing Arts Center, CTS (China Television Service), Koo Medical Foundation, Lung Yingtai Cultural Foundation, ASLINK PRECISION CO., LTD.
	Chairman	Taipei Computer Association
Note 3	Assistant CEO	Director of Piotek (HK) Trading Limited
Note 4	Chairman	WYSE Research Inc.
	Director	Guang Dian Cinema, KHL IV Venture Capital Corporation, eslite Foundation for Culture and Arts.
Note 5	Director	OFCO Industrial Corp., Pegavision Investment.
Note 6	Professor	Graduate Institute of Patent/National Taiwan University of Science and Technology
	Director	LOTES Co. Ltd.,Wistron Corporation.
	Independent Director	Wistron Corporation, eChem solutions Corp.
	Supervisor	ASUSTeK Computer Inc., Apacer Technology Inc.
Note 7	Chairman	Win Semiconductors Corp.
	Assistant Chairman	Hiwin Technologies Corp.
	Director	Namchow Chemical Iudustrail Co., Ltd., Inventec Solar Energy Corp., Namchow (BVI), Nan Xin International, Brotzeit German restaurant and bar (ShangHai), . Tingyi (Cayman Islands), Namchow Oil, Namchow(Thailnad), WIN Semi USA Inc.,Win Semiconductors, Cayman Island Co., Ltd. 、WinMEMS Technologies Holdings Co., Ltd, Chowhao Trading(ShangHai), Tianjin Yoshi Yoshi Food Co., Ltd., Yong Ju(Thailand), Namchow Oil(Guang Zhou), Xin Sheng SanVenture Capital, Lucky Royal Co., Ltd., Namchow Management Co., Tian Bo Co., ITEQ Corp., Inventec Energy Corp.,
	Independent Director	Tong Hsing Electronucs Indstries Co.

	Supervisor	Dian Shui Lou Restaurant, INFOTEL Inc., TAIPEI 101
	Member of compensation committee	PlexBio Co., Ltd.
Note 8	Chairman & G/M	HAVIX Electronics Co., Ltd.
Note 9	Director	Taiwan Read Foundation
	Member of compensation committee	Merry Corp.

Major shareholders of the institutional shareholders

Name of the Company's institutional shareholder	Major Shareholders of the Company's institutional shareholder
Hua Wei Investment	Pegatron Corp. (100.00%)
Hua Yu Investment	Pegatron Corp. (100.00%)
Hua Xu Investment	Pegatron Corp. (100.00%)

Major shareholders of the Company's institutional shareholders

Name of major institutional shareholders of the Company's institutional shareholder	Major Shareholders, if institutional, of major institutional shareholders of the Company's institutional shareholder
Pegatron Corp.	Asustek Computer Incorporation (17.23%)

Professional qualifications and independence analysis of directors

Qualification / Name (Remark 1)	Meet One of the Following Professional Qualification Requirements, Together with at Least 5 Years Work Experience			Independence Criteria(Remark 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Guo, Ming-Dong	-	-	YES				V	V	V	V	V	V	V	2
Tong, Zi-Xian	-	-	YES			V	V		V	V	V	V	V	-
Lu, Jing	-	-	YES				V	V	V	V	V	V	V	-
Su, Yan-Xue	-	-	YES	V	V	V	V	V	V	V	V	V		-
Wu, Xiang-Xiang	-	-	YES			V	V		V	V	V	V		-
Zheng, Zhong-Ren	YES	-	YES	V	V	V	V	V	V	V	V	V	V	1
Chen, Jin-Cai	YES	-	YES	V	V	V	V	V	V	V	V	V	V	1
Huang, Chun-Bao	-	-	YES	V	V	V	V	V	V	V	V	V	V	-
Wu, Hui-Huang	-	-	YES	V	V	V	V	V	V	V	V	V	V	-

Remark 1：The column will be adjusted as needed.

Remark 2：Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.

7. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(B)The general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the Company's divisions and branch units

As of March 29, 2016

Title	Nationality/ Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Title Nominee		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
CSO	R.O.C	Tong, Zi-Xian	2014.11.01	200,000	0.04%	–	–	–	–	Computer and Communication Engineering /Taipei Tech Chairman/PEGTRON Corp.	Page 8/Note 2	–	–	–
CEO	R.O.C	Guo, Ming-Dong	2000.09.11	1,169,795	0.26%	–	–	–	–	National Taipei Institute of Technology President/UNICAP ELECTRONICS	Page 8/Note 1	–	–	–
Assistant CEO	R.O.C	Lu, Jing	2000.09.11	1,141,607	0.26%	–	–	–	–	Master of Industrial Engineering/Univ. of Iowa Vice President/UNICAP Electronics	Page 8/Note 3	–	–	–
CTO	R.O.C	Zhang, Qian-Wei	2000.09.11	391,614	0.09%	–	–	–	–	Mechanics/National Central Univ. PCB Manager/MANZ Electronics	N/A	–	–	–
General Manager	R.O.C	Chen, He-Xu	2000.09.11	361,002	0.08%	–	–	–	–	Physics/Qinghua Univ Production Manger/Motorola	N/A	–	–	–
Senior Assistant GM	R.O.C	Huang, Geng-Fang	2005.08.01	314,875	0.07%	–	–	–	–	Ta Hwa Univ. of Science&Technology Senior Manager/MITAC Int'l Corp.	N/A	–	–	–
Senior Assistant GM	R.O.C	Yang, De-Sheng	2006.07.27	54,375	0.01%	–	–	–	–	M.B.A/NCCU Assistant VP/UNICAP Electronics	Chairman/ Qiao Yin Investment	–	–	–
Assistant GM	R.O.C	Lin, Zhi-Wei	2001.03.01	55,909	0.01%	–	–	–	–	Material Science & Enginnering/Qinghua Univ. QC Manager/AU Optronics Corp	N/A	–	–	–
Assistant GM	R.O.C	Huang, Sheng-Chuan	2015.02.01	–	–	–	–	–	–	Mechanical Engineering/Univ. of Cambridge Senior Manager/UNICAP Electronics	N/A	–	–	–
Finance Supervisor	R.O.C	Liu, Su-Zhen	2010.08.01	19,400	0.00%	–	–	–	–	M.B.A/National Central Univ. Junior Manager/EY Accounting Firm	N/A	–	–	–

(C)Remuneration paid during 2015 to directors, the general manager, and assistant general manager

Unit: NT$'000

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)(Rmk11)		Relevant Remuneration Received by Directors Who are Also Employees												Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)(Rmk11)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiar (Rmk12)
		Base Compensation (A) (Rmk.2)		Severance Pay (B)		Bonus to Directors (C)(Rmk.3)		Allowances(D)(Rmk.4)				Salary, Bonuses, and Allowances (E) (Rmk5)		Severance Pay (F) Profit		Profit Sharing- Employee Bonus (G) (Rmk6)				Exercisable Employee Stock Options (H) (Rmk7)		New Restricted Employee Shares (I) (Rmk13)				
		The Company	Companies in the consolidated financial statements (Rmk8)	The Company	Companies in the consolidated financial statements (Rmk8)	The Company	Companies in the consolidated financial statements (Rmk8)	The Company	Companies in the consolidated financial statements (Rmk8)	The Company	Companies in the consolidated financial statements (Rmk8)	The Company	Companies in the consolidated financial statements (Rmk8)	The Company	Companies in the consolidated financial statements (Rmk8)	The Company		Companies in the consolidated financial statements (Rmk8)		The Company	Companies in the consolidated financial statements (Rmk8)	The Company	Companies in the consolidated financial statements (Rmk8)	The Company	Companies in the consolidated financial statements (Rmk8)	
																Cash	Stock	Cash	Stock							
Chairman	Guo, Ming-Dong																									
Director	Tong, Zi-Xian																									
Director	Lu, Jing																									
Director	Hua Xu Investment Rep.: Su, Yan-Xue																									
Director	Hua Xu Investment Rep.:Wu, Xiang-Xiang	-	-	-	-	26,026	26,026	240	240	0.91%	0.91%	13,932	13,932	171	171	22,974	-	22,974	-	-	-	-	-	2.18%	2.18%	N/A
Director	Zheng, Zhong-Ren																									
Independent Director	Chen, Jin-Cai																									
Independent Director	Huang, Chun-Bao																									
Independent Director	Wu, Hui-Huang																									

Note:

1.Compensation to directors for 2015 had been approved in Board meeting on 2016/02/01 will be reported in shareolders' meeting. As of now, details of the proportion as propsed above hadn't been decided yet while it is estimated by the actual distribution rate in prior year.

2.The Severance Pay listed above is appropriated only. While, the actual payment was zero.

Range of Remuneration

<table>
<tr><th rowspan="3">Range of Remuneration</th><th colspan="4">Name of Directors</th></tr>
<tr><th colspan="2">Total of (A+B+C+D)</th><th colspan="2">Total of (A+B+C+D+E+F+G)</th></tr>
<tr><th>The company (Remark 9)</th><th>Companies in the consolidated financial statements (Remark10)</th><th>The company (Remark 9)</th><th>Companies in the consolidated financial statements (Remark10)</th></tr>
<tr><td>Under NT$ 2,000,000</td><td>Zheng, Zhong-Ren
Chen, Jin-Cai
Huang, Chun-Bao
Wu, Hui-Huang</td><td>Zheng, Zhong Ren
Chen, Jin-Cai
Huang, Chun Bao
Wu, Hui-Huang</td><td>Zheng, Zhong Ren
Chen, Jin-Cai
Huang, Chun Bao
Wu, Hui-Huang</td><td>Zheng, Zhong Ren
Chen, Jin-Cai
Huang, Chun Bao
Wu, Hui-Huang</td></tr>
<tr><td>NT$2,000,000 ~ NT$5,000,000</td><td>Hua Xu Investment
Rep.: Su, Yan-Xue
Hua Yu Investment
Rep.: Wu, Xiang-Xiang</td><td>Hua Xu Investment
Rep.: Su, Yan-Xue
Hua Yu Investment
Rep.: Wu, Xiang-Xiang</td><td>Hua Xu Investment
Rep.: Su, Yan-Xue
Hua Yu Investment
Rep.: Wu, Xiang-Xiang</td><td>Hua Xu Investment
Rep.: Su, Yan-Xue
Hua Yu Investment
Rep.: Wu, Xiang-Xiang</td></tr>
<tr><td>NT$5,000,000 ~ NT$10,000,000</td><td>Guo, Ming-Dong
Tong, Zi-Xian
Lu, Jing</td><td>Guo, Ming-Dong
Tong, Zi-Xian
Lu, Jing</td><td>—</td><td>—</td></tr>
<tr><td>NT$10,000,000 ~ NT$15,000,000</td><td>—</td><td>—</td><td>Guo, Ming-Dong
Tong, Zi-Xian
Lu, Jing</td><td>Guo, Ming-Dong
Tong, Zi-Xian
Lu, Jing</td></tr>
<tr><td>NT$15,000,000 ~ NT$30,000,000</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>NT$30,000,000~ NT$50,000,000</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>NT$50,000,000 ~ NT$100,000,000</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Over NT$100,000,000</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Total</td><td>9</td><td>9</td><td>9</td><td>9</td></tr>
</table>

Remark:

1.Board directos should be disclosed seperately(Corporation-stockholder and Representative should be marked)，and the payment should be displayed in a consolidated amount. The board directors who also act as Chairman or GM should fill in the following Form (3-1) or (3-2).

2.Refers to the latest pay which includes basic base compensatio, professional allowance, severance pay, and the other bonuses.

3.Bonus to Directors had approved in board meeting before shareholder meeting.

4.Refers to the consolidated allowances which include honorarium, special disbursement, and the other allowances. The allowances which include housing, cars, and the other vehicles should be listed the nature and the cost of asset on actual or market value. If accompanied with drivers, plese remarktheir payment excluded from personal payment.

5.Refers to the consolidated remuneration received by directors who are also employees which include honorarium, special disbursement, and the other allowances. The allowances which include housing, cars, and the other vehicles should be listed the nature and the cost of asset on actual or market value. If accompanied with drivers, plese remarktheir payment excluded from personal payment.

6.Refers to the consolidated remuneration received by directors who are also employees (GM, assistant GM, and the other managers) which include stock bonus and cash bonus should be listed the approved number in board meeting before shareholder meeting. If unable to forecast, take reference to the last year, and fill in the Form 1-3

7.Refers to the directors who are also employees (GM, assistant GM, and the other managers) who had exercised employee stock option certificate (enexercised excluded) up to date should fill in this form and Form 15.

8.Disposed the consolidated payment of our company and all the other companies in this report.

9.The payment to all the board directors by our company would be disclosed.in the form of range of remuneration.

10.The consolidated payment to all the board directors by our company and the other companies would be listed in the form of range of remuneration.

11.The after-tax net profit refers to the one happened in personal or individual finacial statement in the latest year.

12.a. This column should dispose the remuneration to the board directors from our affliates and the other investments.

b. The remuneration to the board directors from our affliates and the other investments should be includedin the column J and defined as other investment.

c. The remuneration received by directors refers to the one paid by other investment other than the Company's Subsidiary in the positions of the board director, supervisor, or manager which include honorarium、special disbursement、and the other allowances.

13.Refers to the directors who are also employees (GM, assistant GM, and the other managers) who had exercised restricted employee stock option should fill in Form15-1 and this form.

Remuneration of the general manager and assistant general managers

Unit: NT$'000

Title	Name	Base Compensation (A) (Rmk.2)		Severance Pay (B)		Bonus and Special Allowance (Rmk.3)		Disposition of Net Earning(D) (Rmk.4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)(Rmk9)		Employee stock option exercised (Rmk.5)		Restricted Employee stock option (Rmk11)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary (Rmk.10)
		The Company	Companies in the consolidated financial statements (Rmk6)	The Company	Companies in the consolidated financial statements (Rmk6)	The Company	Companies in the consolidated financial statements (Rmk6)	The Company		Companies in the consolidated financial statements (Rmk6)		The Company	Companies in the consolidated financial statements (Rmk6)	The Company	Companies in the consolidated financial statements (Rmk6)	The Company	Companies in the consolidated financial statements (Rmk6)	
								Cash	Stock	Cash	Stock							
CSO	Tong, Zi-Xian	29,750	29,750	819	819	20,458	20,458	49,859	-	49,859	-	3.47%	3.47%	-	-	-	-	N/A
CEO	Guo, Ming-Dong																	
Assistant CEO	Lu, Jing																	
CTO	Zhang, Qian-Wei																	
General Manager	Chen, He-Xu																	
Senior Assistant GM	Huang, Geng-Fang																	
Senior Assistant GM	Yang, De-Sheng																	
Assistant GM	Lin, Zhi-Wei																	
Assistant GM	Huang,Sheng-Chuan																	

*It is required to be disclosed for a position equivalent to the General Manager, Assistant General Manager (example: President, CEO, Exective supervior, etc.)

Note:

1. The erning distribution in 2015 had been agreed in Board meeting held on Feb. 1, 2016 and will be proposed to stochholder meeting for final approval. As of the date, details of the remuneration proportion as propsed above had not been decided yet.
2. The retirement pay listed above is based on an accrual only while the actual payment was zero.

Range of Remuneration

Range of Remuneration	Name of the general manager and assistant general managers	
	The company (Rmk 7)	Companies in the consolidated financial statements (Rmk 8)
Under NT$2,000,000	-	-
NT$2,000,000 ~ NT$5,000,000	-	-
NT$5,000,000 ~ NT$10,000,000	Tong, Zi-Xian Huang, Geng-Fang Yang, De-Sheng Lin, Zhi-Wei Huang, Sheng-Chuan	Tong, Zi-Xian Huang, Geng-Fang Yang, De-Sheng Lin, Zhi-Wei Huang, Sheng-Chuan
NT$10,000,000 ~ NT$15,000,000	Guo, Ming-Dong Lu, Jing Zhang, Qian-Wei Chen, He-Xu	Guo, Ming-Dong Lu, Jing Zhang, Qian-Wei Chen, He-Xu
NT$15,000,000 ~ NT$30,000,000	-	-
NT$30,000,000 ~ NT$50,000,000	-	-
NT$50,000,000 ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	9	9

Remark:

1.GM, assistant GM should be disclosed separately, and the payment should be displayed in a consolidation. The board directors who also act as Chairman or GM should fill in this form and the following Form (1-1) or (1-2).

2.Refers to the latest pay of the GM, assistant GM which include basic base compensatio, professional allowance, and severance pay.

3.Refers to the consolidated allowances of the GM, assistant GM which include honorarium, special disbursement, and the other allowances. The allowances which include housing, cars, and the other vehicles should be listed the nature and the cost of asset on actual or market value. If accompanied with drivers, plese remarktheir payment excluded from personal payment.

4.Refers to the consolidated remuneration received by the GM, assistant GM who are which include stock bonus and cash bonus should be disposed the approved number in board meeting before shareholder meeting. If unable to forecast, take reference to the last year, and fill in the Form 1-3. The after-tax net profit refers to the one happened in personal or individual finacial statement in the latest year.

5.Refers to the the GM, assistant GM who had exercised employee stock option should fill in this form and Form15-1.
6.Disposed the consolidated payment of our company and all the other companies in this report.
7.The payment to all the GM, assistant GM by our company would be disclosed.in the form of range of remuneration.
8.The payment to all the GM, assistant GM by our company and the other companies should be disclosed.in the form of range of remuneration.
9.The after-tax net profit refers to the one happened in personal or individual finacial statement in the latest year.
10.a. This column should dispose the remuneration to the GM, assistant GM from our affliates and the other investments.
b. The remuneration to the GM, assistant GM from our affliates and the other investments should be included in column and defined as other investment.
c. The remuneration received by GM, assistant GM from our subsidiaries and the other investments other than the Company's in the positions of the board director, supervisor, or manager which include honorarium, special disbursement, and the other allowances.
11.Refers to the directors who are also employees (GM, assistant GM, and the other managers) who had exercised restricted employee stock option should fill in Form15-1 and this form.

*The forms here are for the purpose of information disposal, not applicable for taxation if conflicts aroused with law.

The name of each individual and the corresponding remuneration amount

Unit: NT$'000

	Title	Name	Stock Bonus	Cash Bonus	Total	% of Net income (%)
Managers	CSO	Tong, Zi-Xian	-	49,859	49,859	1.72%
	CEO	Guo, Ming-Dong				
	Assistant CEO	Lu, Jing				
	CTO	Zhang, Qian-Wei				
	General Manager	Chen, He-Xu				
	Senior Assistant GM	Huang, Geng-Fang				
	Senior Assistant GM	Yang, De-Sheng				
	Assistant GM	Lin, Zhi-Wei				
	Assistant GM	Huang, Sheng-Chuan				

Note:Compensation to employees for 2015 had been approved in Board meeting on 2016/02/01 and will be reported in shareolders' meeting. As of now, details of the proportion as propsed above hadn't been decided yet while it is estimated by the actual distribution rate in prior year.

Remark:

1.Names and titles should be disclosed individually and the erning distribution may be disclosed in consolidation.

2.The erning distribution for the managers approved in board meeting which include stock bonus and cash bonus will be estimated by the numbers given last year. The after-tax net profit refers to the one happened in personal or individual finacial statement in the latest year.

3.Scope of application of the Manager is regualted by TWSE file No.0920001301 on March 27, 2003 and defined as：(1) President and equivalent rank (2) Vice President and equivalent rank (3) Junior President and equivalent rank (4) Financial Supervisor(5)Accounting Supervirsor(6) Other signed for management services and the rights of man.

4.Board directors, GM and assistant GM who receive employee bonuses (including stock dividends and cash bonus) should fill in this form and Form1-2.

(D) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

a. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Unit: NT$'000

Year / Title	2015		2014	
	Total remuneration	Total remuneration to net income (%)	Total remuneration	Total remuneration to net income (%)
Director	26,266	0.90%	32,796	0.91%
GM and Assistant GM	100,886	3.47%	91,246	2.52%

Note: Compensation to employees for 2015 had been approved in Board meeting on 2016/02/01 and will be reported in shareolders' meeting. As of now, details of the proportion as propsed above hadn't been decided yet while it is estimated by the actual distribution rate in prior year.

b. The ratios of remuneration paid to directors, presidents and vice presidents of the Company in the last two years, and the percentage to net income, in 2014 and 2015. The policy, standards, and portfolios for the payment of remuneration have been complied with the Company's Article of Incorporation. The compensation to management employees is measured based on the employees' personal achievements, contribution made to the business operation, and the market averages. The compensations to directors and management employees have been reviewed by the Company's Compensation Committee, proposed to the Board of Directors and to be approved in annual stockholders' meeting.

(3)The state of the Company's implementation of corporate governance

(A)The state of operations of the board of directors

A total of 6 (A) meetings of the Board of Directors were held in 2015. The attendance of directors was as follows:

Title	Name (Remark 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】(Remark 2)	Note
Chairman	Guo, Ming-Dong	6	0	100%	
Director	Tong, Zi-Xian	6	0	100%	
Director	Lu, Jing	5	1	83%	
Director	Hua Xu Investment Rep.:Su, Yan-Xue	5	1	83%	
Director	Hua Yu Investment Rep.:Wu, Xiang-Xiang	6	0	100%	
Director	Zhang, Qian-Wei	6	0	100%	
Independent director	Chen, Jin-Cai	6	0	100%	
Independent director	Huang, Chun-Bao	5	1	83%	
Independent director	Wu, Hui-Huang	6	0	100%	

Other mentionable items:

1. If there are circumstances referred to in Article 14-3 of the Securities and Exchange Act and resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: None
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.

Remark:

1.Director or supervisor, who is an institutional shareholder and its representative, should be revealed of the names.

2.(1)Supervisors resigning prior to the end of the year should be indicated in the notes column the date of resign. The actual attendance rate (%) is calculated based on the accumulation of attendance in Board meeting divided by the times of board meeting before his/her resigning.

(2)For any re-election of director/supervior, the old and the new one should be revealed with remarks and the actual attendance rate (%) based on the accumulation of attendance in board meeting divided by the times of board meeting after his/her election.

(B)The state of operations of the audit committee

A total of 5 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】(Remark)	Note
Independent director	Chen, Jin-Cai	5	0	100%	
Independent director	Huang, Chun-Bao	4	1	80%	
Independent director	Wu, Hui-Huang	5	0	100%	
Other mentionable items: 1. If there are the circumstances referred to in Article 14-5 of the Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified: None 2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: NA 3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.) The independent directors periodically obtained reports from the chief internal auditors and CPAs.					

Remark:

1.Independent Director resigning before the end of the year should be indicated in the notes column date of release. The actual attendance rate (%) is calculated based on the accumulation of attendance in board meeting divided by the times of board meeting before his/her resigning.

2.For any re-election of independent director, the old and the new one should be revealed with remarks and the actual attendance rate (%) based on the accumulation of attendance in board meeting divided by the times of board meeting after his/her election.

(C)The state of the company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such departure

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	Yes		"Code of practice for corporate governance" has been exposed on the company Web site and public observatories.	No obvious deviation
2.Shareholding structure & shareholders' rights				
(1)Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	Yes		(1)Spokesman system has been established according to regulations and the will handle related issues.	No obvious deviation
(2)Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	Yes		(2)The board directors and the shareholders who hold more than 10%-owned holdings will be declared in accordance with the provisions of Declaration of Directors.	No obvious deviation
(3)Does the company establish and execute the risk management and firewall system within its conglomerate structure?	Yes		(3)According to the company "internal control system", "internal audit system" and other related laws and regulations.	No obvious deviation
(4)Does the company establish internal rules against insiders trading with undisclosed information?	Yes		(4)According to the company "for possible insider trading, operating procedures", "code of conduct" and other related laws and regulations.	No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
3.Composition and Responsibilities of the Board of Directors				
(1)Does the Board develop and implement a diversified policy for the composition of its members?	Yes		(1)Member diversification is considered by the Board members.	(1)No obvious deviation
(2)Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	Yes		(2)Functional commissions will be created in order to meet the neeed of operating situation of the company and other various.	(2)Will actively assessing the need of Functional commissions.
(3)Does the company establish a standard to measure the performance of the Board, and implement it annually?		No	(3)Will actively assessing relevant stipulations.	(3)Will actively assessing relevant stipulations.
(4)Does the company regularly evaluate the independence of CPAs?	Yes		(4)Board in assessing the independence of accountants and by appointment on 2015.12.31.	(4)No obvious deviation
4.Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?		No	Spokesman system has been established according to regulations and the will handle related issues.Aggresively assess to establish zones of the interested on website.	Aggresively assess to establish zones of the interested on website.
5.Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	Yes		Companies entrust KGI stock agency to handle the relevant Affairs of the Department.	No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
6.Information Disclosure				
(1)Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	Yes		(1)The Company has set up a Chinese/English website to disclose information regarding the Company's financials, business and corporate governance status.	(1)No obvious deviation
(2)Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	Yes		(2)Spokesman system has been established.	(2)No obvious deviation
7.Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	Yes		(1)The company in accordance with the relevant statutes provide personnel regulations to protect employees' rights. (2)Spokesman system and company website have been established to keep good relationship witht the interests. (3)Directors decree training are held as regulated. (4)Company crisis management policy、crisis measurement standard and relevant customer policy have been stipulated and put inot practice. (5)Company directors have been appropriated	No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			liability insurance.	
8.Has the company implemented a self-evaluation report on corporate governance or has it authorized any other professional organization to conduct such evaluation? If so, please describe the opinion from the Board, the result of self or authorized evaluation, the major deficiencies, suggestions, or improvements.		No	Will aggressively do self-evaluation or entrust professional institution to deliver the report on relevant issues.	Will aggressively do self-evaluation or entrust professional institution to deliver the report on relevant issues.

(D)If the company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed

a.Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Remark 1)	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience (Remark 1)			Independence Criteria (Remark 2)								Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Note (Remark 3)
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8		
Independent Director	Chen, Jin-Cai	Yes	-	Yes	V	V	V	V	V	V	V	V	0	N/A
Independent Director	Huang, Chun-Bao	-	-	Yes	V	V	V	V	V	V	V	V	0	N/A
Independent Director	Wu, Hui-Huang	-	-	Yes	V	V	V	V	V	V	V	V	1	N/A

Remark:

1.Please fill columns for directors, independent directors, respectively, or others.

2.Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

(1)Not an employee of the Company or any of its affiliates.

(2)Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

(3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.

(4)Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs.

(5)Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.

(6)Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company.

(7)Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.

(8) Not a person of any conditions defined in Article 30 of the Company Law.

3.If the title is director, please state if it meets Securities dealer business premises on the provisions of article 6-5

b. Attendance of Members at Remuneration Committee Meetings

(a)There are 3 members in the Remuneration Committee.

(b)Current member tenure: 2015/06/11-2018/06/10. A total of 3 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Note
Convener	Chen, Jin-Cai	3	0	100%	
Committee Member	Huang, Chun-Bao	2	1	67%	
Committee Member	Wu, Hui-Huang	3	0	100%	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): N/A
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Remark:

1.Remuneration committee member resign before the end of the year should be indicated in the notes column date of release, the actual attendance rate (%) based on the accumulation of attendance in board meeting.

2.If any Remuneration committee member re-election, the old and the new one should be revealed with remarks and the actual attendance rate (%) based on the accumulation of attendance in board meeting in the column.

(E)The state of the Company's performance of corporate social responsibilities

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Corporate Governance Implementation				
(1)Does the company declare its corporate social responsibility policy and examine the results of the implementation?	Yes		(1)We have established the Corporate Social and Environmental Responsibility Regulation and examine regularly.	(1)No obvious deviation
(2)Does the company provide educational training on corporate social responsibility on a regular basis?	Yes		(2)Holding on-the-job training and Environmental Safety training regularly.	(2)No obvious deviation
(3)Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?		No	(3)The charity activity is exercised by administration department, which include donation to the metropolitan Association of Police Friends, Firefighter Volunteer and other minority groups.	(3)Not submitting to the Board yet
(4)Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	Yes		(4)Company regularly conducts employee education and training for enhancing corporate ethics. According to the assessment results, reward or punishment will be given along with for inspire growth altogether.	(4)No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
2.Sustainable Environment Development				
(1)Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	Yes		(1)Companies are implementing garbage classification and recycling to reducing environmental impact.	(1)No obvious deviation
(2)Does the company establish proper environmental management systems based on the characteristics of their industries?	Yes		(2)Establishing industrial characteristics of waste water and air pollution prevention and control regulations and exercise by environmental safety management Department.	(2)No obvious deviation
(3)Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?	Yes		(3)Implementing Paperless offices, advocating for energy saving in air conditioning in summer and turning off the lights. Checking greenhouse gas emissions on a regular basis, and obtaining the ISO 14064 certification. Expanding the water resource recycle system to enhance recycle rate to 30%.	(3)No obvious deviation
3.Preserving Public Welfare				
(1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	Yes		(1)The company shall submit work rules to the LabourBureau for approval,and hold Labour Conference based on 「Measures for the implementation of the」 quarterly and submit the report to Labor Bureau for approval.	(1)No obvious deviation
(2)Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	Yes		(2)HR suggestion boxes are available for suggestions to the company.	(2)No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(3)Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	Yes		(3)In compliance with ISO14001 and OHSAS18001 international standards. Safety management plan is developed yearly, and carried out through meetings for self-inspection and occupational safety and health education training.	(3)No obvious deviation
(4)Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	Yes		(4)HR suggestion boxes are available for suggestions to the company. Significant impacts on the company's operation will be issued in public timely.	(4)No obvious deviation
(5)Does the company provide its employees with career development and training sessions?	Yes		(5)Company regularly conducts employee education and training to enhance staff career development.	(5)No obvious deviation
(6)Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	Yes		(6)Company does not supply products or service directly to consumers. The operational staff will be responsible for follow-up services. Company products are clearly labeled.	(6)No obvious deviation
(7)Does the company advertise and label its goods and services according to relevant regulations and international standards?	Yes		(7)Yes.	(7)No obvious deviation
(8)Does the company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?	Yes		(8)Adopting EICC Enterprise Scial Responsibility System and implementing Green thinking through purchase capacity. Prohibiting polluted materials expanding purchase environment to protect products, prohibiting use of materials from conflicting regions. Requesting the	(8)No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			suppliers to furnishing RoHS testing reports and the garranty for products not to contain REACH SVHC. The Company includes conflict-free-minerals in supplier management system to exclude the materials production nations and respects EICC ethic standards and accepting the audit from its delegated parties. Complete evaluations are completely appropriated before collaborating with suppliers.	
(9)Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	Yes		(9)Contracts are not stipulated to terminate or cancel at any time	(9)It's not stipulated that the contract can be suspended or terminated at ny time.
4. Enhancing Information Disclosure (1)Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	Yes		(1)The corporate social responsibilities(CSR) are revealed on its website and the Market Observation Post System (MOPS)	(1)No obvious deviation
5. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation:No obvious deviation				
6. Other important information to facilitate better understanding of the company's corporate social responsibility practices:None				
7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: None				

(F)The state of the company's performance in the area of good faith management and the adoption of related measures

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1.Establishment of ethical corporate management policies and programs				
(1)Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	Yes		(1) The "Code of conduct for Integrity" approved at board meeting are revealed on its website and the Market Observation Post System (MOPS)	(1)No obvious deviation
(2)Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	Yes		(2)The "Code of conduct for Integrity" prohibits any dishonest behavior and prevention programmes.	(2)No obvious deviation
(3)Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	Yes		(3)The "Code of conduct for Integrity" stipulates the scope in the prohibition of any dishonest behavior and prevention programmes.	(3)No obvious deviation
2.Fulfill operations integrity policy				
(1)Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	Yes		(1)The company evaluates business partners' ethical records and include ethics-related clauses in business contracts	(1)No obvious deviation
(2)Does the company establish an exclusively (or	Yes		(2)HR should implement credit management, and	(2)No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?			exercises investigation when receiving any of the acts referred to questioned, prosecutors to the company. And the result will be published, if necessary, through legal channels to seek solutions.	
(3)Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	Yes		(3)The"Code of Conduct for Integrity" is made as the business standard for the employees, contractors, suppliers, and business partners	(3)No obvious deviation
(4)Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	Yes		(4)Sound corporate accounting and internal control system, and audit plan is made and exercised by, internal auditors every year.	(4)No obvious deviation
(5)Does the company regularly hold internal and external educational trainings on operational integrity?	Yes		(5)Company regularly conducts employee education and training, including for businee ethical business courses.	(5)No obvious deviation
3.Operation of the integrity channel				
(1)Does the company establish both a reward or punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	Yes		(1)"Employee reporting and complaint handling procedures" is made for the protection of supplier and employee reporting and complaint rights.	(1)No obvious deviation
(2)Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	Yes		(2)"Employee reporting and complaint handling procedures" is clearly stipulated the relevant procedure and confidentiality.	(2)No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3)Does the company provide proper whistleblower protection?	Yes		(3)"Employee reporting and complaint handling procedures" render protection to the petitioner from any possible revenge.	(3)No obvious deviation
4.Strengthening information disclosure (1)Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	Yes		(1)The"Code of Conduct for Integrity" has been revealed on corporate website. (http://www.kinsus.com.tw)	(1)No obvious deviation
5.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.:None				
6.Other important information to facilitate a better understanding of the company's ethical corporate management policies: None				

(G)If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.

Please refer to the Company’s website at http://www.kinsus.com.tw.

(H)Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance:None

(I)The state of implementation of the company's internal control system

a.For a Statement on Internal Control: Please refer to page 47 of the Statement of internal control.

b.A CPA has been hired to carry out a special audit of the internal control system: None

(J)For the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None

(K)Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

a.Material resolutions of 2015 shareholders meeting (at June 11, 2015)

Item	Date	Major resolutions
Shareholders’ meeting	June 11, 2015	A. Approval of the 2014 business report and financial statements: Attending votes: 314,635,846 Favorable votes: 276,074,327 Unfavorable votes: 0 Abstention votes: 38,561,519 B. Approval of the distribution of 2014 retained earnings: (see Table 1 below) Attending votes: 314,635,846 Favorable votes: 276,545,327 Unfavorable votes: 0 Abstention votes: 38,090,519 Election of directors. (See Table 2 below.)

		C. Release new directors from prohibition of certain competitive oprations. Attending votes: 314,635,846 Favorable votes: 221,133,409 Unfavorable votes: 53,685,492 Ineffective votes: 0 Abstention votes: 39,816,945

Table 1

Kinsus Interconnect Technology Corporation

2014 Eranings Distribution Table

Unit: NT$

Item	Total
Beginning retained earnings	$10,397,560,506
Add: Other comprehensive income and loss - the impact of the actuarial gains and losses of benefits	15,709,446
Add: Net profit after tax	3,617,326,677
Distritable earnings	14,030,596,629
Less: 10% Legal reserve	(361,732,668)
Shareholder cash dividend (NT$4/share)	(1,784,000,000)
Subtotal:	(2,145,732,668)
Ending unappropriated retained earnings	$11,884,863,961
Employee compensation	$545,679,473
Compensation to directors	$32,555,940

Table 2

New Directors Elected

Title	Shareholder number	Name	Favorable Votes
Director	86726	Tung, Tzu-Hsien	248,798,745
Director	9	Guo, Ming-Dong	247,713,051
Director	11	Lu, Jing	247,589,856
Director	3	Hua Xu Investment Co., Ltd. (Representative: Su, Yan-Xue)	194,959,048
Director	1	Hua Yu Investment Co., Ltd. (Representative: Wu, Xiang-Xiang)	194,835,853
Director	J10051****	Cheng, Chung-Jen	193,750,159
Independent Director	F10100****	Chen, Jin-Cai	189,502,500
Independent	K12110****	Huang, Chun-Bao	188,800,500

Director			
Independent Director	P10001****	Wu, Hui-Huang	188,800,500

Note: The term of new directors is from June 11, 2015 to June 10, 2018.

b.Material resolutions of a board of directors meeting

Date of board meeting	Major resolutions
2015/02/09	1. 2014 Business report, financial report, and concoilidated financial report 2. 2014 Earning Distribution 3. Delegation of new manager 4. 2014 representation letter for effectiveness on internal control structure 5. Election for all directors 6. Nomination of independent director candidates 7. Release directors to be from prohibition in competing operations 8. The 2015 annual shareholders' meeting convened and related matters
2015/04/27	1. Review the qualification of independent directors 2. Amend "Code of Conduct " 3. Amend " Integrity on Business Practice " 4. Amend " Practical Guidance for Corporate Governance " 5. Amend " Practical Guidance for Enterprise Social Responsibility " 6. Amend " Application and Guidance for Doing Business with Integrity "
2015/06/11	1. Election of chairman 2. Delegation of Compensation Committee
2015/07/27	1. Determine the measurement date for 2014 distribution of dividend 2. Distribution of 2014 compensation to directors 3. Propose the 2015 adjustment on managers'compensations 4. Determine the amounts of employee compensation for managers 5. Resolve the addition and continuance of bank facility 6. Approve the endorsement for KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP. 7. Acquisition of real estate 8. Approval for the second re-purchase of treasury stock for transferring to emloyees
2015/10/26	1. Admission for acquiring real estate 2. Approve the acquisition of real estate 3. Approve the endorsement for KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP. 4. Amend the rule to re-purchase treasury stock for transfer to employees for

	the second round 5. Approve the 2016 internal audit plan
2015/12/28	1. Amend the Article of Incorporation 2. Approve the 2016 business plan and budget 3. Assess auditors' independency, approve the engagement of auditors and the audit fee 4. Enact the Company's "Application Rule for suspending and recovery of stock transctions" 5. Amend the Internal control structure 6. Determine the amounts and distribution of 2015 managers' year-end bonus 7. Approve the self-assessment of "The capacity to Independently prepare the Company's financial statements" 8. Authorizing to re-organize the Company's investees
2016/02/01	1. Approve 2015 compemsation to employee and directors 2. 2015 Business report, financial report, and concoilidated financial report 3. 2015 earnings distribution 4. 2015 representation letter for effectiveness on internal control structure 5. The 2016 annual shareholders' meeting convened and related matters

(L)Where, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None

(M)A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer: None

(4)Information on CPA professional fees

Name of Accounting Firm	Name of CPA	Audit Period	Note
Ernst & Young	Huang, Yi-Hui Zhang, Zhi-Ming	2015	

Range	Category	Audit Fee	Non- Audit Fee	Total
1	Less than $2,000 thousand		V	
2	$2,000 thousand (inclusive) - $4,000 thousand			
3	$4,000 thousand (inclusive) - $6,000 thousand	V		V
4	$6,000 thousand (inclusive) - $8,000 thousand			
5	$8,000 thousand (inclusive) - $10,000 thousand			
6	$10,000 thousand and more			

(A)The amount of non-audit fees paid to the CPAs, their firm, and its affiliated enterprises accounting for at least one-fourth of the amount of audit fees: None

(B) Change of the accounting firm with a decrease in the audit fees paid in the year of change compared to the year before the change: None

(C) The audit fees reduced by 15% or more compared to the previous year: None

(5)Information on replacement of certified public accountant: None

(6)Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held: None

(7)Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

(A)Changes in equity due to transfer and pledge by directors, supervisors, officers, and greater-than-10-percent shareholders

a. Changes in shareholdings of Directors, Officers, and Major Shareholders

Unit:Shares

Title	Name	2015		As of March 29, 2016	
		Increase (Decrease) in # of Shares Held	Increase (Decrease) in # of Shares Pledged	Increase (Decrease) in # of Shares Held	Increase (Decrease) in # of Shares Pledged
Chairman & CEO	Guo, Ming-Dong	-10,000	–	–	–
Director & CSO	Tung, Tzu-Hsien	–	–	–	–
Director & Assistant CEO	Lu, Jing	-10,000	–	–	–
Director (major shareholder)	Hua Xu Investment Co., Ltd. Corporate, rep: Su, Yan-Xue	–	–	–	–
	Su, Yan-Xue	–	–	–	–
Director (major shareholder)	Hua Yu Investment Co., Ltd. Corporate, rep.: Wu, Xiang-Xiang	–	–	–	–
	Wu, Xiang-Xiang	–	–	–	–
Director	Cheng, Chung-Jen	–	–	–	–
Independent Director	Huang, Chun-Bao	–	–	–	–
Independent Director	Chen, Jin-Cai	–	–	–	–
Independent Director	Wu, Hui-Huang	–	–	–	–
Major Shareholder	Hua Wei Investment Co., Ltd.	–	–	–	–
Technical Director	Chang, Chien-Wei	–	–	–	–
General manager	Chen, He-Xu	–	–	–	–
Senior assistant GM	Huang, Geng-Fang	–	–	–	–
Senior assistant GM	Yang, De-Sheng	–	–	–	–
Assistant GM	Lin, Zhi-Wei	-10,000	–	–	–
Assistant GM	Huang, Sheng-Chuan	Promoted in 2015		–	–
Chief FIN/ACC manager	Liu, Su-Zhen	–	–	–	–

(B)Where the counterparty in any transfer or pledge of equity is a related party, disclose the counterparty's name, its relationship with the Company as well as the Company's directors, supervisors, and greater-than-10-percent shareholders, and the number of shares acquired or pledged: None

(8)Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Name	Shares Held		Shares Held by Spouse or Minor Children		Total Shares Held in the Name of Others		Title or Name of Its Related Party, Spouse, or Relative Within the Second Degree of Kinship That Is Among Ten Largest Shareholders and Their Relationship		Note
	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage	Title (or Name)	Relationship	
Hua Wei Investment Co., Ltd.	60,128,417	13.48%	-	-	-	-	Hua Xu Investment Co., Ltd., Hua Yu Investment Co., Ltd.	All are 100% owned by Pegatron Corp.	-
Hua Xu Investment Co., Ltd. (Representative:Su, Yan-Xue)	58,233,091	13.06%	-	-	-	-	Hua Wei Investment Co., Ltd., Hua Yu Investment Co., Ltd.	All are 100% owned by Pegatron Corp.	-
Su, Yan-Xue	-	-	-	-	-	-	-	-	-
Hua Yu Investment Co., Ltd. (Representative:Wu, Xiang-Xiang)	55,556,221	12.46%	-	-	-	-	Hua Wei Investment Co., Ltd., Hua Xu Investment Co., Ltd.	All are 100% owned by Pegatron Corp.	-
Wu, Xiang-Xiang	-	-	-	-	-	-	-	-	-
Nan Shan Life Insurance Company Ltd.	15,670,000	3.51%	-	-	-	-	-	-	-

Cathay Life Insurance Co., Ltd.	5,436,000	1.22%	-	-	-	-	-	-	-	-
Fubon Life Assurance Co., Ltd.	8,395,000	1.88%	-	-	-	-	-	-	-	-
Chunghwa Post	5,333,000	1.20%	-	-	-	-	-	-	-	-
Investment account at the central bank of Saudi Arabia entrusted to JPMorgan Chase	5,580,000	1.25%	-	-	-	-	-	-	-	-
Investment account at the Mistubishi UFJ Maorgan Stanley security entrusted to HSBC	5,421,000	1.22%	-	-	-	-	-	-	-	-
Labor Pension Fund (New Scheme)	5,315,000	1.19%	-	-	-	-	-	-	-	-

(9)The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the Company

Consolidated Shareholding Percentage

Measurement date: Dec. 31, 2015; Unit: Shares; %

Invested Enterprise	Investment by the Company		Investment by Directors, Supervisors, Officers, and Directly or Indirectly Controlled Companies		Consolidated Investment	
	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage
KINSUS CORP.(USA)	500,000	100%	—	—	500,000	100%
KINSUS HOLDING (SAMOA) LIMITED	166,308,720	100%	—	—	166,308,720	100%
KINSUS HOLDING (CAYMAN) LIMITED	—	—	72,000,000	100%	72,000,000	100%
KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP.	—	—	—	100%	—	100%
PEGAVISION INVESTMENT CO., LTD.	39,800,000	100%	—	—	39,800,000	100%
PEGAVISION CORP.	—	—	37,219,339	62.03%	37,219,339	62.03%
PIOTEK HOLDINGS LTD.(CAYMAN)	—	—	187,755,000	100%	187,755,000	100%
PIOTEK HOLDING LTD.	—	—	139,840,790	100%	139,840,790	100%

PIOTEK (H.K.) TRADING LIMITED.	—	—	200,000	100%	200,000	100%
PIOTEK COMPUTER (SUZHOU) CO. LTD.	—	—	—	100%	—	100%
PEGAVISION HOLDINGS CORPORATION	—	—	2,130,000	100%	2,130,000	100%
PEGAVISION (SHANGHAI) LIMITED	—	—	—	100%	—	100%
XIANG SHUO TRADING (SUZHOU) LIMITED	—	—	—	100%	—	100%
PEGAVISION JAPAN INC.		—	198	100%	198	100%

Note:The number of shares held by PEGAVISION and its shareholding percentage are based on the information as of April 16, 2016, the base date of share transfer suspension before the meeting of the company's shareholders.

Kinsus Interconnect Technology Corp.
Statement on Internal Control Systems

Date: February 1st, 2016

Based on the results of self-inspection of the Company's internal control system in 2015, the Company hereby states the following:

(1)The Company is fully aware that establishing, implementing, and maintaining an internal control system are the responsibilities of its board of directors and officers. The Company has established such a system to provide reasonable assurance regarding the achievement of such objectives as effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.

(2)There are inherent limitations to every internal control system. An effective internal control system can only provide reasonable assurance regarding the achievement of the aforesaid three objectives in spite of how well-designed it is. Moreover, the effectiveness of an internal control system may vary with changes in environments or circumstances. Nevertheless, the internal control system of the Company comes with a self-supervision mechanism. The Company will take corrective actions immediately after a deficiency is identified.

(3)The Company determines whether the design and implementation of its internal control system are effective according to the criteria for effectiveness of internal control systems as prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "the Regulations"). The internal control system criteria adopted in the Regulations divide an internal control system into five constituent elements based on the management and control processes: a. control environment; b. risk assessment; c. control activities; d. information and communications; and e. monitoring. Each constituent element also comprises several items. See the Regulations for the above-mentioned items.

(4)The Company has adopted the aforesaid internal control system criteria to inspect the effectiveness of the design and implementation of its internal control system.

(5)According to the results of the inspection mentioned above, the Company believes that its internal control system (the supervision and management of its subsidiaries are included) as of December 31, 2015, including the design and implementation of the internal control system regarding the perceived level of achievement of the objectives of operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, is effective, and that it can reasonably assure the achievement of the aforesaid objectives.

(6)This statement will become an essential part of the Company’s annual report and prospectus and be disclosed to the public. If the Company is found to make a false statement, conceal information, or violate regulations regarding the disclosed content, it will be subject to the legal liabilities of Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

(7)This statement was adopted by the board of directors of the Company on February 1, 2016. None of the nine attending directors objected to this statement as all of them approved the content of this statement. Thus, a pronouncement is made herein.

Kinsus Interconnect Technology Corp.

The Chairman: Guo, Ming-Dong

The General Manager: Chen, He-Xu

4. Information on Capital Raising Activities

(1) Capital and Shares

(A)Sources of Capital Stock

a. Types of Shares

As of March 29, 2016; Unit: Shares

Type of Shares	Authorized Capital Stock			Remark
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered common stock	446,000,000	104,000,000	550,000,000	Note

Note: The Company went public on November 1, 2004. The shares outstanding are shares of the listed stocks.

b. Formation of Capital Stock

As of March 29, 2016

Month & Year	Issue Price ($)	Authorized Capital Stock		Paid-Up Capital Stock		Note		
		# of Shares (Thousand Shares)	Amount (Thousand Dollars)	# of Shares (Thousand Shares)	Amount (Thousand Dollars)	Source of Capital Stock	Offsetting Payment of Shares with Properties Other Than Cash	Others
September, 2000	10	250,000	2,500,000	120,000	1,200,000	Startup capital 1,200,000	None	—
December, 2000	10	250,000	2,500,000	130,000	1,300,000	Cash capital increase 100,000	None	Note 1
April, 2001	10	250,000	2,500,000	190,000	1,900,000	Cash capital increase 600,000	None	Note 2
November, 2002	10	250,000	2,500,000	200,000	2,000,000	Cash capital increase 100,000	None	Note 3
July, 2004	10	288,000	2,880,000	222,000	2,220,000	Capitalization of earnings 220,000	None	Note 4
August, 2005	10	370,000	3,700,000	259,800	2,598,000	Capitalization of earnings 378,000	None	Note 5
September, 2005	10	370,000	3,700,000	289,800	2,898,000	Cash capital increase 300,000	None	Note 6

June, 2006	10	550,000	3,700,000	339,800	3,398,000	Cash capital increase 500,000	None	Note 7
September, 2006	10	550,000	5,500,000	389,000	3,890,000	Capitalization of earnings 492,000	None	Note 8
September, 2007	10	550,000	5,500,000	435,400	4,354,000	Capitalization of earnings 464,000	None	Note 9
September, 2008	10	550,000	5,500,000	446,000	4,460,000	Capitalization of earnings 106,000	None	Note 10

Note 1: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 09001013780 dated January 15, 2001

Note 2: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 09001129300 dated April 17, 2001

Note 3: Letter of (91)-Tai-Cai-Zheng-(Yi)-Zi No. 0910149830 issued by the Securities and Futures Commission, Ministry of Finance on September 11, 2002

Note 4: Letter of (93)-Tai-Cai-Zheng-(Yi)-Zi No. 0930124569 issued by the Securities and Futures Commission, Ministry of Finance on June 2, 2004

Note 5: Letter of Jin-Guan-Zheng-Yi-Zi No. 0940126584 issued by the Financial Supervisory Commission, Executive Yuan on July 1, 2005

Note 6: Letter of Jin-Guan-Zheng-Yi-Zi No. 0940130374 issued by the Financial Supervisory Commission, Executive Yuan on August 2, 2005

Note 7: Letter of Jin-Guan-Zheng-Yi-Zi No. 0950108623 issued by the Financial Supervisory Commission, Executive Yuan on March 24, 2006

Note 8: Letter of Jin-Guan-Zheng-Yi-Zi No. 0950128559 issued by the Financial Supervisory Commission, Executive Yuan on July 5, 2006

Note 9: Letter of Jin-Guan-Zheng-Yi-Zi No. 0960031093 issued by the Financial Supervisory Commission, Executive Yuan on June 21, 2007

Note 10: Letter of Jin-Guan-Zheng-Yi-Zi No. 0970030373 issued by the Financial Supervisory Commission, Executive Yuan on June 18, 2008

(B)Shareholder Structure

As of March 29, 2016; Unit: Shares

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Corporations	Individuals	Foreign Institutions & Foreigners	Total
# of Persons	0	10	123	22,533	291	22,957
# of Shares Held	0	36,843,000	199,987,409	88,951,046	120,218,545	446,000,000
Shareholding Percentage	0.00%	8.26%	44.84%	19.94%	26.96%	100%
Note: No shares are held by investors in Mainland China.						

(C)Diffusion of Ownership

Par at NT$10 per share; As of March 29, 2016

Scale of Shareholding	# of Shareholders	# of Shares Held	Shareholding Percentage
1 to 999	4,021	483,951	0.11%
1,000 to 5,000	15,299	30,299,799	6.79%
5,001 to 10,000	1,917	15,064,920	3.38%
10,001 to 15,000	541	6,978,267	1.57%
15,001 to 20,000	358	6,622,699	1.48%
20,001 to 30,000	281	7,266,692	1.63%
30,001 to 50,000	182	7,439,397	1.67%
50,001 to 100,000	132	9,280,571	2.08%
100,001 to 200,000	84	12,058,594	2.70%
200,001 to 400,000	42	12,578,120	2.82%
400,001 to 600,000	28	13,464,897	3.02%
600,001 to 800,000	17	11,938,064	2.68%
800,001 to 1,000,000	9	7,859,201	1.76%
1,000,001 to 1,000,000,000	46	304,664,828	68.31%
Total	22,957	446,000,000	100.00%

(D)List of principal shareholders

The names, numbers of owned shares, and shareholding percentages of those who own 5% or more of the total issued shares or whose shareholding percentage is among the top ten.

As of March 29, 2016; Unit: Shares

Shares / Name of Major Shareholders	# of Shares Held	Shareholding Percentage
Hua Wei Investment Co., Ltd.	60,128,417	13.48%
Hua Xu Investment Co., Ltd.	58,233,091	13.06%
Hua Yu Investment Co., Ltd.	55,556,221	12.46%
Nan Shan Life Insurance Company, Ltd.	15,670,000	3.51%
Fubon Life Assurance Co., Ltd.	8,395,000	1.88%
Investment account at the central bank of Saudi Arabia entrusted to JPMorgan Chase	5,580,000	1.25%
Cathay Life Insurance Co., Ltd.	5,436,000	1.22%
Investment account at the Mistubishi UFJ Maorgan Stanley security entrusted to HSBC	5,421,000	1.22%
Chunghwa Post	5,333,000	1.20%
Labor Pension Fund (New Scheme)	5,315,000	1.19%

(E)Share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

Unit: NT$

<table>
<tr><th colspan="3">Year / Item</th><th>2014</th><th>2015</th></tr>
<tr><td rowspan="3">Market Price per Share</td><td colspan="2">Highest</td><td>139.50</td><td>106.50</td></tr>
<tr><td colspan="2">Lowest</td><td>96.70</td><td>49.90</td></tr>
<tr><td colspan="2">Average</td><td>116.81</td><td>76.63</td></tr>
<tr><td rowspan="2">Net Worth per Share</td><td colspan="2">Before Distribution</td><td>61.43</td><td>63.66</td></tr>
<tr><td colspan="2">After Distribution</td><td>57.43</td><td>(Note)</td></tr>
<tr><td rowspan="3">Earnings per Share</td><td colspan="2">Weighted Average # of Shares</td><td>446,000,000</td><td>446,000,000</td></tr>
<tr><td rowspan="2">Earnings per Share</td><td>Before Adjustment</td><td>8.11</td><td>6.51</td></tr>
<tr><td>After Adjustment</td><td>8.11</td><td>(Note)</td></tr>
<tr><td rowspan="4">Dividends per Share</td><td colspan="2">Cash Dividends</td><td>4</td><td>(Note)</td></tr>
<tr><td rowspan="2">Stock Dividends</td><td>Stock Dividends from Retained Earnings</td><td>—</td><td>(Note)</td></tr>
<tr><td>Stock Dividends from Capital Reserves</td><td>—</td><td>(Note)</td></tr>
<tr><td colspan="2">Accumulated Unpaid Dividends</td><td>—</td><td>—</td></tr>
</table>

Analysis of Return on Investment	Price/Earnings Ratio	14.40	11.77
	Price/Dividend Ratio	29.2	(Note)
	Cash Dividend Yield	3.42	(Note)

Note: The distribution of earnings in 2015 has been approved by the board of directors, but has not been resolved at the shareholders' meeting.

(F)The Company's dividend policy and implementation

a. The Company's Dividend Policy

(a)The Company's rules for distribution of earnings are as follows: If there are earnings after the settlement of accounts for the current year, the earnings shall be distributed in the following order:

A. Pay taxes and dues;

B. Offset losses;

C. Set aside 10% of the earnings as legal reserve;

D. Appropriate or reverse a special reserve according to law or as required by the competent authorities;

E. Set aside 1% of the remaining earnings after the deduction of items A-D as compensation for directors;

F. In principle, the bonuses to be allocated to employees should not be less than 1% of the sum of employee bonuses and shareholder bonuses.

Employee bonuses may be distributed in the form of cash or stocks. The employees to whom stock dividends are allocated may include the subordinate companies' employees that meet certain requirements. The requirements should be set by the board of directors.

G. For the remaining earnings after the aforesaid deductions, plus the accumulated undistributed earnings in prior years, the board of directors should submit a distribution proposal to the shareholders' meeting for a resolution.

Considering long-term financial planning in an ever-changing industrial environment and to meet the shareholders' needs for cash inflows, the Company has formulated a steady and balanced dividend policy which stipulates that the cash dividends to be distributed each year must not be less than 10% of the sum of the cash and stock dividends.

The board of directors is authorized to determine the remuneration for the directors of the Company based on the level of their involvement in the operation of the Company and the value of their contributions. Moreover, the Company should purchase liability insurance for performance of duties for all of the directors during their tenure.

b. Dividend Distributions to Be Proposed at the Shareholders' Meeting

In 2015, the Company had a distributable earning of NT$14,780,094,506 after taxes, and set aside 10% of the amount, that is NT$290,395,224, as legal reserve. The following distribution is proposed in accordance with the Articles of Incorporation:

(a)Shareholder dividends: NT$1,559,075,000, all distributed in the form of cash

(b)Unappropriated retained earnings at the end of the period: NT$12,930,624,282

Kinsus Interconnect Technology Corp.
Earnings Distribution Schedule
2015

Unit: NTD

Item	Amount
Unappropriated retained earnings (at beginning of period)	$11,884,863,961
Less:Other comprehensive income in 2015 - actuarial gains of defined benefit plans	(8,721,698)
Add: Net income in 2015	2,903,952,243
Distributable earnings	14,780,094,506
Less: 10% legal reserve	(290,395,224)
Shareholder bonuses ($4 per share in cash)	(1,559,075,000)
Subtotal	(1,849,470,224)
Unappropriated retained earnings (at end of period)	$12,930,624,282

c. Explanation of Expected Material Changes in the Dividend Policy: None

(G)Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

Regarding the distribution of earnings of the Company for 2015, the board of directors approved the proposal on February 1, 2016 to distribute shareholder bonuses totaling $1,559,075 thousand in the form of cash only. Thus, it is not applicable.

(H)Compensation of employees, directors, and supervisors

a.The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation: Please refer to the explanation in (1)-(F)-a on p.53.

b.The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None

c. Information on any approval by the board of directors of distribution of compensation:

(a)Regarding the compensation to employee and directors of the Company for 2015, the board of directors approved the proposal on February 1, 2016 to distribute NT$442,444 thousand and NT$26,026 thousand for employee and director compensation respectively.

(b)The proposed amount of employee stock bonuses to be distributed, and the size of such an amount as a percentage of the sum of the after-tax net income stated in the separate or individual financial reports for the current period and total employee bonuses: N/A

d.The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated

The actual distribution of employee bonuses and director/supervisor compensation by the Company for 2014 is as follows:

	Earnings Distribution for 2014			
Item	Adopted at Shareholders' Meeting on June 11, 2015	Actual Distribution	Discrepancy	Cause and Explanation of Discrepancy
Director/Supervisor Compensation	$32,556 thousand	$32,556 thousand	-	-
Employee Cash Bonuses	$545,679 thousand	$545,679 thousand	-	-

(I)Share repurchases: The Company repurchased its own shares as below.

Repurchase term	Second time
Purpose	Transfer to employee
Duration	7/28/2015~9/27/2015
Price interval	NT$50~100
Shares and quanity	Common share
Amount	NT$32,884,993
Shares eliminated or transferred	0
Share quanity accumulated	550,000 shares
Share quanity accumulated to total shares outstanding	0.12%

(2)Issuance of corporate bonds: None

(3)Issuance of preferred shares: None

(4)Issuance of global depository receipts: None

(5)Issuance of employee share subscription warrants: None

(6)New restricted employee Shares: None

(7)Mergers, acquisitions, and issuance of new shares due to acquisition of shares of other companies

(A)Where the Company completed a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies in the most recent year and during the current period up to the date of printing of the annual report, the following matters shall be disclosed: None

(B)Where, in the most recent year and during the current period up to the date of printing of the annual report, the board of directors adopted a resolution approving a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies, the state of the plan's implementation together with the basic information of the company (or companies) to be merged, acquired, or purchased through acquisition of shares shall be disclosed. Where a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies is currently in progress, the state of the plan's implementation and its effect on shareholders' equity shall be disclosed: None

(8)Implementation of the Company's capital allocation plans

(A)Description of the plans: Each uncompleted public issue or private placement of securities, and issues or placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: N/A

(B)Status of implementation: N/A

5. An Overview of Operations

(1)A description of the business

(A)Scope of Business

a.Primary Business Areas

(a)CC01080 Manufacturing of electronic components.

(b)CC01990 Manufacturing of other electrical and electronic mechanical equipment.

(c)CB01990 Manufacturing of other machinery.

(d)CQ01010 Manufacturing of dies.

(e)F401010 International trade.

b.Sales Percentages of Primary Products

Unit: NT$'000

Percentage / Primary product	2015	
	Sales	Percentage
Division of substrates	17,820,429	77.27%
Division of PCBs	5,240,882	22.73%
Total	23,061,311	100.00%

c.Current Products

(a) Manufacturing & sales of PBGA (Plastic Ball Grid Array) substrates.

(b) Manufacturing & sales of MCM (Multi-Chip-Module) BGA substrates.

(c) Manufacturing & sales of CSP (Chip Scale Package) mini-BGA substrates.

(d) Manufacturing & sales of High Dissipation Cavity Down substrates and TEBGA (Thermal Enhanced-BGA) substrates.

(e) Manufacturing & sales of Flip Chip substrates and Flip Chip CSP substrates.

(f) Manufacturing & sales of Flip Chip Film COF (Chip on Flex).

(g) Manufacturing & sales of Core-less substrates.

(h) Manufacturing & sales of All Layer Build Up substrates.

(i) Manufacturing & sales of Embedded Pattern substrates.

(j) Manufacturing & sales of Embedded Passive substrates.

(k) Manufacturing & sales of High Density Copper Bump substrates.

(l) Manufacturing & sales of High Band Width Package-On-Package substrates.

(m) Manufacturing & sales of Core-less Embedded Passive substrates.

d. New Products to Be Developed

Since the founding of the company, we have always maintained the principle of "Satisfy customers; pursue excellence." Furthermore, we also positioned our R&D to achieve technology leadership and satisfy market demands. We always strive to increase the profitability of our products by entering the market early, as well as plan future investments of engineering resources by fully grasping the requirements of new generation products. Listed below are new products that we plan to develop in the future:

(a)Introduction of Ultra-low Expansion/Shrinkage, High Tg, High Young's Modulus base materials
(b)Development of Fine Pitch Copper Pillar and Solder Bump substrate technology.
(c)Development of High Layer Count Core-less substrate manufacturing technology.
(d)Development of Embedded Passive substrate technology.
(e)Cooperative project of 20~14 nanometer chip packaging.
(f)Development of automatic production technology for ultra-thin boards.
(g)Development of integration technology of Embedded Active and Embedded Passive components.
(h)Development of ultra-fine circuit (<8um), and high contact density products (<30um pitch)
(i)Development of ultra-micropore (diameter<=30um) technology.
(j)Development of low-cost fine circuit (<=20um) technology.
(k)Development of Via Filling technology.

(B)Overview of the Industry

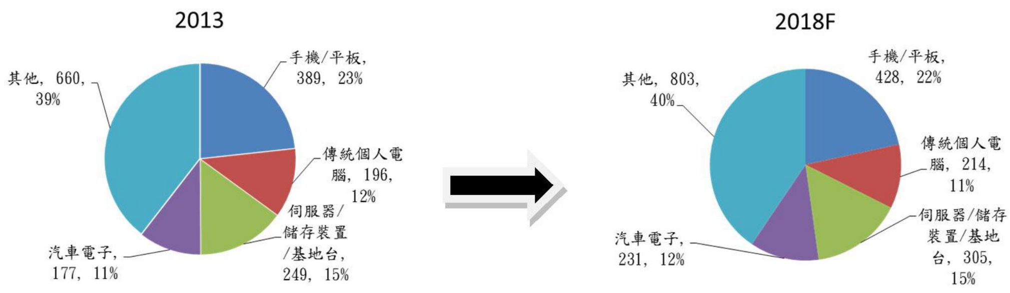
a. Overview and Development of the Industry

The 2015 global GDP grew by 2.6% and got slightly slowered than 2014’s 2.7%. Among all industries, the growth rate of semiconductor industry was -1.9%, which reduced significantly from 2014’s 7.9%. Main reason for the negative trend was the lackness of creation from smartphone products. Most manufacturing companies of cell phone are unable to produce creative products to impress the consumers while they still made their efforts on the strategy of reducing selling prices for price-competition and inspiring the consumers’ willingness to buy. As a result of the lower-price strategy, the total revenues of overall semiconductor industry decreased significantly instead. Furthermore, the sale shipment of conventional PC and Notebook computer, which also decreased by -12% and -8.7%, was unable to compensate the weakness of cell phone sales.

Device	2014	2015	Growth rate
Tranditional PC	277	244	-12.00%
Note book computer	263	240	-8.70%
Mobile phone	1,879	1,917	2.00%

In overviewing global development trend for electronic products, the most potential areas still include automobile related electronics, cell phone, BS (Base Station) and Server. The development in these end product applications indeed is to meet the demand from cloud computing and IoT. As the time of IoT is coming, all kinds of application devices are also continuously displayed in the marketplace.

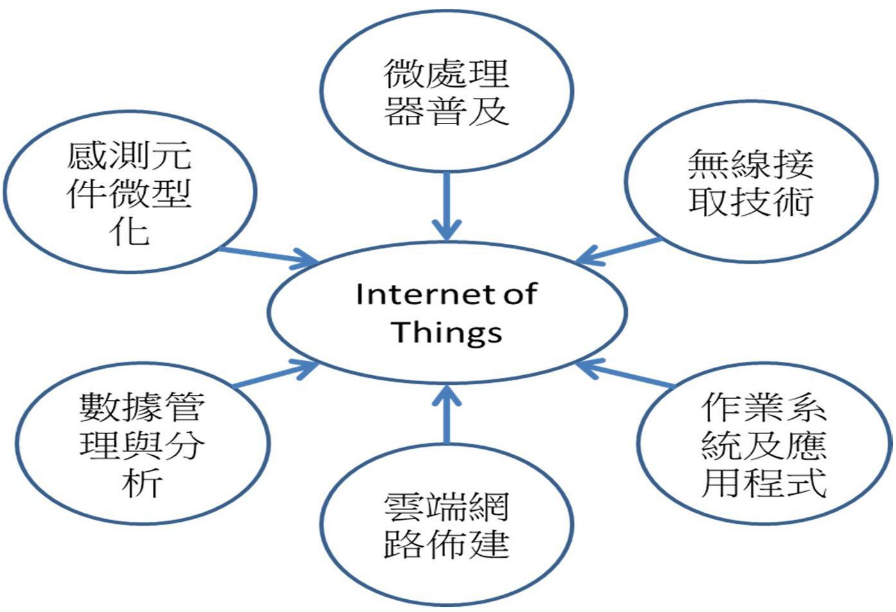
Chart: Growth trend of all kind of end semiconductor electronic devices



其他: Others; 汽車電子: Automobile electronics; 伺服器/儲存裝置/基地台: Servers/storage devices/base stations; 傳統個人電腦: Conventional PCs; 手機/平板: Cell phones/tablets

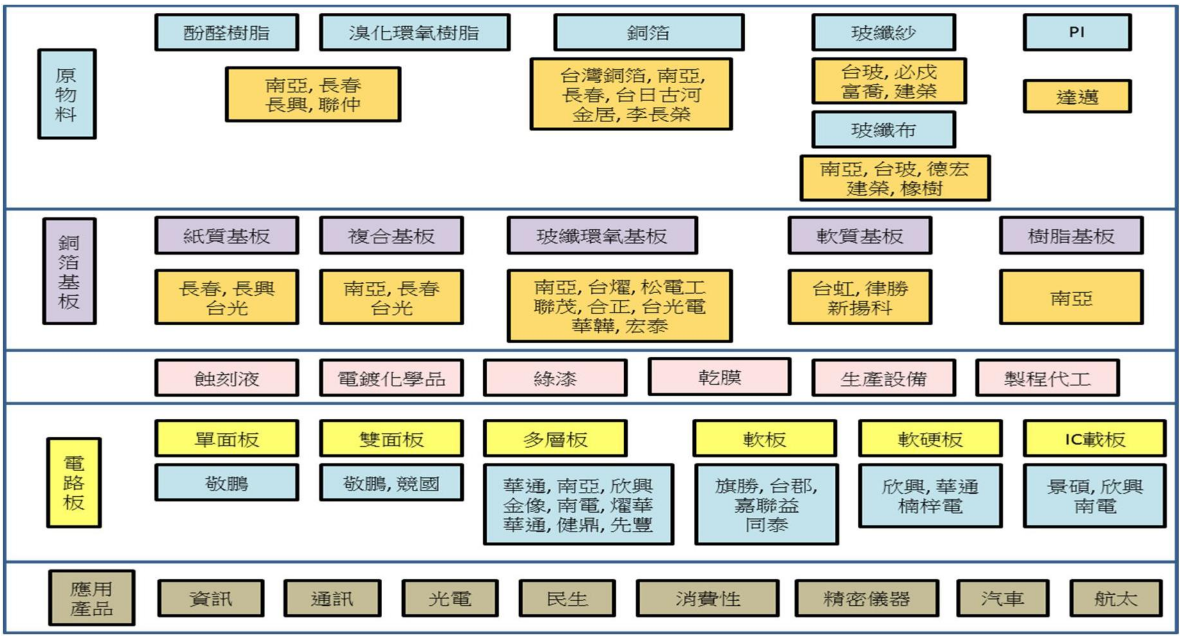
The development and business opportunity from IoT products includes several aspects as shown at the Chart below. Except the Internet and Software application program which are not related to Kinsus' core business, we need to seize the business opportunity aggressively, including Microprocessor, Wi-Fi access elements, Portable device elements, Wearable device elements, etc. Among these, the specific semiconductor element products, such as Application core processor, Modem, Power Amplifier, WiFi/Bluetooth elements, Power management instrument, Sensor Module, etc., will be the most blooming products.

Chart: The technology aspects for IoT deveopment



b. Interrelationships between the Upstream, Midstream and Downstream of the Industry

The relative relationships between the upstream and downstream sectors of the industrial chain of PCB and IC substrate are shown in the figure below. Our company is positioned in the sector of "Circuit board." Upstream suppliers include Epoxy CCL (Copper Clad Laminate), copper foil, and various specialty chemicals suppliers. Downstream clients include IC packaging industry, and electronic product assembly EMS companies. Taiwan's companies control a significant portion of this supply chain while facing the challenge of competitors from Korea and China. Through upstream-downstream integration and cooperation, Taiwan's companies have always had strong a competitive advantage.



Source: IEK

原物料: Raw materials	酚醛樹脂: Phenolic resin；溴化環氧樹脂: Brominated epoxy resin；銅箔: Copper foil; 玻纖紗: Fiberglass yarn；PI (Polymide)；玻纖布: Fiberglass cloth 南亞: Nan Ya Plastics Corporation；長春: Chang Chun Group; 長興: Eternal Materials Co., Ltd.；聯仲: UPC Group；台灣銅箔: Taiwan Copper Foil Corporation, Ltd.；台日古河；FCFT (Furukawa Circuit Foil Taiwan) Corporation；金居: Co-Tech Development Corporation；李長榮: LCY Chemical Corporation；台玻: Taiwan Glass Group；必成: PFG Fiber Glass Corporation；富喬: Fulltech Fiber Glass Corporation；建榮: Baotek Inc.；德宏: Glotech Industrial Corp.；橡樹: Asahi-Schwebel Taiwan；達邁: Taimide Technology, Ltd.
銅箔基板: Copper clad laminate	紙質基板: Paper-based substrate；複合基板: Composite substrate；玻纖環氧基板: Fiberglass epoxy substrate；軟質基板: Flexible substrate；樹脂基板: Resin substrate 台光: Elite Material Co., Ltd.；台燿: Taiwan Union Technology Corporation；松電工: Song Dian Gong/Taiwan Song Electrical Multi-layer Materials Co., Ltd.；聯茂: ITEQ Corporation；合正: Uniplus Electronics Co., Ltd.；台光電: Elite Material Co., Ltd.；華韡: Hwa Woei Laminate Corporation；宏泰: Hong Tai Electric Industrial Co., Ltd.；台虹: Taiflex Scientific Co., Ltd.；律勝: Microcosm Technology Co., Ltd.；新揚科: ThinFlex

	蝕刻液: Etching solution；電鍍化學品: Electroplating chemicals；綠漆: Green paint；乾膜: Dry film；生產設備: Production equipment；製程代工: Process OEM
電路板: Circuit boards	單面板: Single sided boards；雙面板: Double sided boards；多層板: Multi-layer boards；軟板: Flexible boards；軟硬板: Rigid-flex boards；IC載板: IC substrates 敬鵬: Chin Poon Industrial Co., Ltd.；競國: APCB Group；華通: Compeq Manufacturing Co., Ltd.；欣興: Unimicron Technology Corporation；金像: Gold Circuit Electronics Co., Ltd.；南電: Nan Ya Printed Circuit Board Corporation；燿華: Uniteh Printed Circuit Board Corporation；健鼎: Tripod Technology Corporation；先豐: BoardTek Chemical Engineering Corporation；旗勝: Mektek Industrial Corporation, Ltd.；台郡: Flexium Interconnect, Inc.；嘉聯益: Career Technology Co., Ltd.；同泰: Uniflex Technology Inc.；楠梓電: WUS Printed Circuit Co., Ltd.； 景碩: Kinsus Interconnect Technology Corporation
應用產品: Application products	資訊: Information； 通訊: Communication；光電: Photoelectric；民生: Daily necessities；消費性: Consumer products；精密儀器: Precision instruments；汽車: Automobiles；航太: Aerospace

c.Various Product Development Trends

Looking at the development directions of electronic products, we must again watch for business opportunities in the areas we have been engaged in- PCB and IC Packaging substrates.

As shown in the table below, the overall PCB industry will have a 3.4% compound growth rate in recent years to come. Further analysis of its two sub-industries of PCB and IC Packaging revealed the following noteworthy points:

(a)In terms of PCB industry, PC products continue to provide the largest sales, while cell phones and automobile electronics offer opportunities for growth. The same types of technologies must be used to develop products of servers/storage devices and cultivate customer needs, in order to prepare us for the coming of the IoT (Internet-of-Things) age.

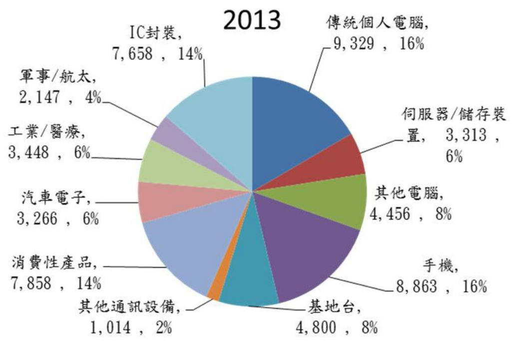
(b)In terms of IC Packaging industry, wafer manufacturing technology continues to move towards miniaturization and drives the demands of high-density circuit and complex structure packaging substrates. Companies that can meet the demands of these two markets will be able to win with their new products and enjoy an extended pioneer's advantage of higher gross profit margin.

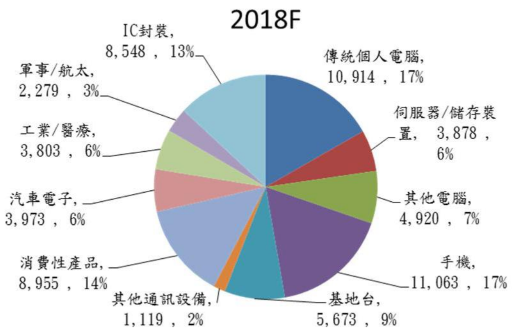
Unit: One billion US Dollars (USD)

Item	2013	2018F	CAAGR
Conventional PCs	9,329	10,914	3.20%
Servers/storage devices	3,313	3,878	3.20%
Other types of computers	4,456	4,920	2.00%
Cell phones	8,863	11,063	4.50%

Base stations	4,800	5,673	3.40%
Other communication equipment	1,014	1,119	2.00%
Consumer products	7,858	8,955	2.70%
Automobile electronics	3,266	3,973	4.00%
Industries/medical	3,448	3,803	2.00%
Military/aerospace	2,147	2,279	1.20%
IC packaging	7,658	8,548	2.20%
Total	56,152	65,125	3.10%

Source: Prismark 2015





IC 封裝: IC packaging

軍事/航太: Military/aerospace

工業/醫療: Industries/medical

汽車電子: Automobile electronics

消費性產品: Consumer products

其他通訊設備: Other communication equipment

基地台: Base stations

手機:Cell phones

其他電腦: Other types of computers

伺服器/儲存裝置: Servers/storage devices

傳統個人電腦: Conventional PCs

Categorizing the developing trends of the above mentioned products according to their companies (IC packaging substrate) and further analyze them, as shown in the table below, we can see that the fastest growing product is the Flipchip CSP substrate. This matches the trends of the growth of cell phones and the increase of cell phone IC's feature specifications. The future product development of our company will follow this same trend.

One product development to watch for is the application of the QFN type of low pin count, simple-function IC. Even though its application area does not overlap with our primary products, however, we still need to observe carefully whether if there is a technology diffusion effect.

The semiconductor manufacturing and packaging companies enhance the “InFO WLP” Process Technology in recent years. This development seems speedily threatening partial high-end packagingand substrate market. However, there exist certain limitations on the InFO application. As the limitation can not be conquered in short term, the conventional substrate and packaging technologies will be still dominating the market demand.

In response to the keen competitions for products and technology, Kinsus are to adopt the strategies as below.

1. We will continuously control the development trend of new product, particularly focus on the rapid demand of SiP Module Substrate due to portable device modulizing design.
2. We will speed up to develop the process of core-less substrate in order to meet the demand of ultra-fine line in 10 nm and/or 7 nm Wafer process.

We believe, by implementing these actions, Kinsus will be able to stabilize the growth of sale revenues and to maintain most profitable product mixture. Furthermore, by obtaining sufficient time and resources, Kinsus will successfully respond to the rapid changes and competitions in the marketplace.

Estimated units of global semiconductor IC packaging

(Unit: Million)

Item	2014	2015	2016	2017	2018	2019	CAGR (2014-2019)
Plastic DIP	6,362	5,751	5,037	4,908	5,196	5,326	-3.50%
QFP	14,768	13,215	12,441	12,327	13,086	13,706	-1.50%
Ceramic Chip Carrier	536	461	459	461	471	471	-2.60%
Total SOIC	44,649	40,466	37,296	34,218	30,557	23,446	-12.10%
Ceramic BGA	34	34	33	34	34	34	-0.20%
Plastic BGA	8,052	7,425	7,023	7,206	7,476	7,567	-1.20%
Bare Chip	38,349	42,111	47,092	52,676	59,129	66,011	11.50%
Leadless-Leadframe	53,328	55,446	59,555	64,070	70,204	75,504	7.20%
FBGA	42,153	45,671	52,317	58,601	66,815	77,093	12.80%
Others	4,554	4,645	4,933	5,373	5,802	6,356	6.90%
Total	212,785	215,225	226,185	239,873	258,771	275,512	5.30%
YoY Growth	9.90%	1.10%	5.10%	6.10%	7.90%	6.50%	

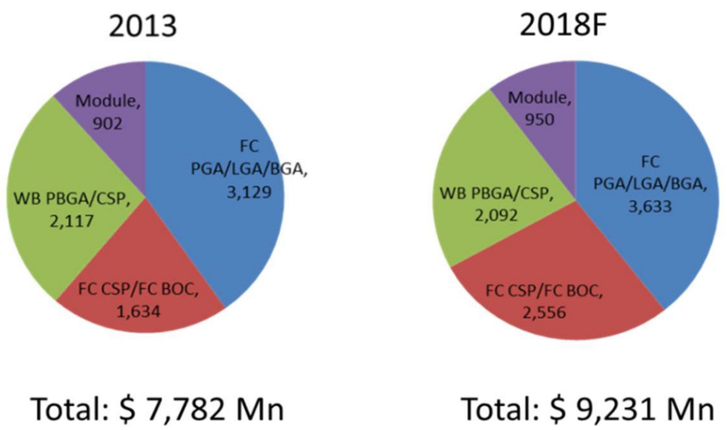
Source: Gartner (Feb 2016)

d.Product Competitions

As shown in the table below, PCB products, especially IC substrates, have significantly different trends of growth and declines. As the IC wafer technology moves towards 20 nanometers, or even 16/14 nanometers, FC CSP products commonly used for smart phone chips also grow rapidly and could reach a compound growth rate of 11.6% in 2011-2017. Not only does it show a brilliant growth, but it also suppresses conventional WB PBGA/CSP products. The growth and declines of products subsequently cause the rise and fall of suppliers with different technical proficiency levels. Since FC PGA/LGA/BGA products are used primarily in PC products, it also causes the decline of this type of products.

Products in the category of Module will have more connectivity, wireless access functions after 2014, including 2015 and 2016, such as WiFi, Bluetooth, and other basic features necessary for hand-held devices. These functions are already being integrated into a smaller, in both surface area and volume, common module by the chip or module designers, in order to compete for the opportunity of wearable product application. Its annual growth rate has already risen to 12%. There will be many opportunities for the development of this type of products. We should be able to find another drive for growth in the future, with the new development of diversified wearable devices.

Product Category	2014	2018F	2013-2018 Compound Growth Rate
FC PGA/LGA/BGA	$3,113	$3,615	-0.5%
FC CSP/FC BOC	$1,824	$2,852	11.6%
WB PBGA/CSP	$2,091	$2,046	-2.2%
Module	$914	$1,850	12.0%
Total	$7,945	$9,231	2.1%



Source: Prismark 2015

(C)Overview of Technology and R&D

a.R&D expenses during recent years and up to the publication date of this annual report

Unit: NT$'000; %

Item / Year	2015	As of March 31, 2016
R&D expenses	1,484,620	349,940
Net income	23,061,311	5,370,156
Percentage of R&D expenses (%)	6.44%	6.52%

b. Successfully developed technology or products

(a)Manufacturing technology and products of PBGA (Plastic Ball Grid Array) substrates.
(b)Manufacturing technology and products of MCM (Multi-chip-Module) BGA substrates.
(c)Manufacturing technology and products of CSP (Chip Scale Package) substrates.
(d)Manufacturing technology and products of High Dissipation Cavity Down substrates, and TEBGA (TEBGA-Thermal Enhanced BGA) substrates.
(e)Manufacturing technology and products of Flip Chip substrates, and Flip Chip CSP substrates.
(f)Manufacturing technology and products of Flip Chip film COF (Chip on Flex).
(g)Manufacturing technology and products of Core-less substrates.
(h)Peripheral and array wire type Copper Bump Packaging substrates.
(i)Miniature Heatsink Packaging substrates.
(j)Manufacturing technology and products of Embedded Pattern substrates.
(k)Technology and design specifications of Embedded Thin capacitors.
(l)Technology of No-wiring Bump Ni/Au electroplating.
(m)Manufacturing technology of Copper Bump.
(n)Anisotropic Etching technology.
(o)Asymmetric structural board technology and odd-numbered-layer board technology.
(p)High Band Width Package-On-Package substrates technology.
(q)Electroless Nickel/Electroless Palladium/Immersion Gold (EPIG) surface treatment technology.
(r)Embedded Thermal Bar technology.

(D)Long & Short Term Business Development Plans

a. Short Term Plan

(a)Marketing Strategies

①Maintain close cooperation with key clients; stay up-to-date with the new products updates and customer needs.

②Multi-directional product development strategy; be attentive to the development of small and mid-sized clients, as well as product changes.

③Develop business opportunities in new application fields; introduce different product design concepts and achieve technology-preparedness early.

④Establish rapid prototyping unit, and enhance new product development services.

⑤Increase R&D capacity and shorten design time; provide timely introduction of new products in order to satisfy customer demands.

⑥Continue to promote the TS16949 quality assurance certification system; ensure product quality; establish worldwide quality reputation by receiving certifications from major international manufacturers.

(b)Production Strategy

In response to the continuously expanding business scale, we will strive to simplify the technologies, improve manufacturing processes, implement automation & unattended operations, and conduct enhancements & maintenance, in order to increase productivity, reduce defective ratio, and lower costs.

(c)Directions of Product Development

①Increase R&D capabilities; actively invest in product R&D, design, and improvements; shorten product development time and try to lower costs; continue to simplify and accelerate processes, as well as improve quality.

②Reinforce product development and communication with potential customers, in order to fully grasp the market trends and maintain technical leadership.

(d)Operation Scale and Finance

①Continue to expand facility, invest in technologies, and increase utilization rate in order to expand the scale of operation.

②Establish sound, complete fundraising channels; establish close cooperative and mutually beneficial relationships with financial institutions; identify long-term low-interest loans, in order to supply the capitals needed for expanding the operation of the company.

b.Long Term Plan

(a)Marketing Strategies

①Train marketing professionals on a long-term basis; gather information about other companies in the same industry as well as future development trends; stay informed about the status of current and new competitors; gain insights into market opportunities and establish operational bases widely; adjust individual product strategies immediately following changes in the market; increase market share.

②Maintain partnership relations with advanced chip develop and design companies; always be in possession of first-hand information; achieve process technology and production capacity preparedness, in order to maintain the company's long-term competitiveness.

(b)Production Strategies

①Continue to increase production quality, technical strength, product yield, and lower production cost.

②Actively invest in automatic production equipment; bring in professional talents and advanced production technology; and improve process efficiency, in order to achieve the goal of increase the company's profitability.

③Increase flexibility in production, in order to be able to respond to rapid market changes and unexpected urgent demands.

(c)Directions of Product Development

①Bring together related manufacturers in the nation to form R&D alliance, in order to actively and collaboratively develop and integrate advanced products, to create high added-value and head-start opportunities.

②In fields of high technical difficulties, adopt the strategies of technology transfer and authorization, as well as international cooperation; or commission domestic or foreign research institutes to conduct R&D projects, in order to lower the risks, shorten development time, exert the combined results of R&D, and increase R&D strength.

(d)Operation Scale and Finance

①Cultivate operational strength; expand quickly the operational scale; move towards the goal of diversified product development.

②As the company continues to expand its business, in the future, we will establish marketing and production bases around the world, and actively build worldwide operation management and R&D centers.

③Raise long/mid-term funds and build up long-term development strength, in order to expand the operation scale of the company.

(2)An analysis of the market as well as the production and marketing situation

(A)Analysis of the Market

a.Sales (available) areas of primary products (services)

Unit: NT$’000

Sales area	2015 Sales Value	Percentage
Taiwan	9,184,614	39.83%
Mainland China	10,175,327	44.12%

United States	3,385,613	14.68%
Japan	189	0.00%
Europe	200,008	0.87%
Others	115,560	0.50%
Total	23,061,311	100.00%

Our company's primary product is the spherical array (BGA) substrates for IC. It is used as the chip carrier for semi-conductor packaging and acts as the connecting channel to external circuit. It is categorized as a raw material for the packaging industry or a carrier component. Its main sales targets are domestic and foreign IC packaging, design and system businesses.

b.Market Share

Currently, Japan remains to be the leading country of IC substrates production. It is the priority choice of the majority of packaging companies. This is mainly because of the overall strength of Japan's electronics industry, its certification numbers, excellent process capabilities, peripheral materials, and the support capability of its equipment industry. These factors enable Japan's substrates manufacturers to outperform others.

Our nation ranks as the second largest producing country. We have complete industrial chain and world's largest IC OEM manufacturing scale, which successfully drives the demands for substrates and packaging. Through technology authorization, along with their own process control technology, integrated industry environment & peripheral resources, etc., our IC substrates industry made our nation to become the second largest producer; second only to Japan, Currently, the industry has moved the production of substrates products with lower technical levels to mainland China. In the future, the local production scale will grow significantly, as the electronics industrial chain expands.

In recent years, Japan, Korea, and Taiwan's IC substrates manufacturers have been engaged in fierce competition. Looking at the numbers from 2014, Taiwan's IC substrate manufacturers grabbed a significant market share of 32%. Even though Japanese Yen depreciated over 20% against USD (US dollars) since 2013, however, our IC substrate manufacturers stood firm and continued to exhibit their competitive power.

c.Future Demand and Supply Condition, and Growth Potential of the Market

Currently, IC substrates are used 100% in the packaging market. They are categorized as one of the high-end electronic packaging materials. In addition to the drive from the global electronics market, as the complexity of the products and the speed of signals increase, IC substrate industry has become an important factor in elevating the level of packaging. According to data published by Prismark, the production value of

IC substrate was about $7.782 billion dollars in 2013, which was about 13.8% of the overall PCB production value. It is estimated that by 2017, as the global market continues to grow moderately, the global PCB production value could reach $65.6 billion, with an annual compound growth rate of 4.04%. The annual production value of IC substrates is estimated to reach $9.231 billion in 2017, with an annual compound growth rate of 4.36%; which is slightly above the industrial level. Among its products, FC CSP shows the strongest growth with an annual compound growth rate reaching 11.83% in 2013-2017, due to the expanding applications of smart phones and other portable devices. This shows that as the functions of electronic products become more complex, the corresponding packaging forms will also make progresses, and the ratio of high-end packaging will definitely continue to grow.

d.Competitive Niche

Our technical team is primarily consisted of research institutes, well-known professionals, related industries, and foreign and domestic experts. Both the quality of our products and the production capacity meet the international standards. Systems manufacturers from various countries are also gradually affirming our production technology and price competitiveness, and are starting to use substrates produced by our domestic manufacturers.

Our company is a Full Process Workshop. We are capable of providing our customers with the full manufacturing process service from circuit design, photomask manufacturing, substrates production, to automatic electric testing. Customers can access our computer system through the Internet and query relevant real-time information. This can help to maintain good and stable cooperative relations with our customers.

e.Favorable and Unfavorable Factors for Development Perspectives, and the Responding Measures

(a) Favorable factors

①IDM factory releases production capacity to system chipset manufacturers, which gives domestic system chipset manufacturers and packaging factories more space to grow as well as more business opportunities. Furthermore, packaging technology is moving towards the direction of high pin count and small pin pitch to achieve the goals of light, thin, short, and small; BGA substrates are certainly the right technology that is in line with such a product trend.

②Since the founding of our company thirteen years ago, our R&D and manufacturing technology teams have already accumulated rich experiences and acquired excellent skills. Their capabilities in continued innovation and rapid development have also grown to a level that allow them to compete with other nations. The packaging factories are adopting broader and diversified certification systems to allow them to work closely with domestic substrate manufacturers in order to lower costs and shorten delivery times. Such practice of local procurement has become a trend and can facilitate the continuous development of the industry in the future.

③Professional Full Process Workshop can provide customers with technical services and consultation in areas of circuit design, photomask manufacturing, substrate production, automatic inspection, and others. Customers can receive all the services they need at the same time, thus saving them time, effort, and money.

(b)Unfavorable factors

①Because BGA substrate and packaging technologies change as the chip design companies' products change, therefore, the life cycles of these technologies often are shorter. When the chip design companies change the specifications of their products, the substrate design of BGA and packaging technologies will have to be modified in sync with the market.

Responding measures: In order to keep up with the market trends, our company actively strives to increase R&D capacity, as well as strengthen our design and manufacturing abilities in multi-layer boards and thin boards. In the future, the company will continue to develop various types of Flip Chip substrates, ultra-thin boards, and high-density substrates needed, and at the same time extend patented technologies that we currently own in order to compete for market opportunities.

②Since BT base material are Mitsubishi's proprietary material, therefore, if Mitsubishi's production capacity tightens, it will definitely affect our product delivery and consequently cause us to lose customers.

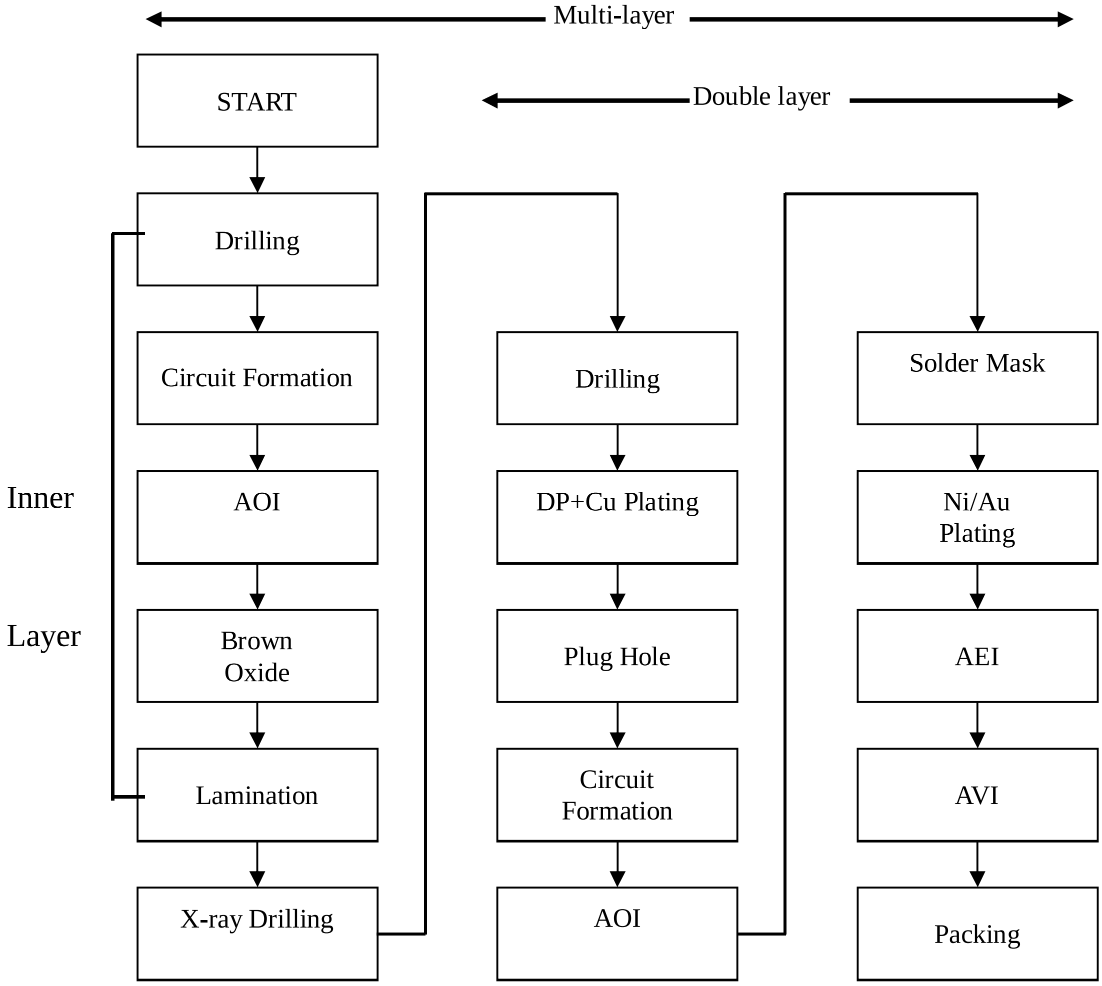
Responding measures: In addition to maintain good relations with current BT base material manufacturer, we will conduct development testing of related substitute materials at the same time, in order to prevent the risk of material shortage; thus allowing us to have multiple sources of suppliers and maintain a stable supply of the primary raw material. (For instance, material from Hitachi and others.)

(B) Major Applications and Manufacturing Processes of the Primary Products

a.Major applications of the primary products

Primary Product	Major Application
PBGA Substrates	BGA packaging; application products include chipsets and graphics chips.
MCM（Multi chip Module）Substrates	MCM packaging; application products include IC that combines analog, digital, power control circuit, as well as memory and logical IC control.
CSP Substrates	CSP packaging; application products include Flash, high-speed DRAM, and logical chips.
Flip chip	Application products include chipsets, graphics chips, Flash memory, and logical IC.
FC CSP	High-end hand-held devices' system chips, communication chips, and chipsets.
Embedded Substrates	Embedded substrates can shorten spacing between components, in order to improve products' electrical properties.

(b) Manufacturing Process of the Primary Products



(C)Supply Condition of the Primary Raw Materials

The company's primary materials include BT substrates, gold potassium cyanide, films, copper sheets, etc. Among them, BT substrates and films are purchased from major foreign manufacturers. In order to ensure a stable supply of the materials and their quality, the company does not easily change suppliers once they have been rated and gone through the trial production. In addition, we actively seek to maintain good long-term relationships with our suppliers. Through the long-term cooperative relationships, lowered costs, fast and flexible delivery schedules, we strive to increase the competitive power of our products and create the maximum profits.

Supply Areas (Manufacturers) of the Primary Raw Materials

Primary Raw aterial	Supply Area	Supplier
Substrates	Japan	Mitsubishi、Hitachi、Ajinomoto fine
Gold potassium	Taiwan	Hon Hai
Copper sheets	Japan	OFUNA
Films	Japan	Mitsubishi、Hitachi

(D)Major Suppliers in the Last Two Calendar Years

a.Major Clients in the Last Two Calendar Years

Unit: NT$'000

	2014				2015			
Item	Client name	Amount	% to annual net sale〔%〕	Relation with issuer	Client name	Amount	% to annual net sale〔%〕	Relation with issuer
1	B	2,258,344	9.05	None	A	1,449,489	6.29	Parent company
2	D	1,898,187	7.61	None	B	1,435,632	6.22	None
3	A	1,834,048	7.35	Parent company	C	1,417,507	6.15	None
	Others	18,953,255	75.99		Others	18,758,683	81.34	
	Net sale	24,943,834	100		Net sale	23,061,311	100	

Due to continued upgrading product packaging from Lead Frame to BGA, even flip chip, IC substrate market demand continues. The main customers of the sales amount do not change much.

b.Major Suppliers in the Last Two Calendar Years

Unit: NT$'000

	2014				2015			
Item	Supplier name	Amount	% to annual purchase〔%〕	Relation with issuer	Supplier name	Amount	% to annual purchase〔%〕	Relation with issuer
1	C	1,321,111	14.32	None	A	941,428	11.50	None
2	A	1,287,890	13.96	None	B	919,129	11.23	None
3	B	890,304	9.65	None	C	861,591	10.52	None
	Others	5,728,309	62.07		Others	5,465,589	66.75	
	Net purchase	9,227,614	100		Net purchase	8,187,737	100	

The company's principal raw materials including gold potassium cyanide, base material, film, copper sheets, drills, milling cutters, dry film and chemicals.Since established, our exposure in the market goes higher, and sales continues to grow under market demand. The cost of raw materials such as copper and gold prices go up which caused the purchasing value continues to rise too.

As to the major raw material supplier，customers require high quality control in Substrate base. Due to long attestation and short life cycles, the major material would not be easily replaced. Therefore, we only use 1 to 2 suppliers as the main supplier.The major suppliers don't change much respectively in 2014 and 2015.

(E)Production in the Last Two Years

Unit: NT$'000

Year / Output / Major Products (or by department)	2015			2014		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Support plate	5,890,357	5,407,999	19,808,056	6,545,348	6,009,353	21,433,597

(F)Sales in the Last Two Years

Unit: NT$'000

Year / Shipments & Sales / Major Products (or by departments)	2015				2014			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Support plate	1,119,524	4,712,384	4,309,806	13,114,867	1,305,259	6,500,076	4,595,669	12,790,161
Others	-	4,472,230	-	761,830	-	4,423,995	-	1,229,602
Total	-	9,184,614	-	13,876,697	-	10,924,071	-	14,019,763

(3)The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of printing of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)

Year		2014	2015	Data as of in 2016/03/31
Number of Employees	Management	226	250	251
	R&D/Technician	555	603	613
	operating personnel	2,899	2,964	2,897
	Total	3,680	3,817	3,761
Average Age		31.9	32.5	32.8
Average Years of Service		4.2	4.7	4.8
Education	Ph.D.	0.11%	0.11%	0.11%
	Masters	8.37%	9.51%	9.55%
	Bachelor's Degree	48.48%	50.14%	50.76%
	Senior High School	39.78%	37.28%	36.61%
	Below Senior High School	3.26%	2.96%	2.98%

(4)Disbursements for environmental protection

The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report: None

Lately, due to high awareness of environmental protection, requirements of environmental quality are growing continuously. Concurrently with the discharge standard of pollutants are gradually improving, we spent hundreds of millions of dollars investment in pollution prevention equipment in order to make every effort to prevent pollution even though we are only a 15 years old company. As of the date of annual report published, there is no pollution disputes found.

(5)Labor relations

(A)Companies of various welfare measures, further education, training, retirement systems and their implementation status, as well as the agreement between labor and employee rights protection measures.

(a)Benefits and their implementation

a.Employee Stock Bonus

b.Group Insurance

c.Festival Prizes: the Dragon Boat Festival, Mid-Autumn Festival bonus

d.Year-End Bonus

e.SSA benefits: marriages, births, deaths, serious injuries, disasters, major accidents

f.On-the-JobTraining

g.Employee benefits Committee provides:

i.Travelling

ii.Club

iii.Birthday Voucher

(b)Further education and training and its implementation status

For the purpose of enhancing staff quality and job skills, we stipulate "Administrative Measures on Education and Training" in orientation training, and for all employees to implement general training and professional training on schedule to become outstanding professionals, and improve the operating performance and effective utilization of human resources.

(c)Situation of Retirement System and Its Implementation

The company established Retirement Oversight Committee in 2001 under the approval of House of labor of Taoyuan County Government letter of No 126197. Total monthly salaries to be made 2% of the labor pension fund to the Central Trust Bureau Accounts in the same year. Exercising Labor Pension Act on 2005/07/01. After practice, employees can either adopt in "Labor Standards Law" provisions relating to pensions ，or adopt new Act to the pension system and retain the application of the regulations before the length。To those who apply the Act，the employee pension contribution will be made monthly, which shall not be less than 6%.of monthly salary.

(d)Agreement between labor and employee rights protection measures

We have always been treasured the spirit of labour integration, coexistence and common prosperity dealing with the labour relations. We take preciously of employee comments and employees’ comments are welcomed at any time through the company's formal and informal channels of communication to reflect their problems of life and work. Through the opportunities for two-way communication between the company and employees, we are able to have greater mutual understanding and awareness to build consensus and success in the long run.

a.Labor Coordination Meeting

Labor coordination meetings held on a regular basis, pushed by the employers represented, promoted mainly focus on the company's system of communication with employees on the company's orders, work environment, safety and health issues for two-way communication. The communication through this consultation between employers and business owner, It srengthen not only the mutual trust but also the mutual understanding.

b.Employee benefits Committee

Members of the Employee benefits Committee are elected by employees directly and openly who are good at communication. At the Welfare Committee meeting, both employers and employees are able to reach adequate communication to the company's various welfare measures.

(B)Losses due to labour disputes, and current and future estimated amount of responses may occur as of the date of annual report publishe: No.

The company collective bargaining agreements are based on the Labor Standards Law. Humane management is applied in operation management, the rapport between employers has never caused any loss by labour disputes.

(6)Important contracts: None

6. An Overview of the Company's Financial Status

(1)Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(A)Brief Balance Sheet and Statements of Comprehensive Income

a. Brief Consolidated Balance Sheet- Adopting IFRSs

Unit: NT$'000

Item \ Year		2012	2013	2014	2015
Current Assets		21,018,448	21,812,172	23,471,268	23,471,368
Property, Plant and Equipment		14,136,096	14,756,743	15,429,778	16,150,904
Intangible Assets		8,098	14,159	19,982	30,280
Other Assets		1,027,392	1,529,268	2,130,646	2,986,180
Total Assets		36,190,034	38,112,342	41,051,674	42,638,732
Current liabilities	Before Appropriation	8,167,617	9,003,298	10,103,181	10,318,448
	After Appropriation	9,505,617	10,341,298	11,887,181	(Note2)
Non-Current Liabilities		2,689,899	1,579,904	895,719	1,492,483
Total liabilities	Before Appropriation	10,857,516	10,583,202	10,998,900	11,810,931
	After Appropriation	12,195,516	11,921,202	12,782,900	(Note2)
Equity Attributable to Shareholders of the Parent					
Capital		4,460,000	4,460,000	4,460,000	4,460,000
Capital Surplus		5,853,673	5,863,612	5,939,819	5,939,819
Retained earnings	Before Appropriation	12,746,962	14,646,450	16,718,487	17,829,718
	After Appropriation	11,408,962	13,308,450	14,934,487	(Note2)
Other Components of Equity		(74,424)	108,879	279,703	194,484
Treasury Stock		-	-	-	(32,885)
Non-controlling Interests		2,346,307	2,450,199	2,654,765	2,436,665
Total Equity	Before Appropriation	25,332,518	27,529,140	30,052,774	30,827,801
	Aafter appropriation	23,994,518	26,191,140	28,268,774	(Note2)

Note 1: Adopting IFRSs since year 2013.
Note 2: Earning appropriation of 2015 has not received approved by the board of shareholders

b. Brief Parent-Company-Only Balance Sheet –Adopting IFRSs

Unit: NT$'000

Item / Year		2012	2013	2014	2015
Current Assets		16,954,391	17,879,353	19,880,887	19,685,035
Property, Plant and Equipment		7,370,315	7,970,375	8,914,836	10,309,220
Intangible Assets		2,298	7,408	11,927	9,869
Other Assets		4,253,720	5,114,118	5,453,133	6,075,014
Total Assets		28,580,724	30,971,254	34,260,783	36,079,138
Current Assets	Before Appropriation	4,999,895	5,391,312	6,311,775	7,325,160
	After Appropriation	6,337,895	6,729,312	8,095,775	(Note2)
Non-Current Liabilities		594,618	501,001	550,999	362,842
Total Liabilities	Before Appropriation	5,594,513	5,892,313	6,862,774	7,688,002
	After Appropriation	6,932,513	7,230,313	8,646,774	(Note2)
Equity Attributable to Shareholders of the Parent					
Capital		4,460,000	4,460,000	4,460,000	4,460,000
Capital Surplus		5,853,673	5,863,612	5,939,819	5,939,819
Retained Earning	Before Appropriation	12,746,962	14,646,450	16,718,487	17,829,718
	After Appropriation	11,408,962	13,308,450	14,934,487	(Note2)
Other Components of Equity		(74,424)	108,879	279,703	194,484
Treasury Stock		-	-	-	(32,885)
Non-controlling Interests		-	-	-	-
Total Equity	Before Appropriation	22,986,211	25,078,941	27,398,009	28,391,136
	After Appropriation	21,648,211	23,740,941	25,614,009	(Note2)

Note 1: Adopting IFRSs since year 2013.

Note 2: Earning appropriation of 2015 has not received approved by the board of shareholders

c. Brief Consolidated Statements of Comprehensive Income -Adopting IFRSs

Unit: NT$'000

Item \ Year	2012	2013	2014	2015
Operating Revenues	22,034,283	23,102,827	24,943,834	23,061,311
Gross Profit	5,224,055	6,204,434	6,946,880	5,961,602
Operating Income	2,801,424	3,435,401	4,009,159	3,063,724
Non-Operating Income and Expense	70,552	227,947	141,913	141,524
Income Before Income Tax	2,871,976	3,663,348	4,151,072	3,205,248
Net Income of Continuing Operation Unit	2,375,672	3,116,254	3,490,233	2,729,526
Income (Loss) from Discontinued Operation	-	-	-	-
Net income	2,375,672	3,116,254	3,490,233	2,729,526
Other Comprehensive Income	(266,968)	317,234	301,864	(137,614)
Total Comprehensive Income	2,108,704	3,433,488	3,792,097	2,591,912
Net income (loss) Attributable to Shareholders of the Parent	2,790,562	3,224,093	3,617,327	2,903,952
Net income (loss) Attributable to Non-Controlling Interests	(414,890)	(107,839)	(127,094)	(174,426)
Comprehensive Income Attributable to Shareholders of the Parent	2,619,178	3,420,791	3,803,861	2,810,012
Comprehensive Income Attributable to Non-Controlling Interests	(510,474)	12,697	(11,764)	(218,100)
Earnings Per Share (in NT$)	6.26	7.23	8.11	6.51

Note: Adopting IFRSs since year 2013.

d. Brief Parent-Company-Only Statements of Comprehensive Income -Adopting IFRSs

Unit: NT$'000

Item \ Year	2012	2013	2014	2015
Operating Revenues	17,651,784	18,026,999	19,290,237	17,827,251
Gross profit	5,767,213	6,038,599	6,273,087	5,313,503
Operating Income	4,029,648	4,100,235	4,300,134	3,509,636
Non-Operating Income and Expense	(744,794)	(331,174)	(150,430)	(162,134)
Profit (loss) from continuing operations before tax	3,284,854	3,769,061	4,149,704	3,347,502
Net Income of Continuing Operation Unit	2,790,562	3,224,093	3,617,327	2,903,952
Income (Loss) from Discontinued Operation	-	-	-	-
Net income	2,790,562	3,224,093	3,617,327	2,903,952
Other Comprehensive Income	(171,384)	196,698	186,534	(93,940)
Total Comprehensive Income	2,619,178	3,420,791	3,803,861	2,810,012
Earnings per share(in NT$)	6.26	7.23	8.11	6.51

Note: Adopting IFRSs since year 2013.

(B) Brief Balance Sheet and Income Statement-adopting ROC GAAP

a. Brief Balance Sheet –Adopting ROC GAAP

Unit: NT$'000

Item \ Year		Partial financial data from last five years (Note) 2011	2012
Current Assets		14,461,721	16,978,716
Mutual Fund and Investment		4,655,632	3,671,070
Fixed Assets		8,171,834	7,906,248
Intangible Assets		22,977	2,298
Other Assets		35,605	35,349
Total Assets		27,347,769	28,593,681
Current Liabilities	Before Appropriation	4,709,926	4,962,645
	After Appropriation	6,047,926	6,300,645
Long Term Liabilities		839,822	514,292
Other Liabilities		10,607	—
Total Liabilities	Before Appropriation	5,560,355	5,476,937
	After Appropriation	6,898,355	6,814,937
Capital		4,460,000	4,460,000
Capital Surplus		5,850,000	5,853,673
Retained Earnings	Before Appropriation	11,417,801	12,877,495
	After Appropriation	10,079,801	11,539,495
Unrealized Gain or Loss on Financial Instrument		7,826	15,646
Cumulative Translation Adjustment		51,787	(90,070)
Net Loss Not Recognized as Pension Cost		—	—
Shareholder's Equity	Before Appropriation	21,787,414	23,116,744
Total Amount	After Appropriation	20,449,414	21,778,744

Note: Annual reports for 2011~2012 were certified by Account and adopting IFRSs since year 2013.

b. Brief Income Statement- Adopting ROC GAAP

Unit: NT$’000

	Partial financial data from last five year (Note1)	
	2011	2012
Operating Gross	16,870,553	17,651,784
Gross profit	5,461,101	5,772,776
Operating Income	3,651,032	4,037,328
Non-operating Income	87,393	114,600
Non-operating Expense.	(550,173)	(859,942)
Continuing Operating Income Before Tax	3,188,252	3,291,986
Continuing Operating Income	2,798,653	2,797,694
Discontinued Operation Income(Loss)	—	—
Extraordinary Gain(Loss)	—	—
Cumulative Effect of Changes in Accounting Principles	—	—
Net Income(Loss)	2,798,653	2,797,694
Earnings Per Share (in NT$) (Note 2)	6.28	6.27

Note1: Annual Reports for 2011~2012 were certified by accountant and adopting IFRSs since year 2013.

Note 2: Earning per share equals to adjustment of annual surplus and capital surplus increase divided by weighted average common stock issued in the stock market.

(C) Certified Accountants’ Names from Past Five Years

Year	Name of Accountant	Firm	Opinion	Reason for Changing
2011	Hong, Mao Yi Guo, Shao Bin	Ernst & Young	Unmodified	Internal rotation
2012	Guo, Shao Bin Xu, Xin Min	Ernst & Young	Unmodified	Internal rotation
2013	Huang, Yi Hui Zhang, Zhi Ming	Ernst & Young	Unmodified	Internal rotation
2014	Huang, Yi Hui Zhang, Zhi Ming	Ernst & Young	Unmodified	None
2015	Huang, Yi Hui Zhang, Zhi Ming	Ernst & Young	Unmodified	None

(2) Financial analyses for the past 5 fiscal years

(A)Adopting IFRSs-Consolidated

In NT$'000

Analysis Items (Note 2)		Year(Note 1)	2012	2013	2014	2015
Capital Structure Analysis (%)	Debt Ratio		30.00	27.77	26.79	27.70
	Long Term Funds to Fixed Assets		189.14	182.31	180.16	172.30
Liquidity Analysis (%)	Current Ratio		257.34	242.27	232.32	227.47
	Quick Ratio		232.08	218.74	209.93	203.78
	Interest Coverage		41.10	66.90	74.49	57.26
Operation Performance Analysis	Average Collection Turnover (times)		5.81	6.19	6.89	6.20
	Average Collection Days		63	59	53	59
	Inventory Turnover (times)		6.86	7.46	7.26	6.38
	Average Payable Turnover (times)		8.77	8.71	9.10	8.38
	Average Inventory Turnover Days		53	49	50	57
	Fixed Assets Turnover (times)		1.45	1.50	1.56	1.28
	Total Assets Turnover (times)		0.62	0.62	0.63	0.55
Return On Investment Analysis	Return on Total Assets (%)		6.82	8.51	8.92	6.63
	Return on equity (%)		9.55	11.79	12.12	8.97
	Income to Capital (%)	Operating Income	62.81	77.03	89.89	68.69
		Pre-Tax Income	64.39	82.14	93.07	71.87
	Net Income to Sales		10.78	13.49	13.99	11.84
	Earning Per Share (NT$)		6.26	7.23	8.11	6.51
Cash Flow	Cash Flow Ratio (%)		66.59	67.50	68.17	67.24
	Cash Flow Adequacy Ratio (%)		95.09	94.87	107.97	108.92
	Cash Flow Re-investment Ratio		10.61	11.80	11.81	11.03
Leverage	Operation Leverage		2.47	2.29	2.17	2.84
	Financial Leverage		1.03	1.02	1.01	1.02

Please explain why financial ratio has changed up to 20 % for the most recent two years:

The over 20% changes in Interest coverage, Return on assets, Return on equity, the ratio of operating profits to paid-in capital, the ratio of IBIT to paid-in capital and operation leverage are mainly attributed to decreases in sale revenues and profitability.

Note 1: Adopting IFRSs since year 2013, every annual report has certified by CPA.
Note 2: Calculation methods will be stated in the following sections.

(B)Adopting IFRSs-Parent-Company-Only

Item (Note 2)			Year (Note1) 2012	2013	2014	2015
Capital Structure Analysis (%)	Debt Ratio		19.57	19.03	20.03	21.31
	Long Term Funds to Fixed Assets		297.10	283.55	269.96	225.32
Liquidity Analysis (%)	Current Ratio		339.09	331.63	314.98	268.73
	Quick Ratio		311.75	308.32	292.83	249.17
	Interest Coverage		164.11	222.16	211.52	157.72
Operation Performance Analysis	Average Collection Turnover (times)		6.72	6.75	7.60	6.52
	Average Collection Days		54	54	48	56
	Inventory Turnover (times)		7.22	8.48	8.56	7.73
	Average Payable Turnover (times)		12.17	12.58	11.79	9.13
	Average Inventory Turnover Days		51	43	43	47
	Fixed Assets Turnover (times)		2.19	2.13	1.99	1.54
	Total Assets Turnover (times)		0.63	0.61	0.59	0.51
Return On Investment Analysis	Return on Total Assets (%)		10.04	10.88	11.14	8.31
	Return on Equity (%)		12.49	13.42	13.79	10.41
	Income to Capital (%)	Operating Income	90.35	91.93	96.42	78.69
		Pre-Tax Income	73.65	84.51	93.04	75.06
	Net Income to Sales (%)		15.81	17.88	18.75	16.29
	Earning Per Share (NT$)		6.26	7.23	8.11	6.51
Cash Flow	Cash Flow Ratio (%)		100.45	110.42	96.28	83.58
	Cash Flow Adequacy Ratio (%)		138.54	139.63	146.63	126.83
	Cash Flow Re-investment Ratio		12.03	14.47	12.52	11.84
Leverage	Operation Leverage		1.50	1.49	1.50	1.64
	Financial Leverage		1.01	1.00	1.00	1.01

Please explain why financial ratio has changed up to 20 % for the most recent two years:

The over 20% changes in Interest coverage, Turnover of AP, turnover of property, plants and equipment, return on assets, return on equity are mainly attributed to decreases in sale revenues and profitability.

Note 1: Adopting IFRSs since year 2013, every annual report has certified by CPA.
Note 2: Calculation methods will be stated in the following sections.

a.Capital Structure Analysis

(a)Debt Ratio= Total Liabilities/ Total Assets

(b) Long Term Funds to Fixed Assets= (Total Equity + non-current liabilities)/ Net value of fixed capital

b.Liquidity

(a) Current Ratio= Current Assets/ Current Liabilities

(b) Quick Ratio= (Current Assets-Inventory-Prepaid Expense)/ Current Liabilities

(c) Interest Coverage=Net Profit before Income Tax and Interest Expense/ Interest Expense

c.Operation Performance Analysis

(a) Account Receivable (including account receivable and note receivable that derived from operation activities) Turnover Rate= Next Sales/ Average Account Receivable (including account receivable and note receivable that derived from operation activities) remaining amount.

(b) Average Collection Days= 365/ Account Receivable Turnover Ratio

(c) Inventory Turnover= Cost of Sales/ Average Inventory

(d) Account Payable (including account payable and note payable result from business operation) Turnover rate= Cost of Sales/ Average Account Payable (including account payable and note payable that derived from operation activities) remaining amount.

(e) Average Inventory Turnover Days= 365/ Inventory Turnover

(f) Fixed Assets (Land, Equipment Turnover) = Net Sales/ Average Fixed Assets.

(g) Total Assets Turnover= Net Sales/ Average Total Assets

d.Return on Investment

(a) Return on Total Assets=〔Profit(Loss) after tax + Interest Expense×（１－Interest Rate）〕/Average Total Assets.

(b) Return on Equity= Profit (Loss) after tax/Average Total Equity

(c) Net Income to Sales= Profit (Loss) after tax/ Net Sales

(d) Earning per Share= (attributed to parents profit (loss)-Preferred dividend)/weight average stock share issue. (Note 4)

e.Cash Flow

(a) Cash Flow Ratio=Operation Activities Cash Flow/Current Liabilities

(b) Cash Flow Adequacy Ratio (%) =Last five years Operation Activities Cash Flow/last five annual years (Cash Expenditure + Increase in Inventory+ Cash Dividends)

(c) Cash Flow Re-investment Ratio= (Operation Activities Cash Flow-Cash Dividends)/ (Gross Fixed Assets + Long Term Investment + Other Non-Current Assets + Operation Capital) (Note 5)

f.Leverage

(a) Operation Leverage = (Net Operating Income-Variable Cost and Expense)/ Operating Income (Note 6)

(b) Financial Leverage = Operating Income / (Operating Income- Interest Expense)

(C)Adopting ROC GAAP-Consolidated

Analysis Items (Note 2)			Year (Note 1) Last Five Years Financial Analysis 2011	2012
Capital Structure Analysis (%)	Debt Ratio		30.55	29.66
	Long Term Funds to Fixed Assets		182.21	189.21
Liquidity Analysis (%)	Current Ratio		280.28	258.75
	Quick Ratio		244.24	232.98
	Interest Coverage		68.41	41.2
Operation Performance Analysis	Average Collection Turnover (times)		5.89	5.81
	Average Collection Days		62	63
	Inventory Turnover (times)		7.48	7.75
	Average Payable Turnover (times)		8.23	8.76
	Average Inventory Turnover Days		49	47
	Fixed Assets Turnover (times)		1.59	1.45
	Total Assets Turnover (times)		0.69	0.62
Return On Investment Analysis	Return on Total Assets		7.66	6.82
	Return on equity		10.51	9.54
	Income to Capital (%)	Operating Income	61.04	62.97
		Pre-Tax Income	64.35	64.55
	Net Income to Sales (%)		10.92	10.81
	Earnings Per Share (NT$)		6.28	6.27
Cash Flow	Cash Flow Ratio (%)		53.05	66.79
	Cash Flow Adequacy Ratio (%)		99.8	97.06
	Cash Flow Re-investment Ratio (%)		6.12	10.64
Leverage	Operation Leverage		2.31	2.46
	Financial Leverage		1.01	1.03

Note 1: Adopting IFRSs since year 2013, every annual report has certified by CPA
Note 2: Calculation methods will be stated in the following sections.

(D)Adopting ROC GAAP- Parent-Company-Only

Item (Note 2)		Year (Note1)	Last Five Years Financial Analysis	
			2011	2012
Capital Structure Analysis (%)	Debt Ratio		20.33	19.16
	Long Term Funds to Fixed Assets		276.89	298.89
Liquidity Analysis (%)	Current Ratio		307.05	342.13
	Quick Ratio		271.25	314.09
	Interest Coverage		175.08	164.46
Operation Performance Analysis	Average Collection Turnover (times)		7.35	6.72
	Average Collection Days		50	54
	Inventory Turnover (times)		6.96	8.21
	Average Payable Turnover (times)		11.16	12.17
	Average Inventory Turnover Days		52	44
	Fixed Assets Turnover (times)		2.14	2.2
	Total Assets Turnover (times)		0.65	0.63
Return On Investment Analysis	Return on Total Assets		10.89	10.06
	Return on Equity		13.41	12.46
	Income to Capital (%)	Operating Income	81.86	90.52
		Pre-Tax Income	71.49	73.81
	Net Income to Sales (%)		16.59	15.85
	Net Income to Sales (%)		6.28	6.27
Cash Flow	Earnings Per Share (NT$)		83.7	101.21
	Cash Flow Ratio (%)		143.25	141.38
	Cash Flow Adequacy Ratio (%)		6.53	12
Leverage (%)	Cash Flow Re-investment Ratio (%)		1.46	1.5
	Operation Leverage		1.01	1.01

Note 1: Adopting IFRSs since year 2013, every annual report has certified by CPA.
Note 2: Calculation methods will be stated in the following sections.

a.Capital Structure Analysis

(a)Debt Ratio= Total Liabilities/ Total Assets

(b) Long Term Funds to Fixed Assets= (Total Equity + non-current liabilities)/ Net value of fixed capital

b.Liquidity

(a) Current Ratio= Current Assets/ Current Liabilities

(b) Quick Ratio= (Current Assets-Inventory-Prepaid Expense)/ Current Liabilities

(c) Interest Coverage=Net Profit before Income Tax and Interest Expense/ Interest Expense

c.Operation Performance Analysis

(a) Account Receivable (including account receivable and note receivable that derived from operation activities) Turnover Rate= Next Sales/ Average Account Receivable (including account receivable and note receivable that derived from operation activities) remaining amount.

(b) Average Collection Days= 365/ Account Receivable Turnover Ratio

(c) Inventory Turnover= Cost of Sales/ Average Inventory

(d) Account Payable (including account payable and note payable result from business operation) Turnover rate= Cost of Sales/ Average Account Payable (including account payable and note payable that derived from operation activities) remaining amount.

(e) Average Inventory Turnover Days= 365/ Inventory Turnover

(f) Fixed Assets (Land, Equipment Turnover) = Net Sales/ Average Fixed Assets.

(g) Total Assets Turnover= Net Sales/ Average Total Assets

d.Return on Investment

(a) Return on Total Assets=〔Profit(Loss) after tax + Interest Expense×（1－Interest Rate）〕/Average Total Assets.

(b) Return on Equity= Profit (Loss) after tax/Average Total Equity

(c) Net Income to Sales= Profit (Loss) after tax/ Net Sales

(d) Earning per Share= (attributed to parents profit (loss)-Preferred dividend)/weight average stock share issue. (Note 4)

e.Cash Flow

(a) Cash Flow Ratio=Operation Activities Cash Flow/Current Liabilities

(b) Cash Flow Adequacy Ratio (%) =Last five years Operation Activities Cash Flow/last five annual years (Cash Expenditure + Increase in Inventory+ Cash Dividends)

(c) Cash Flow Re-investment Ratio= (Operation Activities Cash Flow-Cash Dividends)/ (Gross Fixed Assets + Long Term Investment + Other Non-Current Assets + Operation Capital) (Note 5)

f.Leverage

(a) Operation Leverage = (Net Operating Income-Variable Cost and Expense)/ Operating Income (Note 6)

(b) Financial Leverage = Operating Income / (Operating Income- Interest Expense)

(3) Supervisors' or audit committee's report for the most recent year's financial statement

KINSUS INTERCONNECT TECHNOLOGY CORP.
AUDIT REPORT APPROVED BY THE AUDIT COMMITTEE

The Board of Directors has submitted Company Business Operation Report, Financial Report, Consolidated Income Statement and Profit Appropriation Proposal for a period of Jan. 1st to Dec. 31st 2015. The Financial Report, Consolidated Income Statement were verified and certified by Ernst & Young Global Limited and issued certified reports. Above mentioned reports have confirmed by the audit committee and complied with requirements of Securities and Exchange Act Article 14- 4 and Company Act Article 219.

Please kindly review and accept.

KINSUS INTERCONNECT TECHNOLOGY CORP.

Audit Committee Convener: Chen, Jin-Cia

(4) For financial statement for the most recent fiscal year please refers to page 188 to 286.

(5) For a parent-company-only financial statement for the most recent fiscal year, certified by a CPA please refer to page 100 to 187.

(6) If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

7. A Review and Analysis of the Company's Financial Position and Financial Performance and a Listing of Risks

(1) Financial position

Financial Status Review and Analysis Chart

Unit: NT$'000

Item \ Year	2015	2014	Differences Amount	Differences %	Note
Current Assets	23,471,368	23,471,268	$100	0.00	
Property, Plant and Equipment	16,150,904	15,429,778	$721,126	4.67	
Prepayment for Equip.	2,607,515	1,748,657	$858,858	49.12	Note 1
Other Assets	408,945	401,971	$6,974	1.73	
Total Assets	42,638,732	41,051,674	$1,587,058	3.87	
Current Liabilities	10,318,448	10,103,181	$215,267	2.13	
Non-Current Liabilities	1,492,483	895,719	$596,764	66.62	Note 2
Total Liabilities	11,810,931	10,998,900	$812,031	7.38	
Capital	4,460,000	4,460,000	$0	0.00	
Capital Surplus	5,939,819	5,939,819	$0	0.00	
Retained Earning	17,829,718	16,718,487	$1,111,231	6.65	
Other Shareholder Equity	2,598,264	2,934,468	($336,204)	(11.46)	
Total Shareholder Equity	30,827,801	30,052,774	$775,027	2.58	

Note 1: Due to business operation expansion.

Note 2: Due to increase in long-term loans.

(2) Financial performance

Financial Performance Comparison Analysis

Unit: NT$'000

	2015	2014	plus(minus) Amount	plus (minus) Variation ratio (%)	Note
Operating Revenues	23,061,311	24,943,834	(1,882,523)	(7.55)	
Cost Of Goods Sold	17,099,709	17,996,954	(897,245)	(4.99)	
Gross Profit	5,961,602	6,946,880	(985,278)	(14.18)	
Operating Expenses	2,897,878	2,937,721	(39,843)	(1.36)	
Operating Income	3,063,724	4,009,159	(945,435)	(23.58)	Note 1
Other Non-Operate Inc. and exp.	141,524	141,913	(389)	(0.27)	
Pre-Tax Income	3,205,248	4,151,072	(945,824)	(22.79)	Note 2
Income Tax Expense	475,722	660,839	(185,117)	(28.01)	Note 3
Net Incime	2,729,526	3,490,233	(760,707)	(21.80)	Note 4
Other comprehensive income (loss)	(137,614)	301,864	(439,478)	(145.59)	Note 5
Total comprehensive income	2,591,912	3,792,097	(1,200,185)	(31.65)	Note 6

Analysis on ration changes:

Note 1, 2, 3, 4 and 6: Mainly because of decrease in sale revenue, profitability and income tax.

Note 5: Due to the translation adjustments from currency exchange differences of foreign operational institutes/investees.

The reason for changes in the Company's core business: None.

(3) Cash flow: Cash Flow Analysis for the Coming Year

Unit: NT$'000

Beginning cash balance ①	Cash flow expecting from whole year operation activities ②	Estimate whole year cash outflow amount③	Estimate available cash balance (insufficient) amount ①+②-③	Remedies for Insufficient cash	
				Investment Plan	Financial Management Plan
$12,746,307	$19,346,617	$(17,244,487)	$14,848,437	-	-
a. Cash flow variation analysis: Cash flow generated from business operation activities has increased continuously because of slow sales growth forecast. Investment and financial management activities tend to be conservative, thus estimate cash remains NT$14,848,437 thousands. b. Estimate cash insufficient remedies and liquidity analysis: no cash liquidity concerns.					

(4)The effect upon financial operations of any major capital expenditures during the most recent fiscal year:

Our company has established a new production facility in Shin-Feng for the purpose of business operation expansion. This facility will be the production base for high end products in the coming years.

(5)The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

The company's main investments are all of long-term strategic investments. In year 2015, the parent's company annual investment loss was NT$325,786 thousand, near to NT$319,590 thousand in 2014. The scale economy of investments was not yet reached and the short-term profitibility needs to be improved. The Company's board has authority to refine the inestment organization in order to sustain the long-term investment strategy and to continuously generate the value for the Company to a maximum extent.

(6)The matters that the risks section shall analyze and assess during the most recent fiscal year and as they stood on the date of printing of the annual report

(A)Impacts on Company's Income and Future Counter Measures for Interest rate, Exchange rate Fluctuation and Inflation. Our company's 2015 interest rate and exchange gain or loss is list as below:

Unit: NT$1,000

Year / Item	2015
Net Exchange Gain (loss)	(14,925)
Net Sales	23,061,311
Income before Tax	3,205,248
Net Exchange Gain (loss)	(0.06%)
Net Exhange Gain (Loss) to Net Pre-Tax Profit Ratio	(0.47%)
Interest Revenue	86,116
Interest Revenue to Net Sales Income	0.37%
Interest Income to Pre-Tax Net Profit Ratio	2.69%
Interest Expense	56,968
Interest Expense to Net Sales Interest Ratio	0.25%
Interest Expense to Net Pre-Tax Profit Ratio	1.78%
Interest Income (Expense) to Net Pre-Tax Profit Ratio	0.91%

Sources: financial reports certified by CPA.

a. Impacts on Interest Rate Fluctuation

Our company always has been in a financial health status. We have assigned financial specialty personnel to cooperate with banks closely and obtain preferred mid to long term fund for our automatic equipments. Recently, annual interests gain (loss) amount only account for 0.91% of our company's pre-tax profit. Thus, interest fluctuation doesn't impose serious effects on our company.

b. Impacts of Exchange Rate Fluctuation

(a)We use US dollars as main quotation currency for exporting business. Our long term borrowing and major importing items are in US dollars currency. For these reasons, impact of exchange rate change between New Taiwan Dollar (NTD) vs. US. Dollars (USD) is minimal to our company. In year 2015, annual foreign exchange gain (loss) only account for (0.06%) of net sales.

(b)Counter-Measures for Exchange Rate Fluctuation

i.Open foreign currency deposit account in banks. Buying NTD or USD depends on money collected from sales and fund needed at the moment. Payment for importing raw materials depends on the exchange rate. We can choose to use foreign currency acquired from exporting or to use foreign currency borough in advance to reduce the effect of exchange rate fluctuation.

ii.We try to use USD as major currency when importing raw materials. Borrowing USD loan in order to balance the ratio of USD assets vs. liabilities in order avoid impacts result from exchange rate fluctuation.

(c)Impacts of Inflation

We keep close look on market price fluctuation and maintain good interaction with suppliers and clients Thus, in 2015 there is no serious incident caused by inflation.

(B)Reasons for company policy, gain or loss and future counter measures for engaging in high risk, highly leveraged investments, loans to others, endorsement and financial derivatives.

Latest years our company has not engaged in high risk, highly leveraged investments, loans to others, endorsement. Please refer to this report page 180 and 277. Moreover, our company established rules to regulate financial derivatives transaction and loan with others, endorsement risk management. For these reasons, those activities will not induce serious impacts on our company.

(C)Future R&D plans and Fund Estimated to Invest

Our company benefit from expertise in R&D and production experiences that accumulated for many years which allows us to meet product safety and diversity by launching "Modularized Product Design" production method to promote R&D capabilities, speed up new product development in order to satisfy variety product specifications that requested by different customers.

In the latest years, we have purchased new machines and equipments in order to reach the best production practice and to rejuvenate current products. We expect to invest about NT$1,181,273 thousands in R&D related field in 2016.

(D)Changes in domestic and foreign policy and legal impact on the company's financial operations and counter measures

Lately, our company's financial operations haven't affected by critical policy or legal changes in domestic and oversea because our main target market is in domestic, legal and critical policies are relatively stable also there is no military or political risks in the short term in the domestic. Conclude above reasons, we estimate our company will not suffer from negative effects due to major policy and legal changes in domestic and oversea.

(E)Influence and Counter-Measures for Technology and Industry Shift Company's Financial Operation

We pay attention on technology shifting in the industry and assigned specialist to evaluate and research certain changes might influence company's financial operation and found its counter-measures. In recent years, there is no critical technology shifting that will impose threat on company's financial operation.

(F)Crisis Management and Counter Measures Result from Company's Image Change Impact.

Our company's image is always being good; in the recent years there is no significant incidents that would require corporation crisis management.

(G)Expected income from merger and potential risk counter-measures: Not Applicable.

(H)Expected income from production facilities expansion and potential risk counter-measures: please refer to this report section "7" point (4).

(I)Potential risk and counter-measures derived from buying and selling products:

The major raw materials that our company purchased are potassium gold, substrate, transparent film, and copper sheet, drill bit, milling cutter, dry film and chemical substances. Once those materials were approved, changing materials is less likely thus, we only maintain 1~2 suppliers. Meanwhile, we keep good cooperation with other supplies in order to spread risk. Besides, one of our key product- IC BGA substrate, mostly we sell to leading IC design companies in domestic and oversea. Their applications rages are broad so, we are free from centralized sales risk.

(J)Risk counter-measures for directors, supervisors, shareholders owns more ten percent of company's shares, bulk share transfer or redemption: Our company's directors and shareholders owning more than 10% of company's share do not engage bulk share transfer.

(K)The impact of the change on the company's right to operate, risks and counter-measures: None

(L)Litigation or non-litigation case, should list the company and its directors, supervisors, general manager, the sustainable person in charge of, shareholders own more than ten percent of company’s shares and the company has the judgment or the slave system is still in the case of significant litigation non-litigation or administrative contentious event, the results could affect shareholders' equity or securities, should disclose its disputed fact, the subject of money, lawsuits start date, the major parties and deal with the case of the suit before the published this annual report: None.

(M)Other Risk and Counter-Measure: None.

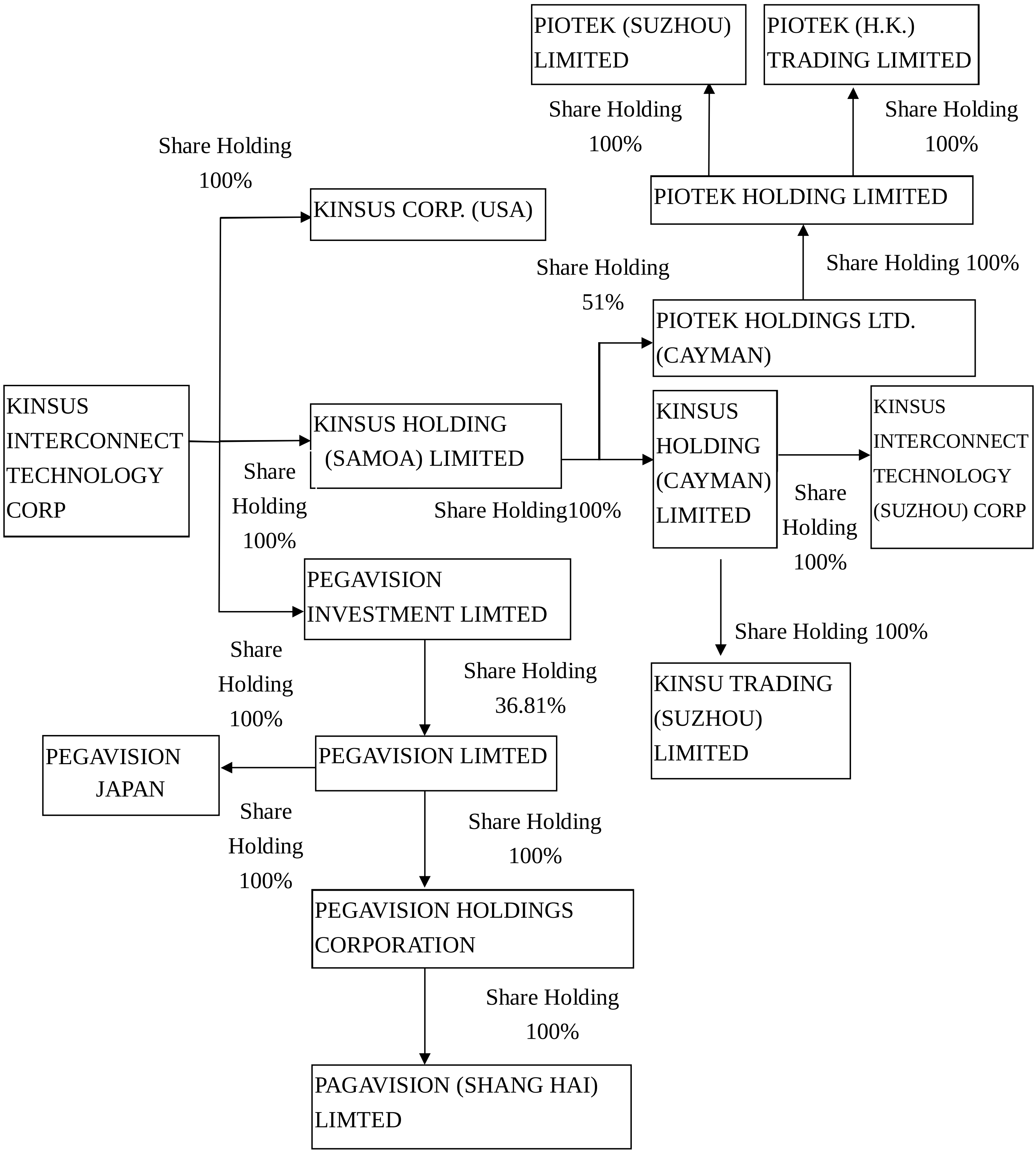
(7) Other important matters: None

8. Other Items Deserving Special Mention

(1) Information related to the Company's affiliates

(A)Associates Consolidated Business Operation Report:

a. As of December 31, 2015, our company organization chart as shown below:



b.The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of Ownership (%) As of December 31, 2015	2014
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00%	51.00%
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	36.81%	36.81%
KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)	100.00%	100.00%

KINSUS HOLDING (CAYMAN) LIMITED	XIANG-SHOU (SUZHOU) TRADING LIMITED	Trading of PCB related products and materials (not high-density fine-line)	100.00%	100.00%
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	100.00%
PIOTEK HOLDING LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	100.00%	100.00%
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION HOLDINGS CORPORATION	Investing activities	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION JAPAN INC.	Selling medical equipment	100.00% (Note1)	-% (Note1)
PEGAVISION HOLDINGS CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00%	100.00%

c.Associates Operating Status in year 2015: please refer to page 174 and 271-Mainland China investment information and Page 184 and 281-invested companies' information.

(B)Associates Consolidated Financial Report: please refer to page 188 to 286.
(C)Associates Report：Not applicable.

(2)The status of the Company carrying out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report. None.

(3)Holding or disposal of shares in the Company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

(4)Other matters that require additional description: None.

(5)Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, occuring during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

English Translation of an Audit Report Originally Issued in Chinese

REPORT OF INDEPENDENT AUDITORS

To: the Board of Directors and Shareholders of
Kinsus Interconnect Technology Corp.

We have audited the accompanying parent-company-only balance sheets of Kinsus Interconnect Technology Corp. as of December 31, 2015 and 2014, the related statements of comprehensive incomes, changes in equity, and cash flows for the years then ended. These parent-company-only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent-company-only financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of China and "Guidelines for Certified Public Accountants' Examination and Reports on Financial Statements", which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the parent-company-only financial statements referred to above present fairly, in all material respects, the financial position of Kinsus Interconnect Technology Corp. as of December 31, 2015 and 2014 and the results of its operations and cash flows for the years then ended in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Ernst & Young
February 1, 2016
Taipei, Taiwan,
Republic of China

Notice to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such financial statements are those generally accepted and applied in the Republic of China on Taiwan.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

PARENT-COMPANY-ONLY BALANCE SHEETS

As of December 31, 2015 and 2014

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2015		As of December 31, 2014	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$10,998,903	30	$10,082,304	30
1110	Financial assets at fair value through profit or loss	4, 6(2)	3,524,742	10	5,081,578	15
1125	Available-for-sale financial assets	4, 6(3)	-	-	40,369	-
1147	Bond investments with no active market	4, 6(4)	423,057	1	420,000	1
1150	Notes receivable, net	4, 6(5)	1,835	-	4,358	-
1170	Accounts receivable, net	4, 6(6)	2,920,639	8	2,403,669	7
1180	Accounts receivable - related parties, net	4, 6(6), 7	21,759	-	1,008	-
1200	Other receivables		281,480	1	392,702	1
1210	Other receivables - related parties	7	7,489	-	9,197	-
1310	Inventories, net	4, 6(7)	1,317,749	4	1,321,824	4
1410	Prepayments		115,144	-	76,320	-
1470	Other current assets		72,238	-	47,558	-
11XX	Total current assets		19,685,035	54	19,880,887	58
	Non-current assets					
1550	Investment accounted for under equity method	4, 6(8)	3,610,796	10	4,009,504	12
1600	Property, plant and equipment, net	4, 6(9), 8, 9	10,309,220	29	8,914,836	26
1780	Intangible assets, net	4, 6(10)	9,869	-	11,927	-
1840	Deferred tax assets	4, 6(23)	9,593	-	-	-
1915	Prepayment for equipment	4, 6(9), 9	2,452,423	7	1,438,282	4
1995	Other non-current assets	6(11), 8	2,202	-	5,347	-
15XX	Total non-current assets		16,394,103	46	14,379,896	42
1XXX	Total Assets		$36,079,138	100	$34,260,783	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

PARENT-COMPANY-ONLY BALANCE SHEETS-(Continued)

As of December 31, 2015 and 2014

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2015		As of December 31, 2014	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	$1,831,266	5	$730,798	2
2150	Notes payable		49,834	-	39,864	-
2170	Accounts payable		1,049,302	3	927,069	3
2180	Accounts payable - related parties	7	428,877	1	247,315	1
2200	Other payables	6(13), 7	3,094,451	9	2,981,520	9
2230	Current income tax liabilities	4, 6(23)	541,841	2	893,791	3
2300	Other current liabilities	6(14)	329,589	1	491,418	1
21XX	Total current liabilities		7,325,160	21	6,311,775	19
	Non-current liabilities					
2540	Long-term loans	6(15), 8	288,860	1	467,335	1
2570	Deferred tax liabilities	4, 6(23)	39,834	-	53,996	-
2600	Other non-current liabilities	4, 6(16), 6(17)	34,148	-	29,668	-
25XX	Total non-current liabilities		362,842	1	550,999	1
2XXX	Total liabilities		7,688,002	22	6,862,774	20
3100	Capital	6(18)				
3110	Common stock		4,460,000	12	4,460,000	13
3200	Capital surplus	6(18)	5,939,819	16	5,939,819	17
3300	Retained earnings	6(18)				
3310	Legal capital reserve		3,049,623	8	2,687,890	8
3350	Unappropriated earnings		14,780,095	41	14,030,597	41
3400	Other components of equity		194,484	1	279,703	1
3500	Treasury Stock	6(18)	(32,885)	-	-	-
3XXX	Total equity		28,391,136	78	27,398,009	80
	Total liabilities and equity		$36,079,138	100	$34,260,783	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

PARENT-COMPANY-ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2015 and 2014

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

			2015		2014	
Code	Accounts	Notes	Amount	%	Amount	%
4000	Operating revenues	4, 6(19), 7	$17,827,251	100	$19,290,237	100
5000	Operating costs	7	(12,513,748)	(70)	(13,017,150)	(68)
5900	Gross profit		5,313,503	30	6,273,087	32
6000	Operating expenses	7				
6100	Selling		(170,374)	(1)	(376,656)	(2)
6200	General and administrative		(620,887)	(3)	(624,714)	(3)
6300	Research and development		(1,012,606)	(6)	(971,583)	(5)
	Operating expenses total		(1,803,867)	(10)	(1,972,953)	(10)
6900	Operating income		3,509,636	20	4,300,134	22
7000	Non-operating income and expenses					
7010	Other income	6(21), 7	118,580	1	113,102	1
7020	Other gains and losses	6(21), 7	66,432	-	75,770	-
7050	Finance costs	6(21)	(21,360)	-	(19,712)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures		(325,786)	(2)	(319,590)	(2)
	Non-operating income and expense total		(162,134)	(1)	(150,430)	(1)
7900	Income expense from continuing operations before income tax		3,347,502	19	4,149,704	21
7950	Income tax	4, 6(23)	(443,550)	(3)	(532,377)	(2)
8200	Net income		2,903,952	16	3,617,327	19
8300	Other comprehensive income (loss)	6(22)				
8310	Item that may not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plains		(8,721)	-	15,710	-
8360	Items that may be reclassified subsequently to profit or loss					
8362	Unrealized gain (loss) on available-for-sale security		(24,694)	-	9,583	-
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(72,922)	-	194,267	1
8399	Income tax related to items that may be reclassified subsequently to profit or loss		12,397	-	(33,026)	-
	Total other comprehensive income, net of tax		(93,940)	-	186,534	1
8500	Total comprehensive income		$2,810,012	16	$3,803,861	20
9750	Earnings per share - basic (in NT$)	6(24)	$6.51		$8.11	
9850	Earnings per share - diluted (in NT$)	6(24)	$6.38		$7.98	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

PARENT-COMPANY-ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2015 and 2014

(Amounts Expressed in Thousands of New Taiwan Dollars)

					Retained Earnings			Other Components of equity			
	Items	Notes	Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unrealized valuation gain (loss) on available-for-sale financial assets	Treasury Stock	
Code			3100	3200	3310	3320	3350	3410	3425	3500	3XXX
A1	Balance as of January 1, 2014		$4,460,000	$5,863,612	$2,365,481	$74,424	$12,206,545	$93,768	$15,111	$-	$25,078,941
	Appropriation and distribution of 2013 earnings:	6(18)									
B1	Legal reserve				322,409		(322,409)				-
B5	Cash dividends - common shares						(1,561,000)				(1,561,000)
B17	Reversal of special reserve					(74,424)	74,424				-
D1	Net income (loss) for 2014						3,617,327				3,617,327
D3	Other comprehensive income (loss) for 2014	6(22)					15,710	161,241	9,583		186,534
D5	Total comprehensive income		-	-	-	-	3,633,037	161,241	9,583	-	3,803,861
M5	Differences between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries			50,925							50,925
M7	Changes in equities of subsidiaries			25,282							25,282
A1	Balance as of December 31, 2014		4,460,000	5,939,819	2,687,890	-	14,030,597	255,009	24,694	-	27,398,009
	Appropriation and distribution of 2014 earnings:	6(18)									
B1	Legal reserve				361,733		(361,733)				-
B5	Cash dividends - common shares						(1,784,000)				(1,784,000)
D1	Net income (loss) for 2015						2,903,952				2,903,952
D3	Other comprehensive income (loss) for 2015	6(22)					(8,721)	(60,525)	(24,694)		(93,940)
D5	Total comprehensive income		-	-	-	-	2,895,231	(60,525)	(24,694)	-	2,810,012
L1	Treasury stock repurchase									(32,885)	(32,885)
Z1	Balance as of December 31, 2015		$4,460,000	$5,939,819	$3,049,623	$-	$14,780,095	$194,484	$-	$(32,885)	$28,391,136

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

PARENT-COMPANY-ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2015	2014	Code	Items	2015	2014
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	$3,347,502	$4,149,704	B00400	Disposal of available-for-sale financial assets	46,520	51,620
A20000	Adjustments:			B00600	Acquisition of bond investments for which no active market exists	(3,057)	-
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(4,172,476)	(2,636,178)
A20100	Depreciation	1,953,230	1,911,643	B02800	Proceeds from disposal of property, plant and equipment	5	6,635
A20200	Amortization	26,086	20,712	B03800	Decrease (increase) in refundable deposits	3,145	(845)
A20300	Bad debt expense (gain on recovery)	(17,179)	5,418	B04500	Acquisition of intangible assets	(24,028)	(25,231)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(24,447)	(27,787)	BBBB	Net cash provided by (used in) investing activities	(4,149,891)	(2,603,999)
A20900	Interest expense	21,360	19,712				
A21200	Interest income	(76,970)	(71,135)	CCCC	Cash flows from financing activities:		
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	325,786	319,590	C00100	Increase in (repayment of) short-term loans	1,100,468	(135,335)
A22500	Gain on disposal of property, plant and equipment	(5)	(602)	C01600	Increase in long-term loans	-	474,750
A22500	Loss on disposal of property, plant and equipment	725	1,231	C01700	Repayment of long-term loans	(339,432)	(267,000)
A23100	Gain on disposal of investment	(30,845)	(24,691)	C04500	Payment of cash dividends	(1,784,000)	(1,561,000)
A30000	Changes in operating assets and liabilities:			C04900	Treasury stock purchased	(32,885)	-
A31110	Financial Assets at fair value through profit or loss	1,581,283	-	CCCC	Net cash provided by (used in) financing activities	(1,055,849)	(1,488,585)
A31130	Notes receivable	2,523	65,025				
A31150	Accounts receivable	(499,791)	38,216	EEEE	Net Increase (decrease) in cash and cash equivalents	916,599	1,984,469
A31160	Accounts receivable - related parties	(20,751)	28,369	E00100	Cash and cash equivalents at beginning of period	10,082,304	8,097,835
A31180	Other receivable	110,843	2,968	E00200	Cash and cash equivalents at end of period	$10,998,903	$10,082,304
A31190	Other receivable - related parties	1,708	3,305				
A31200	Inventories	4,075	(141,939)				
A31230	Prepayment	(38,824)	845				
A31240	Other current assets	(24,680)	(8,323)				
A32130	Notes payable	9,970	270				
A32150	Accounts payable	122,233	156,275				
A32160	Accounts payable - related parties	181,562	64,213				
A32180	Other payable	(77,360)	284,537				
A32210	Advance receipts	(1,126)	(4,638)				
A32230	Other current liabilities	254	(52,241)				
A32240	Net pension liability under defined benefit plan	(4,241)	(3,973)				
A33000	Cash generated from operations	6,872,921	6,736,704				
A33100	Interest received	77,349	70,627				
A33300	Interest paid	(21,073)	(19,435)				
A33500	Income tax paid	(806,858)	(710,843)				
AAAA	Net cash provided by (used in) operating activities	6,122,339	6,077,053				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

1. HISTORY AND ORGANIZATION

Kinsus Interconnect Technology Corp. (referred to "the Company") was established on September 11, 2000. Its main business activities include the manufacture of electronic products, the whole-sale and retail-sale of electronic materials, and the consultation services of business operation and management. The Company's stocks have been governmentally approved on May 20th, 2004 to be listed and traded in Taiwan Stock Exchange starting November 1st, 2004.The registered business premise and main operation address is at 1245, Chung Hua Rd., Hsinwu District, Taoyuan City, Taiwan 32747.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors'meeting held on February 1, 2016.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2015. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

IAS 19 Employee Benefits

The revised IAS 19 brought about the following changes to defined benefit plans which are summarized as below:

(a) The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under the revised IAS 19, which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

(b) In the previous version of IAS 19, past service cost is recognized as an expense immediately to the extent that the benefits are already vested, or on a straight-line basis over the average period until the benefits become vested. Under the revised IAS 19, all past service costs are recognized at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognized. Therefore unvested past service cost is no longer deferred over future vesting periods.

(c) The revised IAS 19 required more disclosure. Please refer to Note 6.

IFRS 13 Fair Value Measurements

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. The Group re-assessed its policies for measuring fair values. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

Additional disclosures where required under IFRS 13, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 12. According to the transitional provisions of IFRS 13, IFRS 13 is applied prospectively as of 1 January 2015; the disclosure requirements of IFRS 13 need not be applied in comparative information before 1 January 2015.

IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income

Beginning 1 January 2014, the Group presented its items of other comprehensive income that will be reclassified to profit or loss separately from items that will not be reclassified in accordance with the amendments to IAS 1. The amendments affect presentation of statement of comprehensive income only and have no impact on the Group’s financial position or performance.

IAS 1 Presentation of Financial Statements – Clarification of the requirement for comparative information

Beginning 1 January 2014, according to the amendments to IAS 1, when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in it financial statements, or when it reclassifies items in its financial statements, the opening statement of financial position does not have to be accompanied by comparative information in the related notes. The amendments affect notes accompanying the financial statements only and have no impact on the Group’s financial position or performance.

(2) The Company has not applied the following IFRSs issued by the International Accounting Standards Board ("IASB") but not endorsed by the FSC. As of the date that the consolidated financial statements were authorized for issue, the initial adoption to the following standards and interpretations is still subject to the effective date to be published by the FSC.

(a) IAS 36 "Impairment of Assets" (Amendment)

This amendment relates to the amendment issued in May 2011 and requires entities to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit when an impairment loss has been recognized or reversed during the period. The amendment also requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed, including valuation techniques used, level of fair value hierarchy of assets and key assumptions used in measurement. The amendment is effective for annual periods beginning on or after 1 January 2014.

(b) IFRIC 21 "Levies"

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government (both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain). The interpretation is effective for annual periods beginning on or after 1 January 2014.

(c) IAS 39 "Financial Instruments: Recognition and Measurement" (Amendment)

Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The interpretation is effective for annual periods beginning on or after 1 January 2014.

(d) IAS 19 "Employee Benefits" (Defined benefit plans: employee contributions)

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to provide a policy choice for a simplified accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is effective for annual periods beginning on or after 1 July 2014.

(e) Improvements to International Financial Reporting Standards (2010-2012 cycle):

IFRS 2 “Share-based Payment”

The annual improvements amend the definitions of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment prospectively applies to share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 “Business Combinations”

The amendments include: (1) deleting the reference to "other applicable IFRSs" in the classification requirements; (2) deleting the reference to "IAS 37 Provisions, Contingent Liabilities and Contingent Assets or other IFRSs as appropriate", other contingent consideration that is not within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognized in profit or loss; (3) amending the classification requirements of IFRS 9 Financial Instruments to clarify that contingent consideration that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in profit or loss depending on the requirements of IFRS 9. The amendments apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

IFRS 8 “Operating Segments”

The amendments require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. The amendments also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The amendment is effective for annual periods beginning on or after 1 July 2014.

IFRS 13 “Fair Value Measurement”

The amendment to the Basis for Conclusions of IFRS 13 clarifies that when deleting paragraph B5.4.12 of IFRS 9 Financial Instruments and paragraph AG79 of IAS 39 Financial Instruments: Recognition and Measurement as consequential amendments from IFRS 13 Fair Value Measurement, the IASB did not intend to change the measurement requirements for short-term receivables and payables.

IAS 16 “Property, Plant and Equipment”

The amendment clarifies that when an item of property, plant and equipment is revalued, the accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 24 “Related Party Disclosures”

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 38 “Intangible Assets”

The amendment clarifies that when an intangible asset is revalued, the accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

(f) Improvements to International Financial Reporting Standards (2011-2013 cycle):

IFRS 1 “First-time Adoption of International Financial Reporting Standards”

The amendment clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application.

IFRS 3 “Business Combinations”

This amendment clarifies that paragraph 2(a) of IFRS 3 Business Combinations excludes the formation of all types of joint arrangements as defined in IFRS 11 Joint Arrangements from the scope of IFRS 3; and the scope exception only applies to the financial statements of the joint venture or the joint operation itself. The amendment is effective for annual periods beginning on or after 1 July 2014.

IFRS 13 “Fair Value Measurement”

The amendment clarifies that paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. The objective of this amendment is to clarify that this portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 40 “Investment Property”

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property; in determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property, separate application of both standards independently of each other is required. The amendment is effective for annual periods beginning on or after 1 July 2014.

(g) IFRS 14 “Regulatory Deferral Accounts”

IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. IFRS 14 is effective for annual periods beginning on or after 1 January 2016.

(h) IFRS 11 “Joint Arrangements” (Accounting for Acquisitions of Interests in Joint Operations)

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments require the entity to apply all of the principles on business combinations accounting in IFRS 3 “Business Combinations”, and other IFRS (that do not conflict with the guidance in IFRS 11), to the extent of its share in a joint operation acquired. The amendment also requires certain disclosure. The amendment is effective for annual periods beginning on or after 1 January 2016.

(i) IAS 16“Property, Plant and Equipment and IAS 38 “Intangible Assets” — Clarification of Acceptable Methods of Depreciation and Amortization

The amendment clarified that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as selling activities and change in sales volumes or prices. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendment is effective for annual periods beginning on or after 1 January 2016.

(j) IFRS 15 “Revenue from Contracts with Customers”

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Company 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:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2018.

(k) IAS 16 “Property, Plant and Equipment and IAS 41 “Agriculture” - Bearer Plants

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, and the produce growing on bearer plants will remain within the scope of IAS 41. The amendment is effective for annual period beginning on or after 1 January 2016.

(l) IFRS 9 “Financial Instruments”

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9 Financial Instruments (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity’s business model for managing the financial assets and the financial asset’s contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that ‘own credit risk’ adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after 1 January 2018.

(m) IAS 27 “Separate Financial Statements” — Equity Method in Separate Financial Statements

The IASB restored the option to use the equity method under IAS 28 for an entity to account for investments in subsidiaries and associates in the entity’s separate financial statements. In 2003, the equity method was removed from the options. This amendment removes the only difference between the separate financial statements prepared in accordance with IFRS and those prepared in accordance with the local regulations in certain jurisdictions.

The amendment is effective for annual periods beginning on or after 1 January 2016.

(n) IFRS 10 “Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

The amendment is effective for annual periods beginning on or after 1 January 2016.

(o) Improvements to International Financial Reporting Standards (2012-2014 cycle):

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also requires identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendment is effective for annual periods beginning on or after 1 January 2016.

IFRS 7 "Financial Instruments: Disclosures"

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and therefore the disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety under IFRS 7 Financial Instruments: Disclosures is required. The amendment also clarifies that whether the IFRS 7 disclosure related to the offsetting of financial assets and financial liabilities are required to be included in the condensed interim financial report would depend on the requirements under IAS 34 Interim Financial Reporting. The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 19 "Employee Benefits"

The amendment clarifies the requirement under IAS 19.83, that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 34 "Interim Financial Reporting"

The amendment clarifies what is meant by "elsewhere in the interim financial report" under IAS 34; the amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is effective for annual periods beginning on or after 1 January 2016.

(p) IAS 1 "Presentation of Financial Statements" (Amendment):

The amendments contain (1) clarifying that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments reemphasize that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted, (2) clarifying that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, and how an entity shall present additional subtotals, (3) clarifying that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasize that understandability and comparability should be considered by an entity when deciding on that order, (4) removing the examples of the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be, and (5) clarifying that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2016.

(q) IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", and IAS 28"Investments in Associates and Joint Ventures" — Investment Entities: Applying the Consolidation Exception

The amendments contain (1) clarifying that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiary at fair value, (2) clarifying that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated when all other subsidiaries of an investment entity are measured at fair value, and (3) allowing the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendment is effective for annual periods beginning on or after 1 January 2016.

The abovementioned standards and interpretations issued by IASB have not yet recognized by FSC at the date of issuance of the Group’s financial statements, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (10) and (12), it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1)Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2015 and 2014 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2)Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT$”) unless otherwise stated.

(3)Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a)Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b)Foreign currency items within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are accounted for based on the accounting policy for financial instruments.

(c)Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4)Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5)Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6)Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and 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 (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(7)Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Company are classified as financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. The Compcny determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or

ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Available-for-sale financial assets

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

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is reclassified to profit or loss. 。

If equity instrument investments do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or bond investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

(a) significant financial difficulty of the issuer or obligor; or
(b) breach of contract, such as a default or delinquency in interest or principal payments; or
(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(d) the disappearance of an active market for that financial asset due to financial difficulties of the issuer.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the amount recorded for impairment is the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. The impairment amount is reclassified from equity to profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in their fair value after impairment are recognized directly in equity.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income is based on the reduced carrying amount of assets and calculated using the effective interest rate which is the discount rate for measuring impairment loss. Interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

B. Financial liabilities and equity instruments

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract of the Company that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired principally for the purpose of selling it in short term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated upon initial recognition as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces measurement or recognition inconsistency; or
(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss, including interests, are recognized in profit or loss.

If financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their far value cannot be reliably measured, they are classified as financial liabilities measured at cost on balance sheet and carried at cost as of the reporting date.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include payables and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Relevant gains or losses and amortization amounts are recognized in profit or loss when the liabilities are derecognized and amortized through the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(8)Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9)Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - At actual purchase cost, using weighted average method

Finished goods and work in progress - Including cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10)Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IAS 27 “Consolidated and Separate Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate.

When changes in the net assets of an associate or joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

When the associate or joint venture issues new stocks, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired in accordance with IAS 39 *Financial Instruments:* Recognition *and Measurement*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate or joint venture' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows form the operations of the associate or joint venture and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or jointly controlled entity of joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or jointly controlled entity and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(11)Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	10 to 25 years
Machinery	1 to 5 years
Transportation	5 years
Office equipment	3 to 5 years
Other equipment	3 to 25 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12)Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The Company's accounting policies for intangible assets are as follows:

	Cost of Computer Software
Useful economic life	1 to 5 years
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(13)Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. An asset's recoverable amount is the higher of an asset's net fair value or its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(14)Treasury Stock

The Company's own equity instruments repurchased (treasury shares) are recognized atrepurchase cost and deducted from equity. Any difference between the carrying amountand the consideration is recognized in equity.

(15)Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Conditions and methods for the recognition of various types of revenue are listed below:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied: significant risks and rewards of ownership of the goods have passed to the buyer; neither continuing managerial involvement nor effective control over the goods sold have been retained; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred in respect of the transaction can be measured reliably.

Customer Loyalty Programmes

When the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account.

Interest income

Interest incomes from financial assets at amortized costs (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets are estimated using the effective interest method and recognized in profit or loss.

Dividend income

Dividend incomes are recognized only when the Group has the right to receive the dividends.

(16)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17)Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions.Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events

(18)Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% income tax for undistributed earnings of the Company is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss);

(b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, any unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed and recognized at each reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1)Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(2)Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax benefit and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as past experience in tax audit and different interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2015, the un-recognized portion of the Company's defferred tax assets was disclosed in Note 6.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Cash and petty cash	200	200
Checkings and savings	2,373,292	2,066,693
Time deposit	8,625,411	8,015,411
Total	10,998,903	10,082,304

(2)Financial assets at fair value through profit or loss

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Held for trading:		
Money market fund	3,442,558	4,980,352
Valuation adjustments	82,184	101,226
Total	3,524,742	5,081,578

No financial asset at fair value through profit or loss was pledged as collateral.

(3)Available-for-sale financial assets

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Stocks	-	15,675
Valuation adjustments	-	24,694
Total	-	40,369

No available-for-sale financial asset was pledged as collateral.

(4)Bond investments with no active market

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Time deposits	423,057	420,000
Current	423,057	420,000

There was no bond investments with no active market pledged as collateral.

(5)Notes receivable

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Notes receivable – from operations	1,835	4,358
Less: allowance for doubtful accounts	-	-
Net	1,835	4,358

No notes receivable was pledged by the Company as collateral.

(6)Accounts receivable and accounts receivable - related parties, net

A. Accounts receivable, net

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Accounts receivable, gross	2,968,030	2,468,239
Less: allowance for doubtful accounts	(47,391)	(64,570)
Net of allowances	2,920,639	2,403,669
Accounts receivable - related parties, gross	21,759	1,008
Less: allowance for doubtful accounts	-	-
Net of allowances	21,759	1,008
Total accounts receivable, net	2,942,398	2,404,677

B. The Company entered into factoring agreements with banks. Accounts receivables from selected customers are transferred to banks without recourse. Details of the agreed credit limits and accounts receivables transferred as of December 31, 2015 and 2014 were as follows:

	Financial Institution	Accounts receivable de-recognized (NT$'000)	Advance received (NT$'000)	Collateral	Credit Limit
12/31/2015	Mega International Commercial Bank - LanYa Branch	251,600	-	None	Note
12/31/2014	Mega International Commercial Bank - LanYa Branch	509,292	153,968	None	Note

Note: The credit limits were US$ 30,000 thousand as of December 31, 2015 and 2014.

C. The collection term of accounts receivables are generally on 60 to 120 day after monthly closing. The movement schedule of the impairment provision for accounts receivable, including related parties, was presented as below. (Please also refer to Note 12 for credit risk disclosure)

	Impaired Individually (NT$'000)	Impaired Collectively (NT$'000)	Total (NT$'000)
As of January 1, 2015	-	64,570	64,570
Provision (reversal)	-	(17,179)	(17,179)
Effect of exchange rate changes	-	-	-
As of December 31, 2015	-	47,391	47,391
As of January 1, 2014	-	59,152	59,152
Provision (reversal)	-	5,418	5,418
Effect of exchange rate changes	-	-	-
As of December 31, 2014	-	64,570	64,570

Aging analysis for the net accounts receivable, including related parties, were as follows.

		Accounts receivable – past due, but not impaired				
	Neither past due nor impaired (NT$'000)	Less than 61 days (NT$'000)	61 to 90 days (NT$'000)	91 to 120 days (NT$'000)	Longer than 120 days (NT$'000)	Total (NT$'000)
12/31/2015	2,776,357	166,041	-	-	-	2,942,398
12/31/2014	2,337,761	66,916	-	-	-	2,404,677

(7)Inventory

A. Details of inventory:

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Raw material	349,620	367,966
Supplies	40,460	34,564
Work in process	563,882	502,706
Finished goods	336,273	391,549
Merchandises	27,514	25,039
Total	1,317,749	1,321,824

B. For the years ended December 31, 2015 and 2014, the Company recognized NT$12,513,748 thousand and NT$13,017,150 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

Item	For the year ended December 31, 2015 (NT$'000)	2014 (NT$'000)
Loss from (Gains on recovery of) inventory market decline	(136,990)	194,115
Loss (gain) from physical	(1,853)	34,935
Loss in inventory written-off and obselencense	1,191,343	864,542
Total	1,052,500	1,093,592

The Company recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

C. The inventories were not pledged.

(8)Investments Accounted For Under the Equity Method

Investee companies	2015 Amount (NT$'000)	2015 Percentage of Ownership	2014 Amount (NT$'000)	2014 Percentage of Ownership
Investments in subsidiaries:				
KINSUS CORP. (USA)	32,462	100.00%	29,528	100.00%
KINSUS HOLDING (SAMOA) LIMITED	3,011,949	100.00%	3,458,036	100.00%
KINSUS INVESTMENT CO., LTD.	566,385	100.00%	521,940	100.00%
Total	3,610,796		4,009,504	

As of December 31,

A. Investments in subsidiaries

Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method. Valuation adjustment is made if deemed necessary.

B. The Company's investments accounted for under the equity method were not pledged.

(9)Property, plant and equipment

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Transportation (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepaid equipment) (NT$'000)	Total (NT$'000)
Cost:								
As of 1/1/2015	1,366,426	2,472,080	9,676,936	23,626	2,735	2,194,275	2,761,524	18,497,602
Addition	-	-	441	6,121	1,355	58,051	4,296,512	4,362,480
Disposals	-	-	(2,049,861)	-	-	(150,529)	-	(2,200,390)
Effect of EXrate	-	-	-	-	-	-	-	-
Reclassification	191,374	74,655	1,520,319	7,309	-	202,770	(1,996,427)	-
As of 12/31/2015	1,557,800	2,546,735	9,147,835	37,056	4,090	2,304,567	5,061,609	20,659,692
As of 1/1/2014	1,237,179	2,464,872	8,284,351	8,630	1,525	2,098,092	1,243,287	15,337,936
Addition	8,939	-	55,093	6,196	830	44,526	3,135,070	3,250,654
Disposals	-	(2,500)	(78,591)	-	-	(9,897)	-	(90,988)

Effect of EXrate	-	-	-	-	-	-	-	-
Reclassification	120,308	9,708	1,416,083	8,800	380	61,554	(1,616,833)	-
As of 12/31/2014	1,366,426	2,472,080	9,676,936	23,626	2,735	2,194,275	2,761,524	18,497,602
Depreciation and impairment:								
As of 1/1/2015	-	766,015	5,925,647	7,992	723	1,444,107	-	8,144,484
Depreciation	-	125,981	1,557,893	8,611	739	260,006	-	1,953,230
Impairment loss	-	-	-	-	-	-	-	-
Disposal	-	-	(2,049,501)	-	-	(150,164)	-	(2,199,665)
Effect of EXrate	-	-	-	-	-	-	-	-
Reclassification	-	-	8,737	-	-	(8,737)	-	-
As of 12/31/2015	-	891,996	5,442,776	16,603	1,462	1,545,212	-	7,898,049
As of 1/1/2014	-	644,443	4,468,329	3,000	237	1,200,556	-	6,316,565
Depreciation	-	122,841	1,529,876	4,992	486	253,448	-	1,911,643
Impairme loss	-	-	-	-	-	-	-	-
Disposal	-	(1,269)	(72,558)	-	-	(9,897)	-	(83,724)
Effect of EXrate	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
As of 12/31/2014	-	766,015	5,925,647	7,992	723	1,444,107	-	8,144,484
Net carrying amount:								
As of 12/31/2015	1,557,800	1,654,739	3,705,059	20,453	2,628	759,355	5,061,609	12,761,643
As of 12/31/2014	1,366,426	1,706,065	3,751,289	15,634	2,012	750,168	2,761,524	10,353,118

A. “ Significant components ” of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 25 years and 10 to 20 years.

B. Details of property, plant & equipment and prepayment for machinery is as follows:

	As of December 31,	
	2015 (NT$’000)	2014 (NT$’000)
Property, plant and equipment	10,309,220	8,914,836
Prepaid equipment	2,452,423	1,438,282
Total	12,761,643	10,353,118

C. Please refer to Note 8 for details on property, plant and equipment pledged as collaterals.

D. The Company purchased 40 parcels of land with a total area of 36,287.15 square meters. Lands are located at the addresses of No. 1113, 1114, 1438 to 1443,1479,1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1044, 1047 to 1049 at QingHua Section, and No. 0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, land cannot be registered under the Company's name while it has been temporarily registered under the general manager's name and, to secure the Company's right to the land, mortgage registration has been set aside with the Company being the obligee.

(9)

(10) Intangible assets

	Computer software (NT$'000)
Cost:	
As of January 1, 2015	23,080
Additions – acquired separately	24,028
Derecognized upon retirement	(23,080)
Effect of exchange rate changes	-
As of December 31, 2015	24,028
As of January 1, 2014	26,401
Additions – acquired separately	25,231
Derecognized upon retirement	(28,552)
Effect of exchange rate changes	-
As of December 31, 2014	23,080
Amortization and Impairment:	
As of January 1, 2015	11,153
Amortization	26,086
Derecognized upon retirement	(23,080)
Effect of exchange rate changes	-
As of December 31, 2015	14,159
As of January 1, 2014	18,993
Amortization	20,712
Derecognized upon retirement	(28,552)
Effect of exchange rate changes	-
As of December 31, 201	11,153

Carrying amount, net:	
As of December 31, 2015	9,869
As of December 31, 2014	11,927

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Operating expense	26,086	20,712

(11) Other non-current assets

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Refundable deposits	2,202	5,347

(12) Short-term loans

		As of December 31,	
	Interest interval (%)	2015 (NT$'000)	2014 (NT$'000)
Unsecured bank loans	0.88~1.15	1,831,266	730,798

As of December 31, 2015 and 2014, the line of unused short-term loan credit for the Company amounted to NT$2,907,734 thousand and NT$2,687,402 thousand, respectively.

(13) Other payable

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Accrued expense	2,007,409	2,084,769
Equipment payable	1,085,936	895,932
Accrued interest	1,106	819
Total	3,094,451	2,981,520

(14) Other current liabilities

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Other current liabilities	28,405	28,151
Unearned sales revenue	3,133	4,259
Current portion of long-term loans	298,051	459,008
Total	329,589	491,418

(15) Long-term loans

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2015 (NT$'000)	Repayment
Mega International Commercial Bank - LanYa Branch	Secured bank loan	2015.10.27-2016.12.15	48,581	Notes 1
Mega International Commercial Bank - LanYa Branch	Credit loan	2015.10.27-2018.08.12	144,430	Notes 2
Taipei Fubon Commercial Bank - BeiTou Branch	Credit loan	2017.12.15	393,900	Note 5
Total			586,911	
Less: current portion			(298,051)	
Non-current portion			288,860	

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2014 (NT$'000)	Repayment
Mega International Commercial Bank - LanYa Branch	Secured bank loan	2015.10.27-2016.12.15	141,159	Notes 1and 2
Mega International Commercial Bank - LanYa Branch	Credit loan	2015.10.27-2018.08.12	279,575	Notes 1and 3
The Shanghai Commercial & Savings Bank -	Secured bank loan	2015.07.15	30,859	Note 4

ZhongLi Branch				
Taipei Fubon Commercial Bank - BeiTou Branch	Credit loan	2017.12.15	474,750	Note 5
Total			926,343	
Less: current portion			(459,008)	
Non-current portion			467,335	

Note 1: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 2 years (8 terms). The rest is repayable in installments of equal amount for 20 terms.

Note 2: Interest shall be paid for the first 12 months from the initial draw-down date. Starting from the 13th month, interest shall be paid monthly with principal repaid every 3 months.

Note 3: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 1 years (4 terms). The rest is repayable in installments of equal amount for 16 terms.

Note 4: A term is defined as every 3 months starting from the initial draw-down date. The loan is repayable in installments of equal amount for 20 terms.

Note 5: One year after the initial draw-down date is considered term one and the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 5 terms.

A portion of property, plant and equipment were pledged to Mega International Commercial Bank and Shanghai Commercial & Savings Bank (the first-priority mortgagors) as collaterals for secured bank loans. Please refer to Note 8 for more details.

As of December 31, 2015 and 2014, the interest rate intervals for long-term loans were 1.02%~1.3214% and 0.72%~1.597%, respectively.

(16) Other non-current liabilities

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Accrued pension costs	34,148	29,668

(17) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2015 and 2014 are NT$93,793 thousand and NT$88,653 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

The fund is operated in a potofolio basis by Goernance Committee on Labor Retirement Fund in accordance with the Rule for Custody and Operating the Labor Retirement Fund. The investment of the Fund may be executed either by the Committee itself or by outsourced other profession institutions with its investment stategy, including both active and passive management, targeting in a medium or longer term. In considering the risks of market, credit and liquidity, the Committee establishes the ceiling of fund investment and control plan, in one hand, to reduce investment risk to an affordable extent and, in the other hand, to achieve the targeted return flexibly. As of December 31, 2015, the Company plans to contribute NT$5,061 thousand to the funds under its defined benefit scheme during the following fiscal year.

As of December 31, 2015 and 2014, the maturities of the Company's defined benefit plan were expected in 2036 and 2037 and the detail information is listed as below.

	As of December 31,	
Matured in	2015 (NT$'000)	2014 (NT$'000)
Less than one year	14,162	8,440
More than one year but less than five years	3,038	8,142
More than five years	22,213	16,321
Total	39,413	32,903

Pension costs recognized in profit or loss are as follows:

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Current service costs	152	232
Net interest of defined benefit liability (asset)	668	987
Past service cost	-	-
Settlement	-	-
Total	820	1,219

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	As of		
	Dec. 31, 2015 (NT$'000)	Dec. 31, 2014 (NT$'000)	Jan. 1, 2014 (NT$'000)
Defined benefit obligation	127,707	116,697	132,275
Plan assets at fair value	(93,559)	(87,029)	(82,924)
Other non-current liabilities – net defined benefit liability	34,148	29,668	49,351

Reconciliation of liability (asset) of the defined benefit liability is as follows:

	Present value of defined benefit obligation (NT$'000)	Fair value of plan assets (NT$'000)	Net defined benefit liability(asset) (NT$'000)
2014.01.01	132,275	(82,924)	49,351
Current service cost	232	-	232
Interest cost	2,645	(1,658)	987
Past service cost and settlement	-	-	-
Total	2,877	(1,658)	1,219
Re-measurment on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	519	-	519
Actuarial gian/loss due to change in financial assumptions	(6,277)	-	(6,277)
Experience gian/loss	(9,704)	(248)	(9,952)

Re-measurement on defined benefit assets	-	-	-
Total	(15,462)	(248)	(15,710)
Benefits paid	(2,993)	2,993	-
Contributions by employer	-	(5,192)	(5,192)
Effect of exchange rate	-	-	-
2014.12.31	116,697	(87,029)	29,668
Current service cost	152	-	152
Interest cost	2,626	(1,958)	668
Pasts service cost and settlement	-	-	-
Total	2,778	(1,958)	820
Re-measurment on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	2,453	-	2,453
Actuarial gian/loss due to change in financial assumptions	6,154	-	6,154
Experience gian/loss	474	(360)	114
Re-measurement on defined benefit assets	-	-	-
Total	9,081	(360)	8,721
Benefits paid	(849)	849	-
Contributions by employer	-	(5,061)	(5,061)
Effect of exchange rate	-	-	-
2015.12.31	127,707	(93,559)	34,148

The % of major categories of total plan assets at fair value was as follows:

	Pension plan (%) as of December 31,	
	2015	2014
Cash	100.00%	100.00%

The actuarial assumptions used for the Company's defined benefit plan are shown below:

	As of December 31,	
	2015	2014
Discount rate	2.00%	2.25%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis:

	For the year ended December 31,			
	2015 (NT$'000)		2014 (NT$'000)	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	-	(12,150)	-	(11,487)
Discount rate decreased by 0.5%	13,746	-	13,023	-
Expected salary level increased by 0.5%	13,534	-	12,855	-
Expected salary level decreased by 0.5%	-	(12,095)	-	(11,461)

For the purpose of sensitivity analysis above, the Company calculated the impact on defined benefit obligation due to a reasonable and feasible change of one singal assumption (i.e. discount rate or expected salary level) with other assumptions remaining equal. Please note that the sensitivity analysis has its limitation due to the co-relation between different actuarial assumptions and the rarity that only one assumption changes at a time. The method used in the analysis is consistent for both current and prior years.

(18) Equity

A. Common shares

As of December 31, 2015 and 2014, the Company's authorized capital and paid-in capital were NT$5,500,000 thousand and NT$4,460,000 thousand, respectively, each share at par value of NT$10, divided into 446,000 thousand shares. Each share represents a voting right and a right to receive dividends.

Treasury stocks brought back by the Company for the purpose of transfer to employee during the period from August 18, 2015 to September 25, 2015 totaled to 550 thousand shares. Please refer to Note 6(18)-C to the financial statements for more details.

B. Capital surplus

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Additional paid-in capital	5,850,000	5,850,000
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	50,925	50,925
All changes in interests in subsidiaries	38,894	38,894
Total	5,939,819	5,939,819

According to the Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Treasury stock

As of December 31, 2014, no treasury stock was held by the Group while treasury stock amounted to NT$32,885 thousand, divided into 550 thousand shares, as of December 31, 2015.

As of December 31, 2014, no treasury stock moved.The movement schedule of treasury stock for December 31, 2015 was as below (in thousand shares).

Purpose of repurchase	Beginning balance	Addition	Decrease	Endingbalance
To be transfered to employees	-	550	-	550

According to the Securities and Exchange Law of the R.O.C., the total shares of treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital. As such, the ceiling number of shares of treasury stock that the Company could hold as of December 31, 2015 were 44,600 thousand shares, with the maximum payments of NT$23,679,718 thousand.

In compliance with Securities and Exchange Law of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends.

D. Appropriation of earnings and dividend policies

(a) Earning distribution

The rule enacted in the Company's original Article of Incorporation before an amendment was proposed by the borad of directors on December 28, 2015 is as follows.

The Company's earnings in current year, if any, shall firstly be made to pay all taxes and dues and then to offset prior year's operation losses. 10% of the remaining amount shall be set aside as legal reserve and special reserve shall be provided pursuant to Article 41 of the Securities and Exchange Act. Any remaining earnings after the said deductions shall be appropriated as follows:

a. 1% as remuneration to directors
b. Bonues to employees cannot be less than 1% of the total bonus to employees and shareholders. Bonus to employees can be distributed in cash or stocks. The parties receiving the stock dividends shall include employees in affiliated companies who met certain conditions stipulated by the Board of Directors.
c. The Board of Directors would propose an earning distribution plan based on the remaining balance combined with the undistributed earnings accumulated during previous years to be resolved at the shareholders' meeting.

The Company's borad of directors proposed to amend the Article of Incporation in a meeting held on December 28, 2015. The articles to be amended regarding employee and directors' compension as well as eraning distribution are as follows.

The Company, if making profits in current year, shall provide employee and directors' compensation in accordance with the following rules, provided that all accumulated deficits, if any, are fully offset:

1. Employee Compensation:

   The ratio of employee compensation to "income before tax and the employee and directors' compensation to be provided" shall not be less than 10% and the amount of employee compensation can be paid by cash or shares. Qualified employee may include the employee from the Company's subsidiaries who meets certain qualifications set forth by the Company's Board of Directors.

2. Directors' compensation:

   The ratio of directors' compensation to "income before tax and the employee and directors' compensation to be provided" shall not be more than 1%.

Based on Article 235-1 of Company Act amended on May 20, 2015, the Company shall incur a portion of current year's profit as employees' compensation after offsetting the cumulative losses, if any. The aforementioned employees' compensation distributed in the form of shares or in cash shall be approved by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors and reported at annual stockholders' meeting. Qualification requirements of employees, including the employees of the Company's subsidiaries, entitled to receive the employees' compensation may be specified in the Articles of Incorporation.

The Company plans to revise the Company's Article in responding to the amendment to the Company Act as mentioned in above paragraph at annual shareholders' meeting to be held on 2016. As to the details of estimation regarding employee's and directors' compensation, please refer to Note 6(20) to the financial statements.

(b) Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, dividend policy aims for a steady balance. Cash dividends distributed each year cannot be less than 10% of the total dividends paid.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

Following the adoption of Taiwan IFRS, the Company complies with Order No. Jin-Guan-Zheng-Fa 1010012865 issued by FSC on April 6, 2012. On the Company's first-time adoption of the Taiwan IFRS, for any unrealized revaluation gains and cumulative translation adjustments recorded under shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under

IFRS 1, an equal amount of special capital reserve shall be set aside. After the adoption of Taiwan IFRS for the preparation of financial statements, the Company shall set aside supplemental special reserve based on the difference between the amount already set aside according to the requirements in the preceding point and other net deductions from shareholders' equity when appropriating distributable earnings. For any subsequent reversal of other net deductions from shareholders' equity, the amount reserved may be distributed as earnings.

The Company did not incur any special reserve upon the first-time adoption of Taiwan IFRS.

(e) The appropriations of earnings for 2015 were proposed through the Board of Directors' meetings held on February 1, 2016, while 2014's approved in shareholders' meetings on June 11, 2015. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2015 (NT$'000)	2014 (NT$'000)	2015	2014
Legal reserve	290,395	361,733		
Cash dividends - common stock	1,559,075	1,784,000	3.50	4.00
Remuneration to directors and supervisors	(Note)	32,556		
Employee bonus - cash	(Note)	545,679		
Total	1,849,470	2,723,968		

The information about employees' bonuses and remuneration to directors and supervisors which were resolved by the Board of Directors' meeting and shareholders' meeting is available at the Market Observation Post System website.

The actual payment of 2013 earning distribution comprised the employees' bonuses of NT$492,104 thousand and the remuneration to directors and supervisors of NT$29,761 thousand. The difference of NT$814 thousand between the actual payment and the accrual of NT$429,104 thousand for employees' bonuses and NT$28,947 thousand for remuneration to directors and supervisors for the year ended December 31, 2013 was recorded in the profit or loss for the year ended December 31, 2014.

The actual payment of 2014 earning distribution comprised the employees' bonuses of

NT$545,679 thousand and the remuneration to directors and supervisors of NT$32,556 thousand. The difference of NT$457 thousand between the actual payment and the accrual of NT$545,679 thousand for employees' bonuses and NT$32,099 thousand for remuneration to directors and supervisors for the year ended December 31, 2014 was recorded in the profit or loss for the year ended December 31, 2015.

For 2015 employee and directors' compensation under the new Article to be amended, please refer to Note 6(20) for more details.

(19) Sale

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Sale of goods	17,812,750	19,141,507
Less: sales returns and allowances	(344,226)	(318,035)
Services rendered	190,589	186,656
Other operating revenue	168,138	280,109
Total	17,827,251	19,290,237

(20) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	2015 (NT$'000)			2014 (NT$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	2,173,729	589,420	2,763,149	2,286,727	533,035	2,819,762
Labor and health insurance	171,635	44,402	216,037	156,840	40,937	197,777
Pension	73,253	21,360	94,613	70,324	19,548	89,872
Other employee benefit	93,204	22,096	115,300	89,993	16,548	106,541
Depreciation	1,851,526	101,704	1,953,230	1,804,313	107,330	1,911,643
Amortization	-	26,086	26,086	-	20,712	20,712

Note: The headcounts of the Company amounted to 3,801 and 3,661 respectively on December 31, 2015 and 2014.

The Company estimated the amounts of the employee and directors' compensation based on the profit on December 31, 2015 in accordance to the new Article to be amended. If the board subsequently modifies the estimates significantly, the Company will recognize the variance as an adjustment in the profit or loss retroactively. On December 31, 2015, the provided amounts of employee and directors' compensation were NT$442,444 thousand and NT$26,026 thousand, respectively.

On December 31, 2014, the Company estimated the amounts of the employee bonuses and the remuneration to directors based on the net income for the period and the percentage stated in the Article of Incorporation, after taking into account factors such as legal reserves. The estimated employee bonuses and remuneration to directors were recognized as operating costs or operating expense for the period. If the board modified the estimates significantly in the subsequent periods, the Company will recognize the variance as an adjustment to current income retroactively. The difference between the estimates and the resolution of shareholders' meeting will be recognized in profit or loss of the subsequent year. If the shareholders' meeting resolves to pay the employee bonus in the form of stocks, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of dividends) of shares on the day preceding the shareholders' meeting. On December 31, 2014, the amounts of the employee bonus and remuneration to directors were NT$545,679 thousand and NT$32,099 thousand, respectively.

(21) Non-operating incomes and expenses

A. Other incomes

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Interest income	76,970	71,135
Dividend income	-	1,531
Gain on reversal of bad debts	17,179	-
Other income－others	24,431	40,436
Total	118,580	113,102

B. Other gains and losses

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Gain (loss) from disposal of property, plant and equipment	(720)	(629)
Foreign exchange gains, net	14,237	23,921
Financial assets at fair value through profit	24,447	27,787

Gain from disposal of investment	30,845	24,691
Other expenses	(2,377)	-
Total	66,432	75,770

C. Finance costs

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Interests due to bank loans	$21,360	$19,712

(22) Components of other comprehensive income (OCI)

For the year ended December 31, 2015

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	(8,721)	-	(8,721)	-	(8,721)
To be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	(72,922)	-	(72,922)	12,397	(60,525)
Unrealized valuation gain (loss) on available-for-sale financial assets	6,151	(30,845)	(24,694)	-	(24,694)
Total OCI	(75,492)	(30,845)	(106,337)	12,397	(93,940)

For the year ended December 31, 2014

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	15,710	-	15,710	-	15,710
To be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	194,267	-	194,267	(33,026)	161,241
Unrealized valuation gain (loss) on available-for-sale financial assets	34,474	(24,891)	9,583	-	9,583
Total OCI	244,451	(24,891)	219,560	(33,026)	186,534

(23) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31, 2015 (NT$'000)	2014 (NT$'000)
Current income tax expense (benefit):		
Current income tax expense	658,713	756,413
Reversal of uncertain tax position upon finalization	(213,398)	(218,624)
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(1,765)	(5,412)
Total income tax expense	443,550	532,377

B. Income tax recognized in other comprehensive income

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Deferred tax expense (benefit):		
Exchange differences arising on translation of foreign operations	(12,397)	33,026

C. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Accounting profit (loss) before tax from continuing operations	3,347,502	4,149,704
Tax payable at the enacted tax rates	569,075	705,450
10% surtax on Undistributed earnings	148,730	141,511
Tax effect of income tax-exempted	(101,893)	(112,215)
Reversal of uncertain tax position upon finalization	(213,398)	(218,624)
Tax effect of expenses not deductible for tax purposes	404	13,486
Tax effect of deferred tax assets/liabilities	40,632	2,769
Total income tax recognized in profit or loss	443,550	532,377

D. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2015

	Beginning balance as of January 1, 2015 (NT$'000)	Deferred tax income (expense) recognized in profit or loss (NT$'000)	Deferred tax income (expense) recognized in other comprehensive income (NT$'000)	Deferred tax income (expense) recognized in equity (NT$'000)	Increase from business acquisition (NT$'000)	Exchange adjustments (NT$'000)	Ending balance as of December 31, 2015 (NT$'000)
Temporary differences							
Prepaid appreciation tax on agricultural land	-	9,593	-	-	-	-	9,593
Unrealized exchange loss (gain)	(1,765)	1,765	-	-	-	-	-
Cumulative translation adjustment	(52,231)	-	12,397	-	-	-	(39,834)
Deferred tax income/ (expense)		11,358	12,397	-	-	-	
Net deferred tax assets/(liabilities)	(53,996)						(30,241)
Reflected in balance sheet as follows:							
Deferred tax assets	-						9,593
Deferred tax liabilities	(53,996)						(39,834)

For the year ended December 31, 2014

	Beginning balance as of January 1, 2014 (NT$'000)	Deferred tax income (expense) recognized in profit or loss (NT$'000)	Deferred tax income (expense) recognized in other comprehensive income (NT$'000)	Deferred tax income (expense) recognized in equity (NT$'000)	Increase from business acquisition (NT$'000)	Exchange adjustments (NT$'000)	Ending balance as of December 31, 2014 (NT$'000)
Temporary differences							
Unrealized exchange loss (gain)	(7,177)	5,412	-	-	-	-	(1,765)
Cumulative translation adjustment	(19,205)	-	(33,026)	-	-	-	(52,231)
Deferred tax income/ (expense)		5,412	(33,026)	-	-	-	
Net deferred tax assets/(liabilities)	(26,382)						(53,996)
Reflected in balance sheet as follows:							
Deferred tax assets	-						-
Deferred tax liabilities	(26,382)						(53,996)

E. Unrecognized deferred tax assets

As of December 31, 2015 and 2014, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$447,381 thousand and NT$436,749 thousand, respectively.

F. The Company's investments and capital additions are qualified as the investment on manufacture or technology service industry during the period from July 1, 2008 to December 31, 2009 and, therefore, entitled to a 5-year tax-exmpted holiday. The details of tax holiday enjoyed by the Company are listed as below.

Item	Approval authority	Approval document	Exemption period
1	Ministry of Economic Affairs	No. 10005112010 issued at Aug. 25, 2011	2013.01.01~2017.12.31

G. Imputation credit information

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Balances of imputation credit	1,942,384	1,431,359

The Company's expected/actual creditable ratio for 2015 and 2014 were 15.18% and 13.34%. However, effective January 1, 2015, the creditable ratio for the individual shareholders residing in the Republic of China will be half of the original creditable ratio according to the revised Article 66-6 of the Income Tax Law.

As of December 31, 2015, the Company did not have unappropriated earnings resulted in the years of 1997 and before.

H.

I. The status of assessment of income tax return

	The assessment of income tax returns
The Company	Assessed and approved up to 2013

(24) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the year ended December 31,	
	2015	2014
Net income available to common shareholders of the parent (NT$'000)	2,903,952	3,617,327
Weighted average number of common shares outstanding (in thousand shares)	445,822	446,000
Basic earnings per share (in NT$)	6.51	8.11

B. Diluted earnings per share

	For the year ended December 31	
	2015	2014
Net income available to common shareholders of the parent (NT$'000)	2,903,952	3,617,327
Net income available to common shareholders of the parent after dilution (NT$'000)	2,903,952	3,617,327
Weighted average number of common shares outstanding (in thousand shares)	445,822	446,000
Effect of dilution:		
Employee bonus (compensation) – stock (in thousand shares)	9,611	7,305
Weighted average number of common shares outstanding after dilution (in thousand shares)	455,433	453,305
Diluted earnings per share (in NT$)	6.38	7.98

No other transactions that would significantly change the outstanding common shares or potential common shares incurred during the period subsequent to reporting date and up to the approval date of financial statements.

7. RELATED PARTY TRANSACTIONS

(1)Significant transactions with related parties

A. Sales to

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Parent company	6,822	4,903
Other related parties	62,426	58,775
Total	69,248	63,678

Selling prices and collection terms to related parties are similar to those to third party customers for the years ended December 31, 2015 and 2014. The collection terms are 30 to 60 days from the end of delivery month by telegraphic transfer

B. Purchases

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Subsidiaries	1,845,144	1,526,521

The product specification of goods purchased from related parties in the year ended December 31, 2015 and 2014, differed from those purchased from other vendors. Thus, transaction prices are not comparable. Payment term for related parties is 60 days from the end of delivery month. The payment terms for non-related parties are 30 days from the end of delivery month by telegraphic transfer.

C. Accounts receivable - related parties

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Other related parties	21,759	1,008
Less: allowance for doubtful accounts	-	-
Net	21,759	1,008

D. Account payable

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Subsidiaries	428,877	247,315

E. The Company recognized commission expenses amounting NT$40,798 thousand and NT$36,895 thousand, respectively, for the years ended December 31, 2015 and 2014 due to delegating its subsidiaries for marketing.

F. For the years ended December 31, 2015 and 2014, the Company recognized travelling of NT$64 thousand and NT$47 thousand, respectively, for commissioning subsidiaries to handle travelling logistics.

For the years ended December 31, 2015 and 2014, the Company recognized travelling of NT$185 thousand and NT$341 thousand, respectively, for commissioning other related parties to handle travelling logistics.

G. The Company's subcontracting fees to its subsidiaries amounted to NT$15,350 thousand and NT$51,319 thousand, respectively, for the years ended December 31, 2015 and 2014.

H. The Company charged its subsidiaries for providing technology support in amount of NT$3,253 thousand and NT$3,845 thousand, recorded under the caption of other non-operating incomes, for the years ended December 31, 2015 and 2014, respectively.

I. For the years ended December 31, 2015 and 2014, the Company recognized operating expenses of NT$2,968 thousand and NT$693 thousand, respectively, for services provided by other related parties.

Moreover, the years ended December 31, 2015 and 2014,, the Company recognized operating expenses of NT$188 thousand and NT$27 thousand, respectively, for services provided by the Parent.

J. The Company recognized other incomes in amount of NT$16,096 thousand and NT$2,145 thousand for the years ended December 31, 2015 and 2014, respectively, due to selling tools and spare parts to its subsidiaries.

K.

L. The Company provided bank loan garranty in total of NT$4,122,820 thousand for its subsidiaries as of December 31, 2015. The garranty amount is of contingency and not recognized at the balance sheets and the statements of comprehensive incomes yet.

M. Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Short-term employee benefits	86,728	82,908
Post-employee benefits	819	838
Total	87,547	83,746

N. Other receivables

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Subsidiaries	7,489	9,197

O. Accrued expenses

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Parent company	69	-
Subsidiaries	4,431	12,704
Other related parties	42	14
Total	4,542	12,718

P. Transaction of asset

The Company did not conduct any transactions related to property, plant and equipment with related parties during the year ended December 31, 2015. For 2014, it is shown at the following table.

Type of Assets	Related Parties	Book Value (NT$'000)	Selling price (NT$'000)	Gain (NT$'000)	Price reference
2014					
Machinery	Subsidiary	6,032	6,511	479	Negotiated

8. PLEDGED ASSETS

The following assets of the Company are pledged as collaterals:

Item	Carrying Amount As of December 31, 2015 (NT$'000)	Carrying Amount As of December 31, 2014 (NT$'000)	Purpose
Property, plant and equipment - machinery (carrying amount)	-	112,720	Long-term secured loans
Refundable deposits	-	3,057	Bonded factory
Total	-	115,777	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of December 31, 2015 were as follows:

Currency	LC Amount (in thousand)		Security (in thousand)
JPY	JPY	3,138,776	-
USD	USD	7,148	-
EURO	EUR	41	-

(2) Detail of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2015 was as follow:

Nature of Contract	Contract Amount (NT$'000)	Amount Paid (NT$'000)	Outstanding Balance (NT$'000)
Machinery and contruction contracts	4,780,400	3,270,081	1,510,319

(3) The Company provided bank loan garranty in total of NT$4,122,820 thousand for its subsidiariesas as of December 31, 2015. The garranty amount is of contingency and not recognized at the balance sheets and the statements of comprehensive incomes yet.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Financial assets at fair value through profit or loss:		
Held for trading	3,524,742	5,081,578
Available-for-sale financial assets	-	40,369
Loans and receivable		
Cash and cash equivalents (excluding cash on hand)	10,998,703	10,082,104
Bond investments with no active market	423,057	420,000
Notes receivable	1,835	4,358
Accounts receivable	2,920,639	2,403,669
Accounts receivable - related parties	21,759	1,008
Other receivable	281,480	392,702
Other receivable - related parties	7,489	9,197
Total	18,179,704	18,434,985

Financial liabilities

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Financial liabilities measured at amortized cost:		
Short-term loans	1,831,266	730,798
Payables	4,622,464	4,195,768

Long-term loans (including current portion)	586,911	926,343
Total	7,040,641	5,852,909

(1)

(2) Objectives and policies of financial risk management

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures, and manages the aforementioned risks based on its policy and risk preferences.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

The Company has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit (loss) and equity is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates of US dollars. The sensitivity analysis is as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, the net income (loss) for the years ended December 31, 2015 and 2014 would increase/decrease by NT$37 thousand and NT$1,926 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2015 and 2014 would decrease/increase by NT$45 thousand and decrease/increase by NT$410 thousand, respectively.

Equity price risk

The Company's domestic listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The listed equity securities held by the Company is classified as available-for-sale. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

For available-for-sale listed equity securities, 1% decrease in their prices would impact on the Company's equity by NT$0 thousand and NT$404 thousand for the years ended December 31, 2015 and 2014, respectively; and 1% increase in their prices would merely impact on the Company's equity.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and financing activities (primarily for bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Company's internal credit ratings. The Company also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2015 and 2014, receivables from the top ten customers were accounted for 52.06% and 47.90% of the Company's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, no significant credit risk is expected by the Company.

(5) Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year (NT$'000)	2 to 3 years (NT$'000)	3 to 4 years (NT$'000)	4 to 5 years (NT$'000)	Total (NT$'000)
As of December 31, 2015					
Loans	2,152,079	253,258	39,898	-	2,445,235
Payables	4,622,464	-	-	-	4,622,464
As of December 31, 2014					
Loans	1,203,240	303,647	151,499	30,471	1,688,857

Payables	4,195,768	-	-	-	4,195,768

(2)

(6) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed stocks and bonds).

(c) Fair value of equity instruments without active markets (including listed companies' shares from private placement, stocks of public companies not traded in an active market and unlisted stocks) are estimated using the market approach. Under the approach, factors, such as the trading prices of comparable equity instruments in an active market, and other relevant informations (i.e. discount due to lack of liquidity, stock price-to-earning ratio (PER) and price-to-book ratio (PBR) of similar companies) are input into the pricing model for its fair value..

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(7) for fair value measurement hierarchy for financial instruments of the Group.

(7) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2015

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	3,524,742	-	-	3,524,742
Financial liabilities:				
None				

As of December 31, 2014

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	5,081,578	-	-	5,081,578

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Available-for-sale financial assets				
Stocks	40,369	-	-	40,369
Financial liabilities:				
None				

Transfers between Level 1 and Level 2 during the period

For December 31, 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value hierarchy.

(8) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Company's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

	As of December 31,					
	2015			2014		
	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)
Financial assets						
Monetary items:						
USD	85,167	32.825	2,795,604	74,866	31.65	2,369,519
Non-monetary item:						
USD	92,747	32.825	3,044,411	110,192	31.65	3,487,564
Financial liabilities						
Monetary items:						
USD	85,281	32.825	2,799,338	81,011	31.65	2,564,008

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Foreign exchange gains or losses on monetary financial assets and financial liabilities are shown as below.

Foreign currency resulting in exchange gain or loss	For the year ended December 31, 2015 (NT$'000)	2014 (NT$'000)
USD	9,393	8,636
Other	4,845	15,284

(9) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2015 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: Please refer to attachment 3.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2015: Please refer to attachment 4.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of Decemer 31, 2015: None.

I. Derivative instrument transactions: None.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 5.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2015 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2015: Please refer to attachment 7.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2015: Please refer to attachment 8.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business (NT$'000)	Paid-in Capital (NT$'000)	Method of Investment (NT$'000)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment) (NT$'000)	Share of Profit/Loss (NT$'000)	Carrying Amount as of December 31, 2015 (NT$'000)	Accumulated Inward Remittance of Earnings as of December 31, 2015 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2015 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	2,297,750 (Note 2)	(Note 1)	2,297,750 (Note 2)	-	-	2,297,750 (Note 2)	(113,792) (Note 2 and Note 4)	100%	(113,792) (Note 2 and Note 4)	1,092,219 (Note 2 and Note 4)	-	2,297,750 (Note 2)	2,297,750 (Note 2)	No upper limit (Note 5)

Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	5,471,928 (Note 2)	(Note 1)	3,093,888 (Note 2)	-	-	3,093,888 (Note 2)	(544,556) (Note 2 and Note 4)	51%	(277,724) (Note 2 and Note 4)	1,820,119 (Note 2 and Note 4)	-	3,093,888 (Note 2)	3,093,888 (Note 2)	No upper limit (Note 5)
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	65,650 (Note 2)	(Note 1)	65,650 (Note 2)	-	-	65,650 (Note 2)	3,219 (Note 2 and Note 4)	100%	3,219 (Note 2 and Note 4)	69,621 (Note 2 and Note 4)	-	65,650 (Note 2)	65,650 (Note 2)	No upper limit (Note 5)
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	65,062 (Note 2)	(Note 1)	10,598	54,464	-	65,062	(16,263) (Note 2 and Note 4)	100%	(16,263) (Note 2 and Note 4)	44,250 (Note 2 and Note 4)	-	65,062	65,062	625,574 (Note 6)

Note 1: Investment in Mainland China through companies in the third area.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: The paid-in capital is USD2,100 thousand, equivalent to NT$65,062thousand.

Note 4: Gain/loss on investment is recognized based on the audited financial statements of the parent company in Taiwan.

Note 5: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 6: The upper limit on investment for Pegavision Contact Lenses (Shanghai) Corporation is calculated as 60% of Pegavision Corporation’s net equity.

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of December 31, 2015:

	Purchases		Accounts Payable	
	Amount (NT$'000)	% to Net Purchase	Amount (NT$'000)	% to Account Balance
The Company's purchase from Kinsus Interconnect Technology Suzhou	1,795,044	27.06%	413,130	27.95%
The Company's purchase from Piotek Computer (Suzhou) Co., Ltd.	50,100	0.76%	15,747	1.07%

The product specification of goods purchased by the Company from Kinsus Interconnect Technology Suzhou Corp. and Piotek Computer (Suzhou) Co., Ltd. in the year ended December 31, 2015 differed from goods purchased from other vendors. Thus, transaction prices are not comparable. Payment term for related parties is 60 days from the end of delivery month. The payment terms for non-related parties are 60 to 90 days from the end of delivery month by telegraphic transfer.

(b) Sales, the ending balance of related accounts receivable and their weightings:

	Sales		Accounts receivable	
	Amount	% to Net Sales	Amount	% to Account Balance
Sale of Piotek Computer (Suzhou) to Piotek (H.K.) Trading ($'000)	USD22,666	18.26%	USD4,277	17.09%
Sale of Piotek Computer (Suzhou) to Xiang-Shuo (Suzhou) Trading ($'000)	USD13,064	10.53%	USD1,176	4.70%
Sale of Xiang-Shuo (Suzhou) Trading to Piotek Computer (Suzhou) Trading ($'000)	RMB27,693	24.66%	RMB5,407	37.83%

Sale of Xiang-Shuo (Suzhou) Trading to Kinsus Interconnect Technology Suzhou ($'000)	RMB3,076	2.74%	RMB675	4.72%
Sale of the Company to Xiang-Shuo (Suzhou) Trading(NT$'000)	827	-%	-	-%
Sale of the Company to Kinsus Interconnect Technology Suzhou(NT$'000)	5,995	0.03%	-	-%

The product specification of goods sold between subsidiaries in the year ended December 31, 2015 differed from goods sold to other customers. Thus, transaction prices cannot be reasonably compared. Sales of the Company to Kinsus Interconnect Technology Suzhou Corp. and Xiang-Shuo (Suzhou) Trading Limited have the same product prices as sales to non-related parties. Collection terms are also equivalent to the ones for non-related parties, which is 30 to 60 days from delivery by telegraphic transfer.

(c) Property transaction amounts and resulting gain or loss:

a. Details of property transaction between Piotek Computer (Suzhou) Co., Ltd. and related partiesas follow:

Type of Assets	Related Parties	Book value	Selling price	Gain	Price reference
Other Equipment	Kinsus Interconnect Technology Suzhou	RMB 318	RMB 329	RMB 11	Negotiated

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to attachment 1.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered:

a. The Company commissioned Kinsus Interconnect Technology (Suzhou) Corp. for processing of NT$15,350 thousand, for the year ended December 31, 2015. Payable amounted to NT$1,034 thousand as of December 31, 2015.

b. The Company sold fixtures and spare parts to Piotek Computer (Suzhou) Co., Ltd., Kinsus Interconnect Technology Suzhou Corp. Trading Limited and Xiang-Shuo (Suzhou) Trading and recognized other income of NT$16,096 thousand for the year ended December 31, 2015.

c. As of December 31, 2015, the balance of other receivables amounted to NT$2,191 thousand,NT$4,481 thousand and NT$817 thousand, respectively.The other receivable were resulted from the Company's sale of fixtures to Piotek Computer (Suzhou) Co., Ltd. ,Kinsus Interconnect Technology Suzhou Corp and Xiang-Shuo (Suzhou) Trading Limited.

d. As of December 31, 2015, other receivables of Xiang-Shuo (Suzhou) Trading Limited due to payment and collection on behalf of Piotek Computer (Suzhou) Co., Ltd. amounted to RMB56 thousand.

14. OPERATING SEGMENT INFORMATION

The Company has provided the operating segment disclosure in the consolidated financial statements.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2015

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party											
No. (Note 1)	Name	Name	Nature of Relationship	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	The overall amount of guarantees/ endorsements provided to a subsidiary in which the Company holds directly over 50% (inclusive) of common equity interest shall not exceed 20% of the net worth in the current financial statements. $5,678,227	$4,595,500 (USD 140,000) (Note 2)	$3,118,375 (USD 95,000) (Note 2)	$1,359,586	$-	10.98%	Shall not exceed 50% of the net worth in the current financial statements. $14,195,568	Y	N	Y
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	Investee accounted for using equity method indirectly	The overall amount of guarantees/ endorsements provided to a subsidiary in which the Company holds directly over 50% (inclusive) of common equity interest shall not exceed 20% of the net worth in the current financial statements. $5,678,227	$2,762,224 (USD 84,150) (Note 2)	$1,004,445 (USD 30,600) (Note 2)	$502,223	$-	3.54%	Shall not exceed 50% of the net worth in the current financial statements. $14,195,568	Y	N	Y

Note 1: Kinsus Interconnect Technology Corp. is coded "0".

Note 2: Amounts in foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the balance sheet date.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Marketable Securities

As of December 31, 2015

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2015				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value (Note)	
Kinsus Interconnect Technology Corp.	Money market funds:							
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	32,783,435	$510,667	-%	$522,365	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss	13,551,601	157,637	-%	160,894	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	31,765,626	458,515	-%	475,420	
	Fuh Hwa Money Market Fund	-	Financial assets at fair value through profit or loss	4,066,994	56,495	-%	58,088	
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	18,812,748	255,796	-%	263,858	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	30,522,218	400,000	-%	407,673	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	1,168,258	200,000	-%	205,771	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	41,465,474	500,000	-%	513,214	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	31,315,952	450,000	-%	457,886	
	Union Money Market Fund	-	Financial assets at fair value through profit or loss	15,838,553	203,448	-%	206,617	
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss	15,322,946	250,000	-%	252,956	
	Subtotal				3,442,558		$3,524,742	
	Add: Valuation adjustments of financial assets held for trading				82,184			
	Total				$3,524,742			

Note: Companies without quotes in the open markets are valued at net equities.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Acquisition of Individual Real Estate with Amount of at Least NT$300 million or 20% of the Paid-in Capital

For the Year Ended December 31, 2015

Attachment 3

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Kinsus Interconnect Technology Corp.	Houses and buildings Construction of XinFeng Plant	2015.03.24	$486,186	NT$ 405,860 thousand was paid as of December 31, 2015	Guo-Gong Construction Co., Ltd.	None	None	None	None	None	Bidding	Production expansion and operation planning	None

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Related Party Transactions with Purchase or Sales Amount of At least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2015

Attachment 4

(In Thousands of New Taiwan Dollars)

			Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	Note
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	$1,795,044	27.06%	Payment within 60 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonablely compared.	Other vendors also enjoy payment within 60 days from the end of delivery month	Accounts payable $(413,130)	(27.95)%	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2015

Attachment 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2014	As of December 31, 2015	Shares	%	Carrying Value			
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA. U.S.A.	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	USD500	USD500	500,000 shares	100.00%	$32,462	$1,776	$1,776	
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD166,309	USD166,309	166,308,720 shares	100.00%	$3,011,949	$(371,975)	$(371,975)	
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taoyuan City	Investing activities	$398,000 (Note1)	$398,000 (Note1)	39,800,000 shares	100.00%	$566,385	$44,413	$44,413	
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taoyuan City	Manufacturing medical equipment	$286,418	$286,418	22,088,736 shares	36.81%	$383,837	$127,110	$46,795	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD72,000	USD72,000	72,000,000 shares	100.00%	USD 35,385	USD (3,369)	USD (3,369)	
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD94,309	USD94,309	95,755,000 shares	51.00%	USD 56,373	USD (16,392)	USD (8,360)	
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD139,841	USD139,841	139,840,790 shares	100.00%	USD 110,535	USD (16,401)	USD (16,401)	
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD26	USD26	200,000 shares	100.00%	USD 1,777	USD 196	USD 196	
Pegavision Corporation	PEGAVISION HOLDINGS CORPORATION	Samoa	Investing activities	USD380	USD2,130	2,130,000 shares	100.00%	$37,229	$(16,293)	$(16,293)	
Pegavision Corporation	PEGAVISION JAPAN INC.	JAPAN	Selling medical equipment	JPY-	JPY 9,900	198 shares	100.00%	$2,744	$42	$42	

Note1 : The Company's original investment in Kinsus Investment Co., Ltd. was NT$ 500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT$ 102,000 thousand to offset deficits in 2013.
After the reduction, investment amount reduced to NT$398,000 thousand.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Marketable Securities (Excluding Investments in Subsidiaries, Associates and Jointly Controlled Entities)

As of December 31, 2015

Attachment 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2015				Guarantee, Pledge or Other Restricted Conditions		
				Shares (Unit)	Carrying Amount	%	Fair Value (Net Equity)	Shares	Carrying Amount	Note
Kinsus Investment Co., Ltd.	Money market funds:									
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	829,070	$11,315	-%	$11,628	-	$-	
	Valuation adjustments of financial assets held for trading				313					
	Total				$11,628					
Kinsus Investment Co., Ltd.	Stocks:									
	Yi-Shuo Creative Co., Ltd.	-	Financial assets carried at cost	5,000,000	$50,000	7.49%	$- (Note)	-	$-	

Note: No quotes in active markets and fair values cannot be measured reliably.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Related Party Transactions with Purchase or Sales Amount of At least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2015

Attachment 7

(In Thousands of US Dollars)

			Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	Note
Piotek Computer (Suzhou) Co., Ltd.	Pegatron Corporation	Parent company	Sales	USD 45,802	36.90%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably	No non-related parties to be compared with.	Accounts receivable USD 6,920	27.65%	
Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	Also a subsidiary under the Company's control	Sales	USD 13,064	10.53%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 1,176	4.70%	
Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Purchase	USD 13,064	73.26%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts payable USD (1,176)	(36.80)%	
Piotek Computer (Suzhou) Co., Ltd.	Piotek (H.K.) Trading Limited	Also a subsidiary under the Company's control	Sales	USD 22,666	18.26%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 4,277	17.09%	
Piotek (H.K.) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Purchase	USD 22,666	100.00%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts payable USD (4,277)	(100.00)%	
Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Sales	RMB 27,693	24.66%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable RMB 5,407	37.83%	
Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	Also a subsidiary under the Company's control	Purchase	RMB 27,693	5.73%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts payable RMB (5,407)	(3.81)%	
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 57,138	100.00%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably	No non-related parties to be compared with.	Accounts receivable USD 12,695	100.00%	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Receivables from Related Parties of at Least NT$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2015

Attachment 8

(In Thousands of US Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Allowance for Doubtful Debts
					Amount	Action Taken		
Piotek Computer (Suzhou) Co., Ltd.	Pegatron Corporation	Parent company	USD 6,920 (Note)	4.43	$-	-	$-	$-
Piotek Computer (Suzhou) Co., Ltd.	Piotek (H.K.) Trading Limited	Also a subsidiary under the Company's control	USD 4,277 (Note)	4.10	$-	-	$-	$-
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 12,695 (Note)	5.49	$-	-	$-	$-

Note: Accounts receivable

English Translation of Financial Statements and a Report Originally Issued in Chinese

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Kinsus Interconnect Technology Corp. as of December 31, 2015 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard No. 27, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kinsus Interconnect Technology Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Kinsus Interconnect Technology Corp.

By

Guo, Ming-Dong
Chairman
February 1, 2016

English Translation of an Audit Report Originally Issued in Chinese

REPORT OF INDEPENDENT AUDITORS

To: the Board of Directors and Shareholders of
Kinsus Interconnect Technology Corp.

We have audited the accompanying consolidated balance sheets of Kinsus Interconnect Technology Corp. and Subsidiaries as of December 31, 2015 and 2014, the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of China and "Guidelines for Certified Public Accountants' Examination and Reports on Financial Statements", which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kinsus Interconnect Technology Corp. and Subsidiaries as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for the years then ended in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee which are endorsed by Financial Supervisory Commission of the Republic of China.

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of Kinsus Interconnect Technology Corp. as of December 31, 2015 and 2014 and for the years then ended.

Ernst & Young
February 1, 2016
Taipei, Taiwan,
Republic of China

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2015 and 2014

(In Thousands of New Taiwan Dollars)

Assets			2015		2014	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$12,746,307	30	$11,541,615	28
1110	Financial assets at fair value through profit or loss	4, 6(2)	3,536,370	8	5,135,434	13
1125	Available-for-sale financial assets	4, 6(3)	-	-	40,369	-
1147	Bond investments with no active market	4, 6(4), 8	428,112	1	463,827	1
1150	Notes receivable, net	4, 6(6)	1,835	-	6,252	-
1170	Accounts receivable, net	4, 6(7)	3,590,193	8	3,040,343	8
1180	Accounts receivable - related parties	4, 6(7), 7	248,909	1	436,406	1
1200	Other receivables		336,543	1	452,265	1
1210	Other receivables - related parties	7	2,081	-	1,307	-
1310	Inventories, net	4, 6(8)	2,285,436	5	2,162,969	5
1410	Prepayments		159,205	1	98,501	-
1470	Other current assets		136,377	-	91,980	-
11XX	Total current assets		23,471,368	55	23,471,268	57
	Non-current assets					
1544	Financial assets carried at cost	4, 6(5)	50,000	-	50,000	-
1600	Property, plant and equipment, net	4, 6(9), 8	16,150,904	38	15,429,778	38
1780	Intangible assets	4, 6(10)	30,280	-	19,982	-
1840	Deferred income tax assets	4, 6(25)	9,880	-	276	-
1915	Prepaid equipment	4, 6(9), 9	2,607,515	6	1,748,657	4
1995	Other non-current assets	6(11), 7, 8	318,785	1	331,713	1
15XX	Total non-current assets		19,167,364	45	17,580,406	43
1XXX	Total Assets		$42,638,732	100	$41,051,674	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of December 31, 2015 and 2014

(In Thousands of New Taiwan Dollars)

Liabilities and Equity			2015		2014	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	$3,095,030	7	$1,806,896	4
2150	Notes payable		55,484	-	41,011	-
2170	Accounts payable		1,996,799	5	1,986,749	5
2200	Other payables	6(13), 7	3,932,762	9	3,828,752	9
2230	Current income tax liabilities	4, 6(25)	569,378	1	896,540	2
2250	Provisions	4, 6(14)	294	-	302	-
2300	Other current liabilities	6(15)	668,701	2	1,542,931	4
21XX	Total current liabilities		10,318,448	24	10,103,181	24
	Non-current liabilities					
2540	Long-term loans	6(16), 8	1,366,299	4	730,722	2
2570	Deferred income tax liabilities	4, 6(25)	40,190	-	54,377	-
2600	Other non-current liabilities	4, 6(17), 6(18)	85,994	-	110,620	-
25XX	Total non-current liabilities		1,492,483	4	895,719	2
2XXX	Total liabilities		11,810,931	28	10,998,900	26
31XX	Equity attributable to shareholders of the parent					
3100	Capital	6(19)				
3110	Common stock		4,460,000	10	4,460,000	11
3200	Capital surplus	6(19)	5,939,819	14	5,939,819	14
3300	Retained earnings	6(19)				
3310	Legal reserve		3,049,623	7	2,687,890	7
3350	Unappropriated earnings		14,780,095	35	14,030,597	34
3400	Other components of equity		194,484	-	279,703	1
3500	Treasury Stock	6(19)	(32,885)			
36XX	Non-controlling interests	6(19)	2,436,665	6	2,654,765	7
3XXX	Total equity		30,827,801	72	30,052,774	74
	Total liabilities and equity		$42,638,732	100	$41,051,674	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2015 and 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2015 Amount	2015 %	2014 Amount	2014 %
4000	Net revenue	4, 6(20), 7	$23,061,311	100	$24,943,834	100
5000	Cost of sale		(17,099,709)	(74)	(17,996,954)	(72)
5900	Gross profit		5,961,602	26	6,946,880	28
6000	Operating expenses	7				
6100	Sales and marketing		(437,849)	(2)	(593,616)	(2)
6200	General and administrative		(975,409)	(4)	(973,136)	(4)
6300	Research and development		(1,484,620)	(7)	(1,370,969)	(6)
	Total operating expenses		(2,897,878)	(13)	(2,937,721)	(12)
6900	Operating income		3,063,724	13	4,009,159	16
7000	Non-operating incomes and expenses					
7010	Other incomes	6(23), 7	309,476	1	133,961	1
7020	Other gains and losses	6(23), 7	(110,984)	-	64,434	-
7050	Finance costs	6(23)	(56,968)	-	(56,482)	-
	Total non-operating incomes and expenses		141,524	1	141,913	1
7900	Income before income tax		3,205,248	14	4,151,072	17
7950	Income tax expense	4, 6(25)	(475,722)	(2)	(660,839)	(3)
8200	Net income		2,729,526	12	3,490,233	14
8300	Other comprehensive income (loss)	6(24)				
8310	Item that may not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		(8,721)	-	15,710	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on translation of foreign operations		(116,596)	(1)	309,597	1
8362	Unrealized valuation gain (loss) on available-for-sale financial assets		(24,694)	-	9,583	-
8399	Income tax related to items that may be reclassified subsequently to P/L		12,397	-	(33,026)	-
	Total other comprehensive income, net of tax		(137,614)	(1)	301,864	1
8500	Total comprehensive income		$2,591,912	11	$3,792,097	15
8600	Net income (loss) attributable to:					
8610	Shareholders of the parent		$2,903,952	13	$3,617,327	15
8620	Non-controlling interests		(174,426)	(1)	(127,094)	(1)
			$2,729,526	12	$3,490,233	14
8700	Total comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		$2,810,012	12	$3,803,861	15
8720	Non-controlling interests		(218,100)	(1)	(11,764)	-
			$2,591,912	11	$3,792,097	15
9750	Earnings per share - basic (In NT$)	6(26)	$6.51		$8.11	
9850	Earnings per share - diluted (In NT$)	6(26)	$6.38		$7.98	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2015 and 2014

(In Thousands of New Taiwan Dollars)

Code	Items	Notes	Equity Attributable to Shareholders of the Parent									Non-controlling Interests	Total Equity
			Capital	Capital Surplus	Retained Earnings			Others		Treasury Stock	Total		
					Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unrealized valuation gain (loss) on available-for-sale financial assets				
			3100	3200	3310	3320	3350	3410	3425	3500	31XX	36XX	3XXX
A1	Balance as of January 1, 2014		$4,460,000	$5,863,612	$2,365,481	$74,424	$12,206,545	$93,768	$15,111	$-	$25,078,941	$2,450,199	$27,529,140
	Appropriation and distribution of 2013 earnings:	6(19)											
B1	Legal reserve				322,409		(322,409)				-		-
B5	Cash dividends - common shares						(1,561,000)				(1,561,000)		(1,561,000)
B17	Reversal of special reserve					(74,424)	74,424				-		-
D1	Net income (loss) for 2014						3,617,327				3,617,327	(127,094)	3,490,233
D3	Other comprehensive income (loss) for 2014	6(24)					15,710	161,241	9,583		186,534	115,330	301,864
D5	Total comprehensive income		-	-	-	-	3,633,037	161,241	9,583	-	3,803,861	(11,764)	3,792,097
M5	Differences between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries			50,925							50,925	(50,925)	-
M7	Changes in equities of subsidiaries			25,282							25,282	(25,282)	-
O1	Changes in non-controlling Interests											292,537	292,537
A1	Balance as of December 31, 2014		4,460,000	5,939,819	2,687,890	-	14,030,597	255,009	24,694	-	27,398,009	2,654,765	30,052,774
	Appropriation and distribution of 2014 earnings:	6(19)											
B1	Legal reserve				361,733		(361,733)				-		-
B5	Cash dividends - common shares						(1,784,000)				(1,784,000)		(1,784,000)
D1	Net income (loss) for 2015						2,903,952				2,903,952	(174,426)	2,729,526
D3	Other comprehensive income (loss) for 2015	6(24)					(8,721)	(60,525)	(24,694)		(93,940)	(43,674)	(137,614)
D5	Total comprehensive income		-	-	-	-	2,895,231	(60,525)	(24,694)		2,810,012	(218,100)	2,591,912
L1	Treasury stock repurchased									(32,885)	(32,885)		(32,885)
Z1	Balance as of December 31, 2015		$4,460,000	$5,939,819	$3,049,623	$-	$14,780,095	$194,484	$-	$(32,885)	$28,391,136	$2,436,665	$30,827,801

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

(In Thousands of New Taiwan Dollars)

Code	Items	2015	2014
AAAA	Cash flows from operating activities:		
A10000	Income before income tax	$3,205,248	$4,151,072
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation	3,196,903	3,018,003
A20200	Amortization	34,432	26,567
A20300	Bad debt expense (gain on recovery)	(19,603)	5,876
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(24,586)	(26,895)
A20900	Interest expense	56,968	56,482
A21200	Interest income	(86,116)	(96,170)
A22500	Loss (gain) on disposal of property, plant and equipment	108,807	724
A23100	Gain on disposal of investment	(30,845)	(26,135)
A23700	Impairment loss on non-financial assets	14,211	-
A30000	Changes in operating assets and liabilities:		
A31110	Financial assets at fair value through profit or loss	1,623,650	28,033
A31130	Notes receivable	4,417	63,131
A31150	Accounts receivable	(529,703)	(32,739)
A31160	Accounts receivable - related parties	187,497	124,063
A31180	Other receivables	111,215	45,116
A31190	Other receivables - related parties	(774)	622
A31200	Inventories	(122,467)	(157,472)
A31230	Prepayments	(60,704)	14,168
A31240	Other current assets	(44,397)	(26,170)
A31990	Long-term prepaid rents	13,291	(9,195)
A32130	Notes payable	14,473	942
A32150	Accounts payable	10,050	101,197
A32160	Accounts payable - related parties	-	(163)
A32180	Other payables	73,374	411,866
A32200	Provisions	(8)	302
A32210	Unearned sales revenue	(11,246)	21,638
A32230	Other current liabilities	(2,035)	(2,478)
A32240	Accrued pension liabilities	(4,241)	(3,973)
A33000	Cash generated from (used in) operations	7,717,811	7,688,412
A33100	Interest received	90,561	93,723
A33300	Interest paid	(55,519)	(57,162)
A33500	Income tax paid	(814,278)	(837,885)
AAAA	Net cash provided by (used in) operating activities	6,938,575	6,887,088

Code	Items	2015	2014
BBBB	Cash flows from investing activities:		
B00400	Disposal of available-for-sale financial assets	46,520	51,620
B00700	Disposal of bond investments with no active market	35,715	43,601
B01200	Acquisition of financial assets carried at cost	-	(50,000)
B02700	Acquisition of property, plant and equipment	(5,000,206)	(3,348,791)
B02800	Disposal of property, plant and equipment	1,680	8,113
B03800	Decrease (increase) in refundable deposits	(363)	(3,661)
B04500	Acquisition of intangible assets	(44,806)	(32,271)
BBBB	Net cash provided by (used in) investing activities	(4,961,460)	(3,331,389)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	1,288,134	225,442
C01600	Increase in long-term loans	1,084,751	524,402
C01700	Repayment of long-term loans	(1,310,123)	(1,238,051)
C04500	Payment of cash dividends	(1,784,000)	(1,561,000)
C03000	Increase (decrease) in deposits received	(29,106)	(33,678)
C04900	Treasury stock purchased	(32,885)	-
C05800	Increase (decrease) in non-controlling interests	-	292,537
CCCC	Net cash provided by (used in) financing activities	(783,229)	(1,790,348)
DDDD	Effect of exchange rate changes	10,806	(11,563)
EEEE	Increase (decrease) in cash and cash equivalents	1,204,692	1,753,788
E00100	Cash and cash equivalents at beginning of period	11,541,615	9,787,827
E00200	Cash and cash equivalents at end of period	$12,746,307	$11,541,615

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

1. HISTORY AND ORGANIZATION

Kinsus Interconnect Technology Corp. (referred to “the Company”) was established on September 11, 2000. Its main business activities include the manufacture of electronic products, the whole-sale and retail-sale of electronic materials, and the consultation services of business operation and management. The Company’s stocks have been governmentally approved on May 20th, 2004 to be listed and traded in Taiwan Stock Exchange starting November 1st, 2004.The registered business premise and main operation address is at 1245, Chung Hua Rd., Hsinwu District, Taoyuan City, Taiwan 32747.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’meeting held on February 1, 2016.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2015. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

IAS 19 Employee Benefits

The revised IAS 19 brought about the following changes to defined benefit plans which are summarized as below:

(a) The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under the revised IAS 19, which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

(b) In the previous version of IAS 19, past service cost is recognized as an expense immediately to the extent that the benefits are already vested, or on a straight-line basis over the average period until the benefits become vested. Under the revised IAS 19, all past service costs are recognized at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognized. Therefore unvested past service cost is no longer deferred over future vesting periods.

(c) The revised IAS 19 required more disclosure. Please refer to Note 6.

IFRS 13 Fair Value Measurements

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. The Group re-assessed its policies for measuring fair values. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

Additional disclosures where required under IFRS 13, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 12. According to the transitional provisions of IFRS 13, IFRS 13 is applied prospectively as of 1 January 2015; the disclosure requirements of IFRS 13 need not be applied in comparative information before 1 January 2015.

IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income

Beginning 1 January 2014, the Group presented its items of other comprehensive income that will be reclassified to profit or loss separately from items that will not be reclassified in accordance with the amendments to IAS 1. The amendments affect presentation of statement of comprehensive income only and have no impact on the Group's financial position or performance.

IAS 1 Presentation of Financial Statements – Clarification of the requirement for comparative information

Beginning 1 January 2014, according to the amendments to IAS 1, when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in it financial statements, or when it reclassifies items in its financial statements, the opening statement of financial position does not have to be accompanied by comparative information in the related notes. The amendments affect notes accompanying the financial statements only and have no impact on the Group's financial position or performance.

(2) The Company has not applied the following IFRSs issued by the International Accounting Standards Board ("IASB") but not endorsed by the FSC. As of the date that the consolidated financial statements were authorized for issue, the initial adoption to the following standards and interpretations is still subject to the effective date to be published by the FSC.

(a) IAS 36 "Impairment of Assets" (Amendment)

This amendment relates to the amendment issued in May 2011 and requires entities to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit when an impairment loss has been recognized or reversed during the period. The amendment also requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed, including valuation techniques used, level of fair value hierarchy of assets and key assumptions used in measurement. The amendment is effective for annual periods beginning on or after 1 January 2014.

(b) IFRIC 21 "Levies"

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government (both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain). The interpretation is effective for annual periods beginning on or after 1 January 2014.

(c) IAS 39 "Financial Instruments: Recognition and Measurement" (Amendment)

Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The interpretation is effective for annual periods beginning on or after 1 January 2014.

(d) IAS 19 "Employee Benefits" (Defined benefit plans: employee contributions)

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to provide a policy choice for a simplified accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is effective for annual periods beginning on or after 1 July 2014.

(e) Improvements to International Financial Reporting Standards (2010-2012 cycle):

IFRS 2 “Share-based Payment”

The annual improvements amend the definitions of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment prospectively applies to share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 “Business Combinations”

The amendments include: (1) deleting the reference to "other applicable IFRSs" in the classification requirements; (2) deleting the reference to "IAS 37 Provisions, Contingent Liabilities and Contingent Assets or other IFRSs as appropriate", other contingent consideration that is not within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognized in profit or loss; (3) amending the classification requirements of IFRS 9 Financial Instruments to clarify that contingent consideration that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in profit or loss depending on the requirements of IFRS 9. The amendments apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

IFRS 8 “Operating Segments”

The amendments require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. The amendments also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The amendment is effective for annual periods beginning on or after 1 July 2014.

IFRS 13 “Fair Value Measurement”

The amendment to the Basis for Conclusions of IFRS 13 clarifies that when deleting paragraph B5.4.12 of IFRS 9 Financial Instruments and paragraph AG79 of IAS 39 Financial Instruments: Recognition and Measurement as consequential amendments from IFRS 13 Fair Value Measurement, the IASB did not intend to change the measurement requirements for short-term receivables and payables.

IAS 16 “Property, Plant and Equipment”

The amendment clarifies that when an item of property, plant and equipment is revalued, the accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 24 “Related Party Disclosures”

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 38 “Intangible Assets”

The amendment clarifies that when an intangible asset is revalued, the accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

(f) Improvements to International Financial Reporting Standards (2011-2013 cycle):

IFRS 1 “First-time Adoption of International Financial Reporting Standards”

The amendment clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application.

IFRS 3 “Business Combinations”

This amendment clarifies that paragraph 2(a) of IFRS 3 Business Combinations excludes the formation of all types of joint arrangements as defined in IFRS 11 Joint Arrangements from the scope of IFRS 3; and the scope exception only applies to the financial statements of the joint venture or the joint operation itself. The amendment is effective for annual periods beginning on or after 1 July 2014.

IFRS 13 “Fair Value Measurement”

The amendment clarifies that paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. The objective of this amendment is to clarify that this portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 40 “Investment Property”

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property; in determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property, separate application of both standards independently of each other is required. The amendment is effective for annual periods beginning on or after 1 July 2014.

(g) IFRS 14 “Regulatory Deferral Accounts”

IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. IFRS 14 is effective for annual periods beginning on or after 1 January 2016.

(h) IFRS 11 “Joint Arrangements” (Accounting for Acquisitions of Interests in Joint Operations)

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments require the entity to apply all of the principles on business combinations accounting in IFRS 3 “Business Combinations”, and other IFRS (that do not conflict with the guidance in IFRS 11), to the extent of its share in a joint operation acquired. The amendment also requires certain disclosure. The amendment is effective for annual periods beginning on or after 1 January 2016.

(i) IAS 16“Property, Plant and Equipment and IAS 38 “Intangible Assets” — Clarification of Acceptable Methods of Depreciation and Amortization

The amendment clarified that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as selling activities and change in sales volumes or prices. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendment is effective for annual periods beginning on or after 1 January 2016.

(j) IFRS 15 “Revenue from Contracts with Customers”

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Company 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:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2018.

(k) IAS 16 “Property, Plant and Equipment and IAS 41 “Agriculture” - Bearer Plants

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, and the produce growing on bearer plants will remain within the scope of IAS 41. The amendment is effective for annual period beginning on or after 1 January 2016.

(l) IFRS 9 “Financial Instruments”

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9 Financial Instruments (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity’s business model for managing the financial assets and the financial asset’s contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that ‘own credit risk’ adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after 1 January 2018.

(m) IAS 27 “Separate Financial Statements” — Equity Method in Separate Financial Statements

The IASB restored the option to use the equity method under IAS 28 for an entity to account for investments in subsidiaries and associates in the entity’s separate financial statements. In 2003, the equity method was removed from the options. This amendment removes the only difference between the separate financial statements prepared in accordance with IFRS and those prepared in accordance with the local regulations in certain jurisdictions.

The amendment is effective for annual periods beginning on or after 1 January 2016.

(n) IFRS 10 “Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

The amendment is effective for annual periods beginning on or after 1 January 2016.

(o) Improvements to International Financial Reporting Standards (2012-2014 cycle):

IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”

The amendment clarifies that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also requires identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendment is effective for annual periods beginning on or after 1 January 2016.

IFRS 7 “Financial Instruments: Disclosures”

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and therefore the disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety under IFRS 7 Financial Instruments: Disclosures is required. The amendment also clarifies that whether the IFRS 7 disclosure related to the offsetting of financial assets and financial liabilities are required to be included in the condensed interim financial report would depend on the requirements under IAS 34 Interim Financial Reporting. The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 19 “Employee Benefits”

The amendment clarifies the requirement under IAS 19.83, that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 34 “Interim Financial Reporting”

The amendment clarifies what is meant by “elsewhere in the interim financial report” under IAS 34; the amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is effective for annual periods beginning on or after 1 January 2016.

(p) IAS 1 “Presentation of Financial Statements” (Amendment):

The amendments contain (1) clarifying that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments reemphasize that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted, (2) clarifying that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, and how an entity shall present additional subtotals, (3) clarifying that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasize that understandability and comparability should be considered by an entity when deciding on that order, (4) removing the examples of the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be, and (5) clarifying that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The amendment is effective for annual periods beginning on

(q) IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities”, and IAS 28“Investments in Associates and Joint Ventures” — Investment Entities: Applying the Consolidation Exception

The amendments contain (1) clarifying that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiary at fair value, (2) clarifying that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated when all other subsidiaries of an investment entity are measured at fair value, and (3) allowing the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendment is effective for annual periods beginning on or after 1 January 2016.

The abovementioned standards and interpretations issued by IASB have not yet recognized by FSC at the date of issuance of the Group’s financial statements, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (10) and (12), it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1)Statement of compliance

The consolidated financial statements for the year ended December 31, 2015 and 2014 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting,” by the FSC of the Republic of China.

(2)Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars (“NT$”) unless otherwise specified.

(3)Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the NCIs even if this results in a deficit balance of the NCIs.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;

(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of Ownership (%) As of December 31,	
Investor	Subsidiary	Main businesses	2015	2014
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00%	51.00%
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	36.81% (Note)	36.81% (Note)

KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)	100.00%	100.00%
KINSUS HOLDING (CAYMAN) LIMITED	XIANG-SHOU (SUZHOU) TRADING LIMITED	Trading of PCB related products and materials (not high-density fine-line)	100.00%	100.00%
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	100.00%
PIOTEK HOLDING LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	100.00%	100.00%
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION HOLDINGS CORPORATION	Investing activities	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION JAPAN INC.	Selling medical equipment	100.00% (Note1)	-% (Note1)
PEGAVISION HOLDINGS CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00%	100.00%

Note:The Group owned 36.81% of ownership of Pegavision Corporation as of December 31, 2015 and 2014. The management decide to include Pegavision Corporation as a consolidated entity because the Group, in substance, possess the control over this entity.

Note1: Pegavision Corporation has increased its investment in PEGAVISION JAPAN INC. in amount of JP$9,900 thousand on April 28, 2015.

(4)Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are retranslated at the prevailing functional currency closing rate of exchange; non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; and non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
B. Foreign currency items within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are accounted for based on the accounting policy for financial instruments.
C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5)Foreign currency transactions and translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income under exchange differences on translation of foreign operations. On disposal of the foreign operation, cumulative amount of the exchange differences recognized in other comprehensive income under separate component of equity is reclassified from equity to profit or loss when recognizing the disposal gain/loss.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the NCIs in that foreign operation, instead of recognized in profit or loss. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6)Current and non-current distinction for assets and liabilities

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period

(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7)Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and 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 (including fixed-term deposits that have maturities equal to or less than three months from the date of acquisition).

(8)Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are recognized initially at fair value plus or minus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets

The Group accounts for regular way purchase or sales of financial assets on the settlement date basis.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables. The Group determines the classification of its financial assets at initial recognition based on their natures and purposes.

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if:

(a) it is acquired principally for the purpose of selling in short term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces measurement or recognition inconsistency; or
(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Available-for-sale financial assets

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

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is reclassified to profit or loss.

If equity instrument investments do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group classifies as at fair value through profit or loss, upon initial recognition designates as available-for-sale, or those for which the holder may not recover substantially all of its initial investment due to credit worsening.

Loans and receivables are separately presented on the balance sheet as receivables or bond investments with no active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

(a) significant financial difficulty of the issuer or obligor; or
(b) breach of contract, such as a default or delinquency in interest or principal payments; or

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(d) the disappearance of an active market for that financial asset due to financial difficulties of the issuer.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the amount recorded for impairment is the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. The impairment amount is reclassified from equity to profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in their fair value after impairment are recognized directly in equity.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income is based on the reduced carrying amount of assets and calculated using the effective interest rate which is the discount rate for measuring impairment loss. Interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

B. Financial liabilities and equity instruments

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract of the Group that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired principally for the purpose of selling it in short term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated upon initial recognition as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces measurement or recognition inconsistency; or
(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses from subsequent measurement on liabilities at fair value through profit or loss, including interests, are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include payables and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Relevant gains or losses and amortization amounts are recognized in profit or loss when the liabilities are derecognized and amortized through the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(9)Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a)In the principal market for the asset or liability, or
(b)In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress - Including cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	10 to 25 years
Machinery	5 to 10 years
Transportation	2 to 6 years
Office equipment	3 to 6 years
Other equipment	3 to 25 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leasing

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental incomes under operating lease are recognized on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The Group’s accounting policies for intangible assets are as follows:

	Cost of Computer Software
Useful economic life	1 to 5 years
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. An asset’s recoverable amount is the higher of an asset’s net fair value or its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions for sales returns and allowances

The Group estimates provisions for sales returns and allowances based on past experience and other known factors.

(16) Treasury Stock

The Company’s own equity instruments repurchased (treasury shares) are recognized at repurchase cost and deducted from equity. Any difference between the carrying amountand the consideration is recognized in equity.

(17) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Conditions and methods for the recognition of various types of revenue are listed below:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied: significant risks and rewards of ownership of the goods have passed to the buyer;

neither continuing managerial involvement nor effective control over the goods sold have been retained; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred in respect of the transaction can be measured reliably.

Customer Loyalty Program

When the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account.

Interest income

Interest incomes from financial assets at amortized costs (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets are estimated using the effective interest method and recognized in profit or loss.

Dividend income

Dividend incomes are recognized only when the Group has the right to receive the dividends.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events

(20) Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% income tax for undistributed earnings of the Company and its subsidiaries is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss);

(b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, any unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed and recognized at each reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1)Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2)Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in

Note 6.

(3)Revenue recognition - customer loyalty programmes

The Group uses statistical techniques to estimate the fair value of award credits under customer loyalty programmes. Parameters used in the estimation include: assumptions on the expected exchange rate, commodity portfolio available for future exchange and customer preference. Before the points issued under the programme expire, the estimates have material uncertainty. Please refer to Note 6 for more details.

(4)Revenue recognition – sale returns and allowances

The Group estimates sales returns and allowances based on past experience and other known factors as reductions of sales revenue upon sales. Please refer to Note 6 for more details.

(5)Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax benefit and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as past experience in tax audit and different interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company’s domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2015, the un-recognized portion of the Company’s defferred tax assets was disclosed in Note 6.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Cash and petty cash	6,234	4,574
Checking and saving	3,379,804	2,661,078
Time deposit	9,360,269	8,875,963
Total	12,746,307	11,541,615

(2)Financial assets at fair value through profit or loss

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Held for trading:		
Money market fund	3,453,872	5,033,763
Valuation adjustment	82,498	101,671
Total	3,536,370	5,135,434

No financial asset at fair value through profit or loss was pledged as collateral.

(3)Available-for-sale financial assets

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Stocks	-	15,675
Valuation adjustment	-	24,694
Total	-	40,369

No available-for-sale financial asset was pledged as collateral.

(4)Bond investments with no active market

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Time deposits	428,112	463,827
Current	428,112	463,827
Non-current	-	-

There was no bond investments with no active market pledged as collateral. Please refer to Note 8 for more details.

(5)Financial assets carried at cost

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Stocks	50,000	50,000
Non-current	50,000	50,000

A. Because the interval of reasonable estimates of the fair value of unlisted stocks held by the Group is significantly variable and the probabilities of each estimate cannot be reasonably evaluated, these stocks cannot be measured in fair value. Thus they are carried at cost.

B. No financial assets carried at cost were pledged as collateral.

(6)Notes receivable

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Notes receivable – from operations	1,835	6,252
Less: allowance for doubtful accounts	-	-
Net	1,835	6,252

No notes receivable was pledged by the Group as collateral.

(7) Accounts receivable and accounts receivable - related parties, net

A. Accounts receivable, net

	As of December 31, 2015 (NT$'000)	As of December 31, 2014 (NT$'000)
Accounts receivable, gross	3,642,703	3,108,413
Less: allowance for doubtful accounts	(47,799)	(67,946)
Less: allowance for return & discount	(4,711)	(124)
Net of allowances	3,590,193	3,040,343
Accounts receivable - related parties, gross	248,909	436,406
Less: allowance for doubtful accounts	-	-
Net of allowances	248,909	436,406
Total accounts receivable, net	3,839,102	3,476,749

B. The Group evaluated sales return and discount based on experiences and other known factors and recorded it as a reduction against sales at the time of recognizing revenue.

C. The Company entered into factoring agreements with banks. Accounts receivables from selected customers are transferred to banks without recourse. Details of the agreed credit limits and accounts receivables transferred were as follows:

	Financial Institution	Accounts receivable de-recognized (NT$'000)	Advance received (NT$'000)	Collateral	Credit Limit
12/31/2015	Mega International Commercial Bank - LanYa Branch	251,600	-	None	Note
12/31/2014	Mega International Commercial Bank - LanYa Branch	509,292	153,968	None	Note

Note: The credit limits were US$30,000 thousand as of December 31, 2015 and 2014.

D. The collection term of accounts receivables are generally on 60 to 120 day after monthly closing. The movement schedule of the impairment provision for accounts receivable, including related parties, was presented as below. (Please also refer to Note 12 for credit risk disclosure)

	Impaired Individually (NT$'000)	Impaired Collectively (NT$'000)	Total (NT$'000)
As of January 1, 2015	-	67,946	67,946
Provision (reversal)	-	(19,603)	(19,603)
Effect of exchange rate changes	-	(544)	(544)
As of December 31, 2015	-	47,799	47,799
As of January 1, 2014	-	61,910	61,910
Provision (reversal)	-	5,876	5,876
Effect of exchange rate changes	-	160	160
As of December 31, 2014	-	67,946	67,946

Aging analysis for the net accounts receivable, including related parties, were as follows.

		Accounts receivable – past due, but not impaired				
	Neither past due nor impaired (NT$'000)	Less than 61 days (NT$'000)	61 to 90 days (NT$'000)	91 to 120 days (NT$'000)	Longer than 120 days (NT$'000)	Total (NT$'000)
12/31/2015	3,639,724	199,378	-	-	-	3,839,102
12/31/2014	3,143,727	330,265	2,358	-	399	3,476,749

(8)Inventory

A. Details of inventory:

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Raw material	638,897	675,961
Supplies	41,027	33,609
Work in process	815,704	691,073
Finished goods	759,271	725,697
Merchandises	30,537	36,629
Total	2,285,436	2,162,969

B. For the year ended December 31, 2015 and 2014, the Group recognized NT$17,099,709 thousand and NT$17,996,954 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

Item	For the year ended December 31, 2015 (NT$'000)	2014 (NT$'000)
Loss from (Gains on recovery of) inventory market decline	(104,357)	234,517
Loss (gain) from physical	(2,118)	38,239
Loss in inventory write-off obselencense	1,319,081	988,930
Total	1,212,606	1,261,686

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

C. The inventories were not pledged.

(9)

(9) Property, plant and equipment

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Transportat ion (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepaid equipment) (NT$'000)	Total (NT$'000)
Cost:								
As of 1/1/2015	1,366,426	5,614,222	17,202,285	118,946	14,700	3,958,417	3,107,645	31,382,641
Addition	-	10,654	58,908	11,408	1,355	86,105	4,861,010	5,029,440
Disposals	-	(71,944)	(2,442,452)	(17,968)	-	(342,406)	-	(2,874,770)
Effect of EX rate	-	(70,843)	(154,054)	(1,428)	(246)	(33,606)	(2,755)	(262,932)
Reclassification	191,374	74,654	2,116,389	20,618	-	324,398	(2,727,433)	-
As of 12/31/2015	1,557,800	5,556,743	16,781,076	131,576	15,809	3,992,908	5,238,467	33,274,379
As of 1/1/2014	1,237,179	5,462,460	15,077,543	90,558	12,370	3,766,802	1,402,631	27,049,543
Addition	8,939	20,165	54,596	7,851	830	68,416	3,756,295	3,917,092
Disposals	-	(52,159)	(78,757)	(492)	-	(89,826)	-	(221,234)
Effect of EX rate	-	174,048	364,245	3,780	595	86,648	7,924	637,240
Reclassification	120,308	9,708	1,784,658	17,249	905	126,377	(2,059,205)	-
As of 12/31/2014	1,366,426	5,614,222	17,202,285	118,946	14,700	3,958,417	3,107,645	31,382,641
Depreciation and impairment:								
As of 1/1/2015	-	1,521,919	10,235,466	73,772	8,679	2,364,370	-	14,204,206
Depreciation	-	266,238	2,390,247	24,444	3,055	512,919	-	3,196,903
Impairment loss	-	-	13,425	391	-	395	-	14,211
Disposal	-	(26,551)	(2,402,650)	(16,642)	-	(318,440)	-	(2,764,283)

Effect of EX rate	-	(18,060)	(96,305)	(1,126)	(182)	(19,404)	-	(135,077)
Reclassification	-	-	8,737	-	-	(8,737)	-	-
As of 12/31/2015	-	1,743,546	10,148,920	80,839	11,552	2,531,103	-	14,515,960
As of 1/1/2014	-	1,263,101	7,839,150	52,142	5,727	1,922,338	-	11,082,458
Depreciation	-	266,758	2,248,030	19,130	2,563	481,522	-	3,018,003
Impairment loss	-	-	-	-	-	-	-	-
Disposal	-	(50,929)	(72,720)	(492)	-	(88,256)	-	(212,397)
Effect of EX rate	-	42,989	220,926	2,992	389	48,846	-	316,142
Reclassification	-	-	80	-	-	(80)	-	-
As of 12/31/2014	-	1,521,919	10,235,466	73,772	8,679	2,364,370	-	14,204,206
Net carrying amount:								
As of 12/31/2015	1,557,800	3,813,197	6,632,156	50,737	4,257	1,461,8055	5,238,467	18,758,419
As of 12/31/2014	1,366,426	4,092,303	6,966,819	45,174	6,021	1,594,047	1,107,645	17,178,435

A. On the December 31, 2015, the Group evaluated the recoverable amount of certain idle property, plant and equipment to be zero and, therefore, recognized an impairment loss of NT$14,211 thousand in the statement of comprehensive income.

B. " Significant components " of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 25 years and 3 to 20 years.

C. Details of property, plant & equipment and prepayment for machinery is as follows:

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Property, plant and equipment	16,150,904	15,429,778
Prepaid equipment	2,607,515	1,748,657
Total	18,758,419	17,178,435

D. Please refer to Note 8 for details on property, plant and equipment pledged as collaterals.

E. The Company purchased 40 parcels of land with a total area of 36,287.15 square meters. Lands are located at the addresses of No. 1113, 1114, 1438 to 1443,1479,1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1044, 1047 to 1049 at QingHua Section, and No. 0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, land cannot be registered under the Company's name while it has been temporarily registered under the general manager's name and, to secure the Company's right to the land, mortgage registration has been set aside with the Company being the obligee.

(10) Intangible assets

	Computer software (NT$'000)
Cost:	
As of January 1, 2015	40,101
Additions – acquired separately	44,806
Derecognized upon retirement	(29,007)
Effect of exchange rate changes	(278)
As of December 31, 2015	55,622
As of January 1, 2014	43,568
Additions – acquired separately	32,271
Derecognized upon retirement	(36,644)
Effect of exchange rate changes	906
As of December 31, 2014	40,101
Amortization and Impairment:	
As of January 1, 2015	20,119
Amortization	34,432
Derecognized upon retirement	(29,007)
Effect of exchange rate changes	(202)
As of December 31, 2015	25,342
As of January 1, 2014	29,409
Amortization	26,567
Derecognized upon retirement	(36,644)
Effect of exchange rate changes	787
As of December 31, 2014	20,119
Carrying amount, net:	
As of December 31, 2015	30,280
As of December 31, 2014	19,982

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Operating expense	-	292
Sales and marketing	1,107	543
General and administrative	31,257	23,248
Research and development	2,068	2,484
Total	34,432	26,567

(11) Other non-current assets

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Refundable deposits	45,106	44,743
Long-term prepaid rent	273,679	286,970
Total	318,785	331,713

As of December 31, 2015 and 2014, the line of unused short-term loan credit for the Group amounted to NT$273,679 thousand and NT$286,970 thousand, respectively.

(12) Short-term loans

		As of December 31,	
	Interest interval (%)	2015 (NT$'000)	2014 (NT$'000)
Unsecured bank loans	0.8~1.5331	3,095,030	1,806,896

As of December 31, 2015 and 2014, the line of unused short-term loan credit for the Group amounted to NT$3,156,970 thousand and NT$3,286,804 thousand, respectively.

(13) Other payable

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Accrued expense	2,662,966	2,589,592
Equipment payable	1,265,758	1,236,524

Accrued interest	4,038	2,636
Total	3,932,762	3,828,752

(14) Provisions

	Sales Returns and Allowances (NT$'000)
As of January 1, 2015	302
Additions	-
Used	-
Reversal	(8)
Adjustment to present value due to discount rate change and passage of time	-
As of December 31, 2015	294

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Current	294	302
Non-current	-	-
Total	294	302

Sales returns and allowances

The Group incurred sales returns and allowances based on past experience and other known factors as reductions against sales revenue upon sale, recording it under the caption of provisions.

(15) Other current liabilities

A.

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Other current liabilities	73,152	75,708
Unearned sales revenue	21,607	32,853
Deferred revenue - Customer Loyalty Programmes	1,302	781
Current portion of long-term loans	572,640	1,433,589
Total	668,701	1,542,931

B. Customer loyalty programs

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Balance, beginning	781	-
Deferred during the period	637	781
Recognized in profit or loss	(116)	-
Balance, ending	1,302	781

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Current	1,302	781
Non-current	-	-
Total	1,302	781

(16) Long-term loans

Details of long-term loans were as follows:

Debtor	Type of Loan	Maturity	Loan Balance As of Dec. 31, 2015 (NT$'000)	Repayment
Mega International Commercial Bank - LanYa Branch	Secured bank loan	2015.10.27-2016.12.15	123,081	Notes 1, 2 and 11
Mega International Commercial Bank - LanYa Branch	Credit loan	2016.01.17-2010.12.04	1,162,006	Notes 2, 3 and 4
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Secured bank loan	2016.07.15-2019.01.15	181,953	Notes 6, 7 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2016.01.24-2017.04.15	15,000	Notes 6 and 10

Land Bank of Taiwan - ZhongLi Branch	Credit loan	2016.04.27	62,999	Notes 2 and 5
Taipei Fubon Commercial Bank – BeiTou Branch	Credit loan	2017.12.14	393,900	Note 12
Total			1,938,939	
Less: current portion			(572,640)	
Non-current portion			1,366,299	

Debtor	Type of Loan	Maturity	Loan Balance As of Dec. 31, 2014 (NT$'000)	Repayment
Mega International Commercial Bank - LanYa Branch	Secured bank loan	2015.10.27-2016.12.15	186,159	Notes 1, 2 and 8
Mega International Commercial Bank - LanYa Branch	Credit loan	2015.10.27-2018.08.12	754,324	Notes 1, 3 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Secured bank loan	2015.07.15-2019.01.15	224,040	Notes 2, 6, 7 and 10
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2014.12.24-2017.04.15	109,125	Notes 6 and 10
Land Bank of Taiwan - ZhongLi Branch	Credit loan	2015.12.23-2016.11.27	415,913	Notes 2 and 5
Taipei Fubon Commercial Bank – BeiTou Branch	Credit loan	2017.12.15	474,750	Note 12
Total			2,164,311	
Less: current portion			(1,433,589)	
Non-current portion			730,722	

Note 1: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 2 years (8 terms). The rest is repayable in installments of equal amount for 20 terms.

Note 2: Interest shall be paid for the first 12 months from the initial draw-down date. Starting from the 13th month, interest shall be paid monthly with principal repaid every 3 months.

Note 3: A term is defined as every 3 months starting from the initial draw-down date. The loan is repayable in installments of equal amount for 20 terms.

Note 4: A term is defined as every 3 months starting from the initial draw-down date. The loan is repayable in installments of equal amount for 12 terms.

Note 5: A term is defined as every 1 months starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount.

Note 6: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 2 years (8 terms). The rest is repayable in installments of equal amount for 12 terms.

Note 7: Starting from the 25th month, a term is defined as every 3 months. The loan is repayable in installments of equal amount for 11 terms.

Note 8: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 1 years (4 terms). The rest is repayable in installments of equal amount for 8 terms.

Note 9: Interest shall be paid monthly starting from the initial draw-down date. Principal is repaid in one lump sum when due.

Note 10: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 1 years (4 terms). The rest is repayable in installments of equal amount for 16 terms.

Note 11: Monthly payment is calculated using the annuity method. The principal and interest are repayable in installments of equal amount for 36 terms.

Note 12: One year after the initial draw-down date is considered term one and the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 5 terms.

A. A portion of property, plant and equipment were pledged to Mega International Commercial Bank and Shanghai Commercial & Savings Bank (the first-priority mortgagors) as collaterals for secured bank loans. Please refer to Note 8 for more details.

B. As of December 31, 2015 and 2014, the interest rate intervals for long-term loans were 1.02%~2.1923% and 0.72%~1.60%, respectively.

(17)

(17)Other non-current liabilities

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Accrued pension costs	34,148	29,668
Deposits received	51,846	80,952
Total	85,994	110,620

(18) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2015 and 2014 were NT$112,096 thousand and NT$103,867 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

The fund is operated in a potofolio basis by Governance Committee on Labor Retirement Fund in accordance with the Rule for Custody and Operating the Labor Retirement Fund. The investment of the Fund may be executed either by the Committee itself or by outsourced other profession institutions with its investment stategy, including both active and passive management, targeting in a medium or longer term. In considering the risks of market, credit and liquidity, the Committee establishes the ceiling of fund investment and control plan, in one hand, to reduce investment risk to an affordable extent and, in the other hand, to achieve the targeted return flexibly. As of December 31, 2015, the Company plans to contribute

NT$5,061 thousand to the funds under its defined benefit scheme during the following fiscal year.

As of December 31, 2015 and 2014, the maturities of the Company's defined benefit plan were expected in 2036 and 2037 and the detail information is listed as below.

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Less than one year	14,162	8,440
More than one year but less than five years	3,038	8,142
More than five years	22,213	16,321
Total	39,413	32,903

Pension costs recognized in profit or loss were as follows:

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Current period service costs	152	232
Net interest of defined benefit liability (asset)	668	987
Previous period service costs	-	-
Settlement	-	-
Total	820	1,219

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	As of		
	Dec. 31, 2015 (NT$'000)	Dec. 31, 2014 (NT$'000)	Jan. 1, 2014 (NT$'000)
Defined benefit obligation	127,707	116,697	132,275
Plan assets at fair value	(93,559)	(87,029)	(82,924)
Other non-current liabilities – net defined benefit liability	34,148	29,668	49,351

Reconciliation of liability (asset) of the defined benefit liability is as follows:

	Present value of defined benefit obligation (NT$'000)	Fair value of plan assets (NT$'000)	Net defined benefit liability (asset) (NT$'000)
2014.01.01	132,275	(82,924)	49,351
Current service cost	232	-	232
Interest expense(revenue)	2,645	(1,658)	987
Past service cost and settlement	-	-	-
Total	2,877	(1,658)	1,219
Re-measurment on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	519	-	519
Actuarial gian/loss due to change in financial assumptions	(6,277)	-	(6,277)
Experience adjustments	(9,704)	(248)	(9,952)
Re-measurement on defined benefit assets	-	-	-
Total	(15,462)	(248)	(15,710)
Benefits paid	(2,993)	2,993	-
Contributions by employer	-	(5,192)	(5,192)
Effect of exchange rate	-	-	-
2014.12.31	116,697	(87,029)	29,668
Current service cost	152	-	152
Interest expense(revenue)	2,626	(1,958)	668
Past service cost and settlement	-	-	-
Total	2,778	(1,958)	820
Re-measurment on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	2,453	-	2,453
Actuarial gian/loss due to change in financial assumptions	6,154	-	6,154
Experience adjustments	474	(360)	114
Re-measurement on defined benefit assets	-	-	-
Total	9,081	(360)	8,721
Benefits paid	(849)	849	-
Contributions by employer	-	(5,061)	(5,061)
Effect of exchange rate	-	-	-
2015.12.31	127,707	(93,559)	34,148

The major categories as a percentage of the fair value of total plan assets are as follows:

	Pension plan (%) as of December 31,	
	2015	2014
Cash	100.00%	100.00%

The actuarial assumptions used for the Group's defined benefit plan are shown below:

	As of December 31,	
	2015	2014
Discount rate	2.00%	2.25%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis:

	For the year ended December 31,			
	2015 (NT$'000)		2014 (NT$'000)	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.5%	-	(12,150)	-	(11,487)
Discount rate decrease by 0.5%	13,746	-	13,023	-
Expected salary level increased by 0.5%	13,534	-	12,855	-
Expected salary level decreased by 0.5%	-	(12,095)	-	(11,461)

For the purpose of sensitivity analysis above, the Company calculated the impact on defined benefit obligation due to a reasonable and feasible change of one singal assumption (i.e. discount rate or expected salary level) with other assumptions remaining equal. Please note that the sensitivity analysis has its limitation due to the co-relation between different actuarial assumptions and the rarity that only one assumption changes at a time. The method used in the analysis is consistent for both current and prior years.

(19) Equity

A. Common shares

As of December 31, 2015 and 2014, the Company's authorized capital and paid-in capital were NT$5,500,000 thousand and NT$4,460,000 thousand, respectively, each share at par value of NT$10, divided into 446,000 thousand shares. Each share represents a voting right and a right to receive dividends.

Treasury stocks brought back by the Company for the purpose of transfer to employee during the period from August 18, 2015 to September 25, 2015 totaled to 550 thousand shares. Please refer to Note 6(19)-C to the financial statements for more details.

B. Capital surplus

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Additional paid-in capital	5,850,000	5,850,000
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	50,925	50,925
All changes in interests in subsidiaries	38,894	38,894
Total	5,939,819	5,939,819

According to the Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Treasury stock

As of December 31, 2014, no treasury stock was held by the Group while treasury stock amounted to NT$32,895 thousand, divided into 550 thousand shares, as of September 30, 2015.

As of December 31, 2014, no treasury stock moved. The movement schedule of treasury stock on December 31, 2015 was as below (in thousand shares).

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
To be transfered to employees	-	550	-	550

According to the Securities and Exchange Law of the R.O.C., the total shares of treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital. As such, the ceiling number of shares of treasury stock that the Company could hold as of December 31, 2015 were 44,600 thousand shares, with the maximum payments of NT$23,679,718 thousand.

In compliance with Securities and Exchange Law of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends.

D. Appropriation of earnings and dividend policies

(a) Earning distribution

The rule enacted in the Company's original Article of Incorporation before an amendment was proposed by the borad of directors on December 28, 2015 is as follows.

The Company's earnings in current year, if any, shall firstly be made to pay all taxes and dues and then to offset prior year's operation losses. 10% of the remaining amount shall be set aside as legal reserve and special reserve shall be provided pursuant to Article 41 of the Securities and Exchange Act. Any remaining earnings after the said deductions shall be appropriated as follows:

a. 1% as remuneration to directors
b. Bonues to employees cannot be less than 1% of the total bonus to employees and shareholders. Bonus to employees can be distributed in cash or stocks. The parties receiving the stock dividends shall include employees in affiliated companies who met certain conditions stipulated by the Board of Directors.
c. The Board of Directors would propose an earning distribution plan based on the remaining balance combined with the undistributed earnings accumulated during previous years to be resolved at the shareholders' meeting.

The Company's borad of directors proposed to amend the Article of Incporation in a meeting held on December 28, 2015. The articles to be amended regarding employee and directors' compension as well as eraning distribution are as follows.

The Company, if making profits in current year, shall provide employee and directors' compensation in accordance with the following rules, provided that all accumulated deficits, if any, are fully offset:

1. Employee Compensation:

   The ratio of employee compensation to "income before tax and the employee and directors' compensation to be provided" shall not be less than 10% and the amount of employee compensation can be paid by cash or shares. Qualified employee may include the employee from the Company's subsidiaries who meets certain qualifications set forth by the Company's Board of Directors.

2. Directors' compensation:

   The ratio of directors' compensation to "income before tax and the employee and directors' compensation to be provided" shall not be more than 1%.

Based on Article 235-1 of Company Act amended on May 20, 2015, the Company shall incur a portion of current year's profit as employees' compensation after offsetting the cumulative losses, if any. The aforementioned employees' compensation distributed in the form of shares or in cash shall be approved by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors and reported at annual stockholders' meeting. Qualification requirements of employees, including the employees of the Company's subsidiaries, entitled to receive the employees' compensation may be specified in the Articles of Incorporation.

The Company plans to revise the Company's Article in responding to the amendment to the Company Act as mentioned in above paragraph at annual shareholders' meeting to be held on 2016. As to the details of estimation regarding employee's and directors' compensation, please refer to Note 6(22) to the financial statements.

(b) Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, dividend policy aims for a steady balance. Cash dividends distributed each year cannot be less than 10% of the total dividends paid.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

Following the adoption of Taiwan IFRS, the Company complies with Order No. Jin-Guan-Zheng-Fa 1010012865 issued by FSC on April 6, 2012. On the Company's first-time adoption of the Taiwan IFRS, for any unrealized revaluation gains and cumulative translation adjustments recorded under shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, an equal amount of special capital reserve shall be set aside. After the adoption of Taiwan IFRS for the preparation of financial statements, the Company shall set aside supplemental special reserve based on the difference between the amount already set aside according to the requirements in the preceding point and other net deductions from shareholders' equity when appropriating distributable earnings. For any subsequent reversal of other net deductions from shareholders' equity, the amount reserved may be distributed as earnings.

The Company did not incur any special reserve upon the first-time adoption of Taiwan IFRS.

(e) The appropriations of earnings for the Year 2015 and 2014 were approved through the Board of Directors' meetings and shareholders' meetings held on February 1, 2016 and June 11, 2015, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2015 (NT$'000)	2014 (NT$'000)	2015	2014
Legal reserve	290,395	361,733		
Cash dividends - common stock	1,559,075	1,784,000	3.50	4.00
Remuneration to directors and supervisors	(Note)	32,556		
Employee bonus - cash	(Note)	545,679		
Total	1,849,470	2,723,968		

The information about employees' bonuses and remuneration to directors and supervisors which were resolved by the Board of Directors' meeting and shareholders' meeting is available at the Market Observation Post System website.

The actual payment of 2013 earning distribution comprised the employees' bonuses of NT$492,104 thousand and the remuneration to directors and supervisors of NT$29,761 thousand. The difference of NT$814 thousand between the actual payment and the accrual of NT$492,104 thousand for employees' bonuses and NT$28,947 thousand for remuneration to directors and supervisors for the year ended December 31, 2013 was recorded in the profit or loss for the year ended December 31, 2014.

The actual payment of 2014 earning distribution comprised the employees' bonuses of NT$545,679 thousand and the remuneration to directors and supervisors of NT$32,556 thousand. The difference of NT$457 thousand between the actual payment and the accrual of NT$545,679 thousand for employees' bonuses and NT$32,099 thousand for remuneration to directors and supervisors for the year ended December 31, 2014 was recorded in the profit or loss for the year ended December 31, 2015.

Note: For 2015 employee and directors' compensation under the new Article to be amended, please refer to Note 6(20) for details.

E. Non-controlling interests

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Beginning balance	2,654,765	2,450,199
Net loss attributable to NCIs	(174,426)	(127,094)
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	(43,674)	115,330
Capital increase at subsidiary by issuing new shares	-	200,966
The difference between the consideration and the carrying value from disposal of subsidiaries'equity	-	15,364
Ending balance	2,436,665	2,654,765

(20) Sale

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Sale of goods	23,155,396	24,750,695
Less: sales returns and allowances	(491,745)	(345,496)

Services rendered	190,589	186,656
Other operating revenue	207,071	351,979
Total	23,061,311	24,943,834

(21) Operating lease

A. Group as a lessee

The commercial leasing agreements that the Group entered into for buildings and plants have an average term of one to five years. There are no restrictive covenants for the Group in the contracts.

Total future minimum lease payments due to irrevocable leasing contracts were as follows:

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Less than one year	84,745	40,146
More than one year but less than five years	394,056	-
Total	478,801	40,146

Expenses under operating lease were as follows:

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Minimum lease payment	149,112	136,263

B. Group as a lessor

The leasing agreements that the Group entered into for plants have an average term of one year.

As of December 31, 2015 and 2014, the total future minimum lease payments from the leasees due to irrevocable leasing contracts were both NT$0.

For the years ended December 31, 2015 and 2014, rent incomes of the Group amounted to NT$22,716 thousand and NT$20,407 thousand, respectively.

(22) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	2015 (NT$'000)			2014 (NT$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	$3,182,359	$921,541	$4,103,900	$3,294,081	$808,920	$4,103,001
Labor and health insurance	189,146	67,082	256,228	169,967	58,018	227,985
Pension	79,690	33,226	112,916	76,253	28,833	105,086
Other employee benefit	214,987	93,195	308,182	172,313	54,112	226,425
Depreciation	2,952,612	244,291	3,196,903	2,785,951	232,052	3,018,003
Amortization	-	34,432	34,432	292	26,275	26,567

The Company estimated the amounts of the employee and directors' compensation based on the profit for the year ended December 31, 2015 in accordance to the new Article to be amended. If the board subsequently modifies the estimates significantly, the Company will recognize the change as an adjustment in the profit or loss retroactively. For the year ended December 31, 2015, the amounts of employee and directors' compensation were NT$442,444 thousand and NT$26,026 thousand, respectively.

For the year ended December 31, 2014, the Company estimated the amounts of the employee bonuses and the remuneration to directors based on the net income for the period and the percentage stated in the Article of Incorporation, after taking into account factors such as legal reserves. The estimated employee bonuses and remuneration to directors were recognized as operating costs or operating expense for the period. If the board modified the estimates significantly in the subsequent periods, the Company will recognize the change as an adjustment to current income retroactively. The difference between the estimates and the resolution of shareholders' meeting will be recognized in profit or loss of the subsequent year. If the shareholders' meeting resolves to pay the employee bonus in the form of stocks, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of dividends) of shares on the day preceding the shareholders' meeting. For the year ended December 31, 2014, the amounts of the employee compensation & remuneration to directors were NT$545,679 thousand & NT$32,099 thousand.

(23) Non-operating incomes and expenses

A. Other incomes

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Interest income	86,116	96,170
Dividend income	-	1,531
Other income－others	223,360	36,260
Total	309,476	133,961

B. Other gains and losses

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Gain (loss) from disposal of property, plant and equipment	(108,807)	(724)
Foreign exchange gains, net	(14,925)	32,414
Financial assets at fair value through profit	24,586	26,895
Gain from disposal of investment	30,845	26,135
Impairment loss on non-financial assets	(14,211)	-
Other expenses	(28,472)	(20,286)
Total	(110,984)	64,434

C. Finance costs

	For the year ended December 31,	
	2014 (NT$'000)	2014 (NT$'000)
Interests on bank loans	56,968	56,482

(24) Components of other comprehensive income (OCI)

For the year ended December 31, 2015

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	(8,721)	-	(8,721)	-	(8,721)
To be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	(116,596)	-	(116,596)	12,397	(104,199)
Unrealized valuation gain (loss) on available-for-sale financial assets	6,151	(30,845)	(24,694)	-	(24,694)
Total OCI	(119,166)	(30,845)	(150,011)	12,397	(137,614)

For the year ended December 31, 2014

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	15,710	-	15,710	-	15,710
To be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	309,597	-	309,597	(33,026)	276,571
Unrealized valuation gain (loss) on available-for-sale financial assets	34,474	(24,891)	9,583	-	9,583
Total OCI	359,781	(24,891)	334,890	(33,026)	301,864

(25)Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Current income tax expense (benefit):		
Current income tax expense	687,692	759,501
Reversal of uncertain tax position upon finalization	(210,169)	(93,355)
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(1,801)	(5,307)
Total income tax expense	475,722	660,839

B. Income tax recognized in other comprehensive income

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Deferred tax expense (benefit):		
Exchange differences arising on translation of foreign operations	(12,397)	33,026

C. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Accounting profit (loss) before tax from continuing operations	3,205,248	4,151,072

Tax payable at the enacted tax rates	501,265	645,428
10% surtax on Undistributed earnings	157,191	141,511
Tax effect of income tax-exempted	(112,954)	(103,339)
Tax effect of expenses not deductible for tax purposes	506	13,493
Tax effect of deferred tax assets/liabilities	139,883	57,101
Reversal of uncertain tax position upon finalization	(210,169)	(93,355)
Total income tax expense (income) recognized in profit or loss	475,722	660,839

D. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2015

	Beginning balance as of Jan. 1, 2015 (NT$'000)	Deferred tax income (expense) recognized in P/L (NT$'000)	Deferred tax income (expense) recognized in OCI (NT$'000)	Deferred tax income (expense) recognized in equity (NT$'000)	Increase from business acquisition (NT$'000)	Exchange adjustment (NT$'000)	Ending balance as of Dec. 31, 2015 (NT$'000)
Temporary differences							
Prepaid appreciation tax on agricultural land	-	9,593	-	-	-	-	9,593
Unrealized loss on inventory valuation	276	11	-	-	-	-	287
Unrealized exchange loss (gain)	(2,146)	1,790	-	-	-	-	(356)
Cumulative translation adjustment	(52,231)	-	12,397	-	-	-	(39,834)
Deferred tax income/ (expense)		11,394	12,397	-	-	-	
Net deferred tax assets/(liabilities)	(54,101)						(30,310)
Reflected in balance sheet as follows:							
Deferred tax assets	276						9,880
Deferred tax liabilities	(54,377)						(40,190)

For the year ended December 31, 2014

	Beginning balance as of Jan. 1, 2014 (NT$'000)	Deferred tax income (expense) recognized in P/L (NT$'000)	Deferred tax income (expense) recognized in OCI (NT$'000)	Deferred tax income (expense) recognized in equity (NT$'000)	Increase from business acquisition (NT$'000)	Exchange adjustment (NT$'000)	Ending balance as of Dec. 31, 2014 (NT$'000)
Temporary differences							
Unrealized loss on inventory valuation	20	256	-	-	-	-	276
Unrealized exchange loss (gain)	(7,197)	5,051	-	-	-	-	(2,146)
Cumulative translation adjustment	(19,205)	-	(33,026)	-	-	-	(52,231)
Deferred tax income/ (expense)		5,307	(33,026)	-	-	-	
Net deferred tax assets/(liabilities)	(26,382)						(54,101)
Reflected in balance sheet as follows:							
Deferred tax assets	20						276
Deferred tax liabilities	(26,402)						(54,377)

E. Unrecognized deferred tax assets

As of December 31, 2015 and 2014, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$1,078,696 thousand and NT$1,016,063 thousand, respectively.

F. The investments and capital additions of the Company and its subsidiary, Pegavision, are qualified as the investment on manufacture or technology service industry during the period from July 1, 2008 to December 31, 2009 and, therefore, entitled to a 5-year tax holidays/exemption enjoyed by the Group are listed as below.

Item	Approval authority	Approval document	Exemption period
1	Ministry of Economic Affairs	No. 10005112010 issued at Aug. 25, 2011	Jan. 1, 2013~ Dec. 31, 2017
2	Ministry of Economic Affairs	No. 10005116950 issued at Dec. 27, 2011	Jan. 1, 2014~ Dec. 31, 2018

G. Unused balance of deductible net operating loss within the Group was listed as following.

		Unused balance As of December 31,		
Occurrence year	Accumulated net operating loss (NT$'000)	2015 (NT$'000)	2014 (NT$'000)	Expiration Year
2011	95,522	-	27,445	2021
2012	135,158	98,751	126,986	2022
Total		98,751	154,431	

H. Imputation credit information

	As of December 31, 2015 (NT$'000)	2014 (NT$'000)
Balances of imputation credit	1,942,384	1,431,359

The Company's expected/actual creditable ratio for 2015 and 2014 were 15.18% and 13.34%. However, effective January 1, 2015, the creditable ratio for the individual shareholders residing in the Republic of China will be half of the original creditable ratio according to the revised Article 66-6 of the Income Tax Law.

I. The assessment of income tax return

As of December 31, 2015, the assessment status of income tax returns of the Company and subsidiaries were as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2013
Subsidiary - Pegavision Corporation	Assessed and approved up to 2013
Subsidiary - Kinsus Investment Co., Ltd.	Assessed and approved up to 2013

(26) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the year ended December 31,	
	2015	2014
Net income available to common shareholders of the parent (in NT$'000)	2,903,952	3,617,327
Weighted average number of common shares outstanding (in thousand shares)	445,822	446,000
Basic earnings per share (in NT$)	$6.51	$8.11

B. Diluted earnings per share

	For the year ended December 31,	
	2015	2014
Net income available to common shareholders of the parent (in NT$'000)	2,903,952	3,617,327
Net income available to common shareholders of the parent after dilution (in NT$'000)	2,903,952	3,617,327
Weighted average number of common shares outstanding (in thousand shares)	445,822	446,000
Effect of dilution:		
Employee bonus – stock (in thousand shares)	9,611	7,305
Weighted average number of common shares outstanding after dilution (in thousand shares)	455,433	453,305
Diluted earnings per share (in NT$)	6.38	7.98

No other transactions that would significantly change the outstanding common shares or potential common shares incurred during the period subsequent to reporting date and up to the approval date of financial statements.

(27) Subsidiary that has material non-controlling interests

Proportion of equity interest held by non-controlling interests:

		As of December 31,	
Name	Country	2015	2014
PIOTEK HOLDINGS LTD. and its subsidary	China	51.00%	51.00%

	As of December 31,	
Accumulated balances of material non-controlling interest:	2015 (NT$'000)	2014 (NT$'000)
PIOTEK HOLDINGS LTD. and its subsidary	1,777,880	2,076,348

	For the year ended December 31,	
Profit/(loss) allocated to material non-controlling interest:	2015 (NT$'000)	2014 (NT$'000)
PIOTEK HOLDINGS LTD. and its subsidary	(254,741)	(168,254)

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized information of profit or loss is as follows:

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Operating revenue	4,700,977	5,675,578
Profit/loss from continuing operation	(520,173)	(343,377)
Total comprehensive income for the period	(609,370)	(108,482)

Summarized information of financial position is as follows:

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Current assets	2,516,463	2,390,493
Non-current assets	3,336,563	4,005,340
Current liabilities	1,188,561	1,526,385
Non-current liabilities	1,036,121	631,734

Summarized cash flow information is as follows:

	For the year ended Deceember 31,	
	2015 (NT$'000)	2014 (NT$'000)
Operating activities	123,821	282,292
Investing activities	(171,773)	(124,952)
Financing activities	404,416	(613,554)
Net increase/(decrease) in cash and cash equivalents	349,218	(427,630)

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions with related parties

A. Sales to

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Parent company	1,452,652	1,834,138
Other related parties	62,426	59,169
Total	1,515,078	1,893,307

Selling prices and collection terms to related parties are similar to those to third party customers for the years ended December 31, 2015 and 2014. The collection terms are 30 to 60 days from the end of delivery month by telegraphic transfer.

B. For the years ended December 31, 2015 and 2014, the Group recognized travelling expenses of NT$340 thousand and NT$498 thousand, respectively, for commissioning other related parties to handle travelling logistics.

C. For the years ended December 31, 2015 and 2014, the Group recognized rent expenses of NT$50,460 thousand and NT$27,109 thousand, respectively, for plants leased from the Parent.

Moreover, for the years ended December 31, 2015 and 2014, the Group recognized rent expenses of NT$7,769 thousand and NT$19,338 thousand, respectively, for plants leased from other related parties.

In addition, for the years ended December 31, 2015 and 2014, the Group recognized rent expenses of NT$183 thousand and NT$2,757 thousand (tax included), respectively, for various facilities leased from the Parent.

D. For the years ended December 31, 2015 and 2014, the Group recognized operating expenses of NT$7,554 thousand and NT$6,486 thousand, respectively, for services provided by other related parties.

Moreover, for the years ended December 31, 2015 and 2014, the Group recognized operating expenses of NT$1,261 thousand and NT$753 thousand (tax included), respectively, for services provided by the Parent.

In addition, for the years ended December 31, 2015 and 2014, the Group incurred operating expenses of NT$91,965 thousand and NT$57,945 thousand (tax included), respectively, for utility bills paid by the Parent on behalf of the Group.

E. For the years ended December 31, 2015 and 2014, the Group recognized rent income of NT$7,243 thousand and NT$5,150 thousand, respectively, for plants leased to other related parties.

F. Accounts receivable - related parties

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Parent company	227,150	435,398
Other related parties	21,759	1,008
Total	248,909	436,406
Less: allowance for doubtful accounts	-	-
Net	248,909	436,406

G. Salaries and rewards to key management of the Group

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Short-term employee benefits	90,101	88,704
Post-employee benefits	819	838
Total	90,920	89,542

H. Other receivables

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Other related parties	2,081	1,307

I. Refundable deposits

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Parent company	5,700	5,700

J. Accrued expenses

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Ultimate parent company	22,971	15,855
Other related parties	1,607	5,719
Total	24,578	21,574

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

Item	Carrying Amount As of December 31, 2015 (NT$'000)	Carrying Amount As of December 31, 2014 (NT$'000)	Purpose
Property, plant and equipment - machinery (carrying amount)	332,913	285,931	Long-term secured loans
Property, plant and equipment – other equipment (carrying amount)	13,400	16,401	Long-term secured loans
Refundable deposits	-	3,057	Bonded factory
Total	346,313	305,389	

5.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of December 31, 2015 were as follows:

Currency	LC Amount (in thousand)		Security(in thousand)
JPY	JPY	3,262,883	-
USD	USD	7,160	-
Euro	EUR	42	-

(2) Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2015 were as follows:

Nature of Contract	Contract Amount (NT$'000)	Amount Paid (NT$'000)	Outstanding Balance (NT$'000)
Machinery and contruction contracts	5,011,696	3,388,654	1,623,042

10. SIGNIFICANT DISASTER LOSS

None

11. SIGNIFICANT SUBSEQUENT EVENT

None

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Financial assets at fair value through profit or loss:		
Held for trading	3,536,370	5,135,434
Available-for-sale financial assets	-	40,369
Loans and receivable		
Cash and cash equivalents (excluding cash on hand)	12,740,073	11,510,041
Bond investments with no active market	428,112	463,827
Notes receivable	1,835	6,252
Accounts receivable	3,590,193	3,040,343
Accounts receivable - related parties	248,909	436,406
Other receivable	336,543	452,265
Other receivable - related parties	2,081	1,307
Total	20,884,116	21,086,244

Financial liabilities

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Financial liabilities measured at amortized cost:		
Short-term loans	3,095,030	1,806,896

Payables	5,985,045	5,856,512
Long-term loans (including current portion)	1,938,939	2,164,311
Total	11,019,014	9,827,719

(2) Objectives and policies of financial risk management

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures, and manages the aforementioned risks based on its policy and risk preferences.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Group's exposure to foreign currency risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations. The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit (loss) and equity is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates of US dollars. The sensitivity analysis is as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, net income (loss) for the years ended December 31, 2015 and 2014 would increase/decrease by NT$11,442 thousand and NT$13,613 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2015 and 2014 would decrease/increase by NT$7,383 thousand and decrease/increase by NT$1,320 thousand, respectively.

Equity price risk

The Group's domestic listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The listed equity securities held by the Group is classified as available-for-sale. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For available-for-sale listed equity securities, 1% decrease in their prices would impact on the Group's equity by NT$0 thousand and NT$404 thousand for the years ended December 31, 2015 and 2014, respectively; and 1% increase in their prices would merely impact on the Group's equity.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and financing activities (primarily for bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Group’s established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers’ financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group’s internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers’ credit risk.
As of December 31, 2015 and 2014, receivables from the top ten customers were accounted for 51.71% and 45.65% of the Group’s total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Group’s finance division in accordance with the Group’s policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, no significant credit risk is expected by the Group.

(5) Liquidity risk management

The Group maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Group’s financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year (NT$’000)	2 to 3 years (NT$’000)	3 to 4 years (NT$’000)	4 to 5 years (NT$’000)	Less than 5 years (NT$’000)	Total (NT$’000)
As of December 31, 2015						
Loans	3,734,453	831,211	228,215	252,199	117,342	5,163,420
Payables	5,985,045	-	-	-		5,985,045
As of December 31, 2014						
Loans	3,290,131	694,452	63,266	5,495	$-	$4,053,344
Payables	5,856,512	-	-	-		5,856,512

(6) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed stocks and bonds).

(c) Fair value of equity instruments without active markets (including listed companies' shares from private placement, stocks of public companies not traded in an active market and unlisted stocks) are estimated using the market approach. Under the approach, factors, such as the trading prices of comparable equity instruments in an active market, and other relevant informations (i.e. discount due to lack of liquidity, stock price-to-earning ratio (PER) and price-to-book ratio (PBR) of similar companies) are input into the pricing model for its fair value.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(7) for fair value measurement hierarchy for financial instruments of the Group.

(7) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2015

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	3,536,370	-	-	3,536,370
Financial liabilities:				
None				

As of December 31, 2014

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	5,135,434	-	-	5,135,434
Available-for-sale financial assets				
Stocks	40,369	-	-	40,369

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial liabilities:				
None				

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value hierarchy.

(8) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Group's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

	As of December 31,					
	2015			2014		
	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)
Financial assets						
Monetary items:						
USD	139,277	32.83	4,571,767	128,682	31.65	4,072,131
CNY	93,723	5.05	473,750	104,450	5.17	540,089
Financial liabilities						
Monetary items:						
USD	166,990	32.83	5,482,634	162,457	31.65	5,141,564
CNY	118,755	5.05	600,304	144,860	5.17	749,274

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

Foreign currency resulting in exchange gain or loss	For the year ended December 31, 2015 (NT$'000)	2014 (NT$'000)
USD	(360)	(7,348)
Other	2,438	17,081

(9) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. 1 Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2015 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$ 300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: Please refer to attachment 3.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2015: Please refer to attachment 4.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of Decemer 31, 2015: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the year ended December 31, 2015: Please refer to attachment 9.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 5.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2015 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2015: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2015: Please refer to attachment 7.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2015: Please refer to attachment 8.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2014 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of December 31, 2014 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2014 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2014 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	2,297,750 (Note 2)	(Note 1)	2,297,750 (Note 2)	-	-	2,297,750 (Note 2)	(113,792) (Note 2 and Note 4)	100%	(113,792) (Note 2、Note 4 and Note 7)	1,092,219 (Note 2、Note 4 and Note 7)	-	2,297,750 (Note 2)	2,297,750 (Note 2)	No upper limit (Note 5)

Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	5,471,928 (Note 2)	(Note 1)	3,093,888 (Note 2)	-	-	3,093,888 (Note 2)	(544,556) (Note 2 and Note 4)	51%	(277,724) (Note 2、Note 4 and Note 7)	1,820,119 (Note 2、Note 4 and Note 7)	-	3,093,888 (Note 2)	3,093,888 (Note 2)	No upper limit (Note 5)
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	65,650 (Note 2)	(Note 1)	65,650 (Note 2)	-	-	65,650 (Note 2)	3,219 (Note 2 and Note 4)	100%	3,219 (Note 2、Note 4 and Note 7)	69,621 (Note 2、Note 4 and Note 7)	-	65,650 (Note 2)	65,650 (Note 2)	No upper limit (Note 5)
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	65,062 (Note 3)	(Note 1)	10,598 (Note 2)	54,464	-	$65,062	(16,263) (Note 2 and Note 4)	100%	(16,263) (Note 2、Note 4 and Note 7)	44,250 (Note 2、Note 4 and Note 7)	-	65,062	65,062	625,574 (Note 6)

Note 1: Investment in Mainland China through companies in the third area.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: The paid-in capital is USD2,100 thousand, equivalent to NT$65,062 thousand.

Note 4: Gain/loss on investment is recognized based on the audited financial statements of the parent company in Taiwan.

Note 5: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 6: The upper limit on investment for Pegavision Contact Lenses (Shanghai) Corporation is calculated as 60% of Pegavision Corporation's net equity.

Note 7: Transactions are eliminated upon preparation of consolidated financial statements.

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of December 31, 2015:
Please refer to attachment 9 for details.

(b) Sale and balance of related accounts receivable as of December 31, 2015:
Please refer to attachment 9 for details.

(c) Property transaction amounts and resulting gain or loss:

a. Details of property transaction between Piotek Computer (Suzhou) Co., Ltd. and related partiesas follow:

Type of Assets	Related Parties	Book value ($'000)	Selling price ($'000)	Gain ($'000)	Price reference
Other equipment	Kinsus Interconnect Technology Suzhou	RMB 318	RMB 329	RMB 11	Negotiated

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes:
Please refer to attachment 1.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 9 for details.

(g) Above transactions are eliminated upon preparation of consolidated financial statements.
Please refer to attachment 9 for details.

14. OPERATING SEGMENT

For management purposes, the Group is organized into operating segments based on different products and services and has two reportable operating segments as follows:

IC Substrate: This segment produces and manufactures BGA substrates and sells the products to manufacturers of electronic products.

Printed Circuit Board (PCB): This segment produces and manufactures PCBs and sells the products to manufacturers of electronic products.

No operating segments have been aggregated to form the above reportable operating segments.

The Group's operating segments adopts the same accounting policies as the ones in Note 4. Management monitors the operating results of its business units separately for the purpose of decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements.

(1)

(1)Segment income (loss), assets and liabilities

For the year ended December 31, 2015

	IC Substrate (NT$'000)	PCB (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
External customer	17,820,429	5,240,882	-	23,061,311
Inter-segment	-	-	-	-
Total revenue	17,820,429	5,240,882	-	23,061,311
Segment income (loss)	3,179,452	(449,926)	-	2,729,526

For the year ended December 31, 2014

	IC Substrate (NT$'000)	PCB (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
External customer	19,285,334	5,658,500	-	24,943,834
Inter-segment	-	-	-	-
Total revenue	19,285,334	5,658,500	-	24,943,834
Segment income (loss)	3,778,380	(288,147)	-	3,490,233

Details of assets and liabilities under the Group's operating segments are as follows:

Segment assets	IC Substrate (NT$'000)	PCB (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
As of Dec. 31, 2015	35,118,866	7,519,866	-	42,638,732
As of Dec. 31, 2014	33,202,296	7,849,378	-	41,051,674

Segment liabilities	IC Substrate (NT$'000)	PCB (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
As of Dec. 31, 2015	9,012,667	2,798,264	-	11,810,931
As of Dec. 31, 2014	8,371,561	2,627,339	-	10,998,900

(2)Geographical information

Revenues from external customers

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Taiwan	9,184,614	10,924,071
Other countries	13,876,697	14,019,763
Total	23,061,311	24,943,834

Note: The revenue information above is based on the location of the customers.

A.

Non-current assets

	As of December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Taiwan	13,829,327	11,246,007
U.S.A	243	251
China	5,337,759	6,334,148
Japan	35	-
Total	19,167,364	17,580,406

(3)Information about major customers

	For the year ended December 31,	
	2015 (NT$'000)	2014 (NT$'000)
Customer A from IC Substrate	1,435,632	1,898,187
Customer B from IC Substrate	1,363,364	2,258,344
Total	2,798,996	4,156,531

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2015

Table 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party												
No. (Note 1)	Name	Name	Nature of Relationship	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	The overall amount of guarantees/ endorsements provided to a subsidiary in which the Company holds directly over 50% (inclusive) of common equity interest shall not exceed 20% of the net worth in the current financial statements. $5,678,227	$4,595,500 (USD 140,000) (Note 2)	$3,118,375 (USD 95,000) (Note 2)	$1,359,586	$-	10.98%	Shall not exceed 50% of the net worth in the current financial statements. $14,195,568	Y	N	Y
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	Investee accounted for using equity method indirectly	The overall amount of guarantees/ endorsements provided to a subsidiary in which the Company holds directly over 50% (inclusive) of common equity interest shall not exceed 20% of the net worth in the current financial statements. $5,678,227	$2,762,224 (USD 84,150) (Note 2)	$1,004,445 (USD 30,600) (Note 2)	$502,223	$-	3.54%	Shall not exceed 50% of the net worth in the current financial statements. $14,195,568	Y	N	Y

Note 1: Kinsus Interconnect Technology Corp. is coded "0".

Note 2: Amounts in foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the balance sheet date.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held as of December 31, 2015

Table 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	December 31, 2014				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value (Note)	
Kinsus Interconnect	Money market funds:							
Technology Corp.	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	32,783,435	$510,667	-%	$522,365	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss	13,551,601	157,637	-%	160,894	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	31,765,626	458,515	-%	475,420	
	Fuh Hwa Money Market Fund	-	Financial assets at fair value through profit or loss	4,066,994	56,495	-%	58,088	
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	18,812,748	255,796	-%	263,858	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	30,522,218	400,000	-%	407,673	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	1,168,258	200,000	-%	205,771	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	41,465,474	500,000	-%	513,214	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	31,315,952	450,000	-%	457,886	
	Union Money Market Fund	-	Financial assets at fair value through profit or loss	15,838,553	203,448	-%	206,617	
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss	15,322,946	250,000	-%	252,956	
	Subtotal				3,442,558		$3,524,742	
	Add: Valuation adjustments of financial assets held for trading				82,184			
	Total				$3,524,742			

Note: Companies without quotes in the open markets are valued at net equities.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capital

For the Year Ended December 31, 2015

Table 3

(In Thousands of New Taiwan Dollars)

							Prior Transaction of Related Counter-party						
Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Owner	Relationship with the Company	Transfer Date	Amount	Price Reference	Purpose and Use of Acquisition	Other Terms
Kinsus Interconnect Technology Corp.	Houses and buildings Construction of XinFeng Plant	2015.03.24	$486,186	NT$ 405,860 thousand was paid as of December 31, 2015	Guo-Gong Construction Co., Ltd.	None	None	None	None	None	Bidding	Production expansion and operation planning	None

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2015

Table 4

(In Thousands of New Taiwan Dollars)

			Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	Note
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	$1,795,044	27.06%	Payment within 60 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonablely compared.	Other vendors also enjoy payment within 60 days from the end of delivery month	Accounts payable $(413,130)	(27.95)%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2015

Table 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

				Original Investment Amount		Balance as of December 31, 2015					
Investor	Investee	Business Location	Main Business and Product	December 31, 2014	December 31, 2015	Shares	%	Carrying Value	Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA. U.S.A.	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	USD500	USD500	500,000 shares	100.00%	$33,462	$1,776	$1,776	Note
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD166,309	USD166,309	166,308,720 shares	100.00%	$3,011,949	$(371,975)	$(371,975)	Note
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taoyuan City	Investing activities	$398,000 (Note1)	$398,000 (Note1)	39,800,000 shares	100.00%	$566,385	$44,413	$44,413	Note
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taoyuan City	Manufacturing medical equipment	$286,418	$286,418	22,088,736 shares	36.81%	$383,837	$127,110	$46,795	Note
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD72,000	USD72,000	72,000,000 shares	100.00%	USD 35,385	USD (3,369)	USD (3,369)	Note
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD94,309	USD94,309	95,755,000 shares	51.00%	USD 56,373	USD (16,392)	USD (8,360)	Note
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD139,841	USD139,841	139,840,790 shares	100.00%	USD 110,535	USD (16,401)	USD (16,401)	Note
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD26	USD26	200,000 shares	100.00%	USD 1,777	USD 196	USD 196	Note
Pegavision Corporation	PEGAVISION HOLDINGS CORPORATION	Samoa	Investing activities	USD380	USD2,130	2,130,000 shares	100.00%	$37,229	$(16,293)	$(16,293)	Note
Pegavision Corporation	PEGAVISION JAPAN	JAPAN	Selling Medical facility	JPY-	JPY 9,900	198 shares	100.00%	$2,744	$42	$-	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

Note 1: The Company's original investment in Kinsus Investment Co., Ltd. was NT$ 500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT$ 102,000 thousand to offset deficits in 2013.
After the reduction, investment amount reduced to NT$ 398,000 thousand.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held as of December 31, 2015 (Excluding Investments in Subsidiaries, Associates and Jointly Controlled Entities)

As of December 31, 2015

Table 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	December 31, 2015				Guarantee, Pledge or Other Restricted Conditions		Note
				Shares (Unit)	Carrying Amount	%	Fair Value (Net Equity)	Shares	Carrying Amount	
Kinsus Investment Co., Ltd.	Money market funds:									
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	829,070	$11,315	-%	$11,628	-	$-	
	Valuation adjustments of financial assets held for trading				313					
	Total				$11,628					
Kinsus Investment Co., Ltd.	Stocks:									
	Yi-Shuo Creative Co., Ltd.	-	Financial assets carried at cost	5,000,000	$50,000	7.49%	$-	-	$-	

Note: No quotes in active markets and fair values cannot be measured reliably.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2015

Table 7

(In Thousands of US Dollars)

			Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	Note
Piotek Computer (Suzhou) Co., Ltd.	Pegatron Corporation	Parent company	Sales	USD 45,802	36.90%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared	No non-related parties to be compared with.	Accounts receivable USD 6,920	27.65%	
Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	Also a subsidiary under the Company's control	Sales	USD 13,064	10.53%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably .	No non-related parties to be compared with.	Accounts receivable USD 1,176	4.70%	Note
Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Purchase	USD 13,064	73.26%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably .	No non-related parties to be compared with.	Accounts payable USD (1,176)	(36.80)%	Note
Piotek Computer (Suzhou) Co., Ltd.	Piotek (H.K.) Trading Limited	Also a subsidiary under the Company's control	Sales	USD 22,666	18.26%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared	No non-related parties to be compared with.	Accounts receivable USD 4,277	17.09%	Note
Piotek (H.K.) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Purchase	USD 22,666	100.00%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably .	No non-related parties to be compared with.	Accounts payable USD (4,277)	(100.00)%	Note
Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	Also a subsidiary under the Company's control	Sales	RMB 27,693	24.66%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably	No non-related parties to be compared with.	Accounts receivable RMB 5,407	37.83%	Note
Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	Also a subsidiary under the Company's control	Purchase	RMB 27,693	5.73%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably	No non-related parties to be compared with.	Accounts payable RMB (5,407)	(3.81)%	Note
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 57,138	100.00%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably	No non-related parties to be compared with.	Accounts receivable USD 12,695	100.00%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Receivables from Related Parties of at Least NT$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2015

Table 8

(In Thousands of US Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Allowance for Doubtful Debts
					Amount	Action Taken		
Piotek Computer (Suzhou) Co., Ltd.	Pegatron Corporation	Parent company	USD 6,920 (Note)	4.43	$-	-	$-	$-
Piotek Computer (Suzhou) Co., Ltd.	Piotek (H.K.) Trading Limited	Also a subsidiary under the Company's control	USD 4,277 (Note and Note 1)	4.10	$-	-	$-	$-
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 12,695 (Note and Note 1)	5.49	$-	-	$-	$-

Note: Accounts receivable

Note 1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2015

Table 9

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction: Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	Year 2015						
0	Kinsus Interconnect Technology Corp.	Xiang-Shuo (Suzhou) Trading Limited	1	Other receivables	$817	Payment within 60 days from the end of delivery month	-%
0	Kinsus Interconnect Technology Corp.	Xiang-Shuo (Suzhou) Trading Limited	1	Sales revenue	$827		-%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Accrued expense	$3,397	Payment within 30 days from the end of delivery month by TT	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accrued expense	$1,034	Payment within 30 days from the end of delivery month by TT	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	$413,130	Payment within 60 days from the end of delivery month by TT	0.97%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Accounts payable	$15,747	Payment within 60 days from the end of delivery month by TT	0.04%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other receivables	$2,191	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other receivables	$4,481	-	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	$1,795,044	Payment within 60 days from the end of delivery month by TT	7.78%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Purchase	$50,100	Payment within 60 days from the end of delivery month by TT	0.22%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	$40,798	Payment within 60 days from the end of delivery month by TT	0.18%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Travel expense	$64	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Manufacturing - processing	$15,350	Payment within 60 days from the end of delivery month by TT	0.07%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Sales revenue	$5,995	Payment within 60 days from the end of delivery month by TT	0.03%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other income	$10,925	-	0.05%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other income	$4,343	-	0.02%
0	Kinsus Interconnect Technology Corp.	PIOTEK (H.K.) TRADING LIMITED	1	Other income	$3,253	-	0.01%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Sales revenue	USD 22,666	Payment within 60~90 days from the end of delivery month	3.23%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Accounts receivable	USD 4,277	Payment within 60~90 days from the end of delivery month	0.33%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Accounts receivable	USD 1,176	Payment within 60 days from the end of delivery month	0.09%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Sales revenue	USD 13,064	Payment within 60 days from the end of delivery month	1.86%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Other income	USD 254	Payment within 60~90 days from the end of delivery month	0.04%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Other receivables	USD 86	Payment within 60~90 days from the end of delivery month	0.01%
1	Piotek Computer (Suzhou) Co., Ltd.	Kinsus Interconnect Technology Suzhou Corp.	3	Purchase	USD 6	Payment within 60~90 days from the end of delivery month	-%
2	Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	3	Accounts receivable	RMB 5,407	Payment within 60 days from the end of delivery month	0.06%
2	Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	3	Other receivables	RMB 56	Payment within 60 days from the end of delivery month	-%
2	Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	3	Sales revenue	RMB 27,693	Payment within 60 days from the end of delivery month	0.61%
2	Xiang-Shuo (Suzhou) Trading Limited	Kinsus Interconnect Technology Suzhou Corp.	3	Sales revenue	RMB 3,076	Payment within 60 days from the end of delivery month	0.07%
2	Xiang-Shuo (Suzhou) Trading Limited	Kinsus Interconnect Technology Suzhou Corp.	3	Accounts receivable	RMB 675	Payment within 60 days from the end of delivery month	0.01%
4	PIOTEK (H.K.) TRADING LIMITED	KINSUS CORP. (USA)	3	Commission expense	USD 132	Payment within 60 days from the end of delivery month	0.02%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2015

Table 9

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction: Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	Year 2014						
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Accrued expense	$3,387	Payment within 30 days from the end of delivery month by TT	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accrued expense	$9,318	Payment within 30 days from the end of delivery month by TT	0.02%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	$247,315	Payment within 60 days from the end of delivery month by TT	0.60%
0	Kinsus Interconnect Technology Corp.	Xiang-Shuo (Suzhou) Trading Limited	1	Sales revenue	$1,484	Payment within 30~60 days from the end of delivery month	0.01%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other receivables	$8,210	-	0.02%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other receivables	$987	-	0.00%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	$1,526,521	Payment within 60 days from the end of delivery month by TT	6.12%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	$36,895	Payment within 60 days from the end of delivery month by TT	0.15%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Travel expense	$47	-	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Manufacturing - processing	$51,319	Payment within 60 days from the end of delivery month by TT	0.21%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	R&D - testing	$152	Payment within 60 days from the end of delivery month by TT	-%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Sales revenue	$3,419	Payment within 60 days from the end of delivery month by TT	0.01%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other income	$490	-	-%
0	Kinsus Interconnect Technology Corp.	Piotek Computer (Suzhou) Co., Ltd.	1	Other income	$1,610	-	-%
0	Kinsus Interconnect Technology Corp.	Xiang-Shuo (Suzhou) Trading Limited	1	Other income	$45	-	-%
0	Kinsus Interconnect Technology Corp.	PIOTEK (H.K.) TRADING LIMITED	1	Other income	$3,845	-	0.02%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Sales revenue	USD30,268	Payment within 60~90 days from the end of delivery month	3.84%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Accounts receivable	USD6,770	Payment within 60~90 days from the end of delivery month	0.52%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Accounts receivable	USD1,491	Payment within 60 days from the end of delivery month	0.11%
1	Piotek Computer (Suzhou) Co., Ltd.	Xiang-Shuo (Suzhou) Trading Limited	3	Sales revenue	USD19,059	Payment within 60 days from the end of delivery month	2.42%
2	Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	3	Accounts receivable	RMB3,889	Payment within 60 days from the end of delivery month	0.05%
2	Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	3	Other receivables	RMB24	Payment within 60 days from the end of delivery month	-%
2	Xiang-Shuo (Suzhou) Trading Limited	Piotek Computer (Suzhou) Co., Ltd.	3	Sales revenue	RMB24,544	Payment within 60 days from the end of delivery month	0.51%
2	Xiang-Shuo (Suzhou) Trading Limited	Kinsus Interconnect Technology Suzhou Corp.	3	Sales revenue	RMB4,439	Payment within 60 days from the end of delivery month	0.09%
2	Xiang-Shuo (Suzhou) Trading Limited	Kinsus Interconnect Technology Suzhou Corp.	3	Accounts receivable	RMB649	Payment within 60 days from the end of delivery month	0.01%
3	Kinsus Interconnect Technology Suzhou Corp.	Piotek Computer (Suzhou) Co., Ltd.	3	Accounts receivable	RMB2	Payment within 60 days from the end of delivery month	-%
3	Kinsus Interconnect Technology Suzhou Corp.	Piotek Computer (Suzhou) Co., Ltd.	3	Other income	RMB16	Payment within 60 days from the end of delivery month	-%
4	PIOTEK (H.K.) TRADING LIMITED	KINSUS CORP. (USA)	3	Commission expense	USD88	Payment within 60 days from the end of delivery month	0.01%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.