Hsin Kuang Steel Company Limited

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hsin Kuang Steel Company Limited

Opinion

We have audited the accompanying financial statements of Hsin Kuang Steel Company Limited (the "Company"), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's financial statements for the year ended December 31, 2016 are stated as follows:

Estimated impairment of trade receivables

As of December 31, 2016, the net amount of notes receivable, trade receivables and overdue receivables, in New Taiwan dollars ("NT$"), was NT$2,269,098 thousand, representing 20% of the Company's total assets. When the management estimates the recoverability of note receivables, trade receivables and overdue receivables, it is based on the objective impairment evidence of the individual receivables and the condition of collateral or other credit enhancements. When there is no objective impairment evidence, the allowance for impairment loss recognized against trade receivables is based on historical experience with the counterparties and the aging of receivables. Since the amount of trade receivables is significant for the financial statements and the estimation of impairment of notes receivable, trade receivables and overdue receivables is subject to

management's judgment, it has been identified as a key audit matter.

Refer to Notes 4, 5 and 9 to the accompanying financial statements for the accounting policies and related information on the estimated impairment of trade receivables.

For our audit procedures performed in respect of the above area, we:

1. Understood and tested the design and operating effectiveness of key control over the estimated impairment of trade receivables;

2. Obtained the accounting policies for the provision of impairment of trade receivables and the aging report in order to confirm whether the sales customers have credit insurance or collateral, assessed the overall economic situation, and assessed the reasonableness of management's assumptions on the estimated impairment of trade receivables and the reasonableness of the customer credit management;

3. Tested the completeness and accuracy of the aging of receivables, compared the aging report to those of previous years, reviewed the bad debt write-offs in the current year and the prior year, and checked the recoverability of outstanding debts;

4. Examined and assessed the reasonableness of the overdue receivables of subsequent-to-period-end cash receipts, and considered if additional provisions were required.

Write-down of inventory

As of December 31, 2016, the inventory of the Company amounted to NT$2,197,079 thousand, representing 19% of the Company's total assets. The Company mainly engages in the sale, cutting and logistics of various steel products. In this mode of operation, the Company must reserve all kinds of steel products in response to market and customer demand. As the steel industry is highly affected by fluctuations of international steel prices, it may lead to changes in the value of inventory, which will affect the net realizable value of inventory. Since the amount of inventory is significant for the financial statements and the provision of the valuation of inventory is subject to management's judgment, in particular, the decision on the net realizable value of inventory, which is estimated based on past selling prices and actual transactions, it has been identified as a key audit matter.

Refer to Notes 4, 5 and 10 to the financial statements for the accounting policies and related information on the write-down of inventory.

For our audit procedures performed in respect of the above area, we:

1. Understood and tested the design and operating effectiveness of key controls over the write-down of inventory;

2. Compared the wholesale steel price charts of China Steel Corporation to the reasonableness of management's provision for the inventory write-downs;

3. Checked the data used by the management in calculating the allowance for inventory write-downs, tested the completeness and accuracy of the year-end inventory valuation, which included testing the data used for the net realizable value by the management, and recalculated the amount of impairment loss.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including management and supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Chao-Ling Chen and Chiang-Pao Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2017

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail. Also, as stated in Note 4 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

HSIN KUANG STEEL COMPANY

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2016 Amount	%	December 31, 2015 (Audited after Restated) Amount	%	January 1, 2015 (Audited after Restated) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 512,490	4	$ 911,349	9	$ 336,587	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	522,760	5	355,254	4	560,918	4
Available-for-sale financial assets - current (Notes 4 and 8)	330,402	3	240,181	2	352,570	3
Notes receivable (Notes 4, 5, 9, 29 and 30)	972,621	9	975,740	9	1,107,899	8
Trade receivables (Notes 4, 5, 9 and 29)	1,253,978	11	1,142,735	11	1,606,084	12
Other receivables (Notes 9 and 29)	13,651	-	6,732	-	811	-
Current tax assets (Notes 4 and 23)	-	-	85	-	-	-
Prepayments	38,464	-	14,251	-	65,125	-
Inventories (Notes 4, 5 and 10)	2,197,079	19	1,930,517	18	3,437,579	27
Non-current assets held for sale (Notes 4 and 13)	-	-	-	-	73,920	1
Other current financial assets (Notes 4, 11 and 30)	65,576	1	73,392	1	88,640	1
Other current assets (Note 15)	429	-	2,417	-	250	-
Total current assets	5,907,450	52	5,652,653	54	7,630,383	59
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4, 8 and 30)	1,811,627	16	1,444,121	14	1,919,686	15
Investments accounted for using equity method (Notes 4 and 12)	512,323	4	557,723	5	498,300	4
Property, plant and equipment (Notes 4, 13 and 30)	2,807,392	25	2,818,446	27	2,823,380	22
Investment properties, net (Note 14)	271,313	2	-	-	-	-
Deferred tax assets (Notes 4 and 23)	6,422	-	54,105	-	39,813	-
Other non-current assets (Notes 4, 5, 9 and 15)	71,150	1	18,570	-	24,706	-
Total non-current assets	5,480,227	48	4,892,965	46	5,305,885	41
TOTAL	$ 11,387,677	100	$ 10,545,618	100	$ 12,936,268	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 4 and 16)	$ 3,202,344	28	$ 3,512,306	33	$ 4,577,509	36
Short-term bills payable (Notes 4 and 16)	189,774	2	698,402	7	279,723	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	91	-	13,652	-	8,335	-
Notes payable (Notes 4, 17 and 29)	433,608	4	81,433	1	370,890	3
Trade payables (Notes 4, 17 and 29)	73,151	-	25,348	-	39,557	-
Other payables (Note 18)	128,613	1	67,985	1	82,185	1
Current tax liabilities (Notes 4 and 23)	10,679	-	-	-	9,150	-
Liabilities directly associated with non-current assets held for sale	-	-	-	-	3,382	-
Current portion of long-term borrowings (Notes 4, 16 and 19)	308,418	3	448,497	4	-	-
Other current liabilities	75,935	1	34,868	-	17,413	-
Total current liabilities	4,422,613	39	4,882,491	46	5,388,144	42
NON-CURRENT LIABILITIES						
Bonds payable (Notes 4 and 19)	-	-	-	-	438,334	3
Long-term borrowings (Notes 4 and 16)	1,396,658	12	1,495,278	14	1,643,898	13
Net defined benefit liabilities - non-current (Notes 4 and 20)	19,692	-	37,211	1	36,594	-
Other non-current liabilities	300	-	300	-	58	-
Deferred tax liabilities (Notes 4 and 23)	3,721	-	-	-	-	-
Total non-current liabilities	1,420,371	12	1,532,789	15	2,118,884	16
Total liabilities	5,842,984	51	6,415,280	61	7,507,028	58
EQUITY (Notes 4 and 21)						
Share capital	2,991,876	26	2,756,380	26	2,788,380	22
Capital surplus	1,016,806	9	1,045,575	10	1,049,463	8
Retained earnings						
Legal reserve	579,610	5	579,610	6	556,465	4
Special reserve	231,141	2	-	-	-	-
Unappropriated earnings	744,667	7	231,141	2	937,606	7
Total retained earnings	1,555,418	14	810,751	8	1,494,071	11
Other equity	(19,407)	-	(482,368)	(5)	97,326	1
Total equity	5,544,693	49	4,130,338	39	5,429,240	42
TOTAL	$ 11,387,677	100	$ 10,545,618	100	$ 12,936,268	100

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

HSIN KUANG STEEL COMPANY

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Years Ended December 31			
	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 29)	$ 6,262,775	100	$ 6,373,639	100
OPERATING COSTS	(5,364,745)	(86)	(6,925,594)	(109)
GROSS PROFIT (LOSS)	898,030	14	(551,955)	(9)
OPERATING EXPENSES				
Selling and marketing expenses	(138,688)	(2)	(137,362)	(2)
General and administrative expenses	(88,534)	(1)	(41,669)	(1)
Total operating expenses	(227,222)	(3)	(179,031)	(3)
OTHER OPERATING INCOME AND EXPENSES (Note 22)	69,644	1	(93,593)	(1)
PROFIT (LOSS) FROM OPERATIONS	740,452	12	(824,579)	(13)
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 22)	11,534	-	13,930	-
Other gains and losses (Note 22)	40,570	1	526,842	8
Finance costs (Note 22)	(90,316)	(2)	(104,006)	(1)
Share of profit or loss of subsidiaries and joint ventures	106,450	2	(27,985)	-
Total non-operating income and expenses	68,238	1	408,781	7
PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	808,690	13	(415,798)	(6)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 23)	(60,916)	(1)	13,922	-
NET PROFIT (LOSS) FOR THE YEAR	747,774	12	(401,876)	(6)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plan	(3,107)	-	(2,606)	-
	(3,107)	-	(2,606)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(8,489)	-	7,809	-

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HSIN KUANG STEEL COMPANY

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Years Ended December 31			
	2016		2015	
	Amount	%	Amount	%
Unrealized gain (loss) on available-for-sale financial assets	471,450	7	(587,503)	(9)
	462,961	7	(579,694)	(9)
Other comprehensive income (loss) for the year, net of income tax	459,854	7	(582,300)	(9)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 1,207,628	19	$ (984,176)	(15)
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	$ 2.67		$ (1.45)	
Diluted	$ 2.62		$ (1.45)	

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

HSIN KUANG STEEL COMPANY

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings			Other Equity			
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2015	278,838	$ 2,788,380	$ 1,049,463	$ 556,465	$ -	$ 937,606	$ 9,714	$ 87,612	$ -	$ 5,429,240
Appropriation of 2014 earnings										
Legal reserve	-	-	-	23,145	-	(23,145)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(278,838)	-	-	-	(278,838)
Other changes in capital surplus										
Changes in percentage of ownership interest in subsidiaries	-	-	465	-	-	-	-	-	-	465
Recognition of employee share options by the Company	-	-	6,833	-	-	-	-	-	-	6,833
Net loss for the year ended December 31, 2015	-	-	-	-	-	(401,876)	-	-	-	(401,876)
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(2,606)	7,809	(587,503)	-	(582,300)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	(404,482)	7,809	(587,503)	-	(984,176)
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(43,186)	(43,186)
Cancelation of treasury shares	(3,200)	(32,000)	(11,186)	-	-	-	-	-	43,186	-
BALANCE AT DECEMBER 31, 2015	275,638	2,756,380	1,045,575	579,610	-	231,141	17,523	(499,891)	-	4,130,338
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	-	231,141	(231,141)	-	-	-	-
Appropriation of 2015 earnings										
Share dividends distributed from capital surplus	-	-	(165,976)	-	-	-	-	-	-	(165,976)
Other changes in capital surplus										
Recognition of employee share options by the Company	-	-	1,424	-	-	-	-	-	-	1,424
Changes in percentage of ownership interest in subsidiaries	-	-	66	-	-	-	-	-	-	66
Convertible bonds converted to ordinary shares	22,562	225,616	131,370	-	-	-	-	-	-	356,986
Net profit for the year ended December 31, 2016	-	-	-	-	-	747,774	-	-	-	747,774
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(3,107)	(8,489)	471,450	-	459,854
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	744,667	(8,489)	471,450	-	1,207,628
Issue of ordinary shares under employee share options	988	9,880	4,347	-	-	-	-	-	-	14,227
BALANCE AT DECEMBER 31, 2016	299,188	$ 2,991,876	$ 1,016,806	$ 579,610	$ 231,141	$ 744,667	$ 9,034	$ (28,441)	$ -	$ 5,544,693

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

HSIN KUANG STEEL COMPANY

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 808,690	$ (415,798)
Adjustments for:		
Depreciation expenses	73,330	79,730
Amortization expenses	529	739
Recognition (reversal) of provisions	8,793	(3,601)
Net (gain) loss on fair value changes of financial assets held for trading	(8,308)	174,428
Net (gain) loss on fair value changes of financial liabilities held for trading	(5,556)	5,317
Finance costs	90,316	104,006
Compensation costs of employee share options	1,424	6,833
Loss (gain) on disposal of property, plant and equipment	3,156	(390,688)
Net gain on disposal of available-for-sale financial assets	-	(417)
Share of (profit) loss of subsidiaries, associates and joint ventures	(106,450)	27,985
Interest income	(913)	(853)
Dividend income	(57,495)	(85,735)
Impairment loss recognized on available-for-sale financial assets	1,715	-
(Reversal of) write-down of inventories	(302,350)	294,711
Net (gain) loss on foreign currency exchange	(1,908)	100,167
Net defined benefit liabilities	(21,262)	(1,989)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets held for trading	(159,198)	31,236
Decrease in notes receivable	3,559	131,967
(Increase) decrease in trade receivables	(167,711)	468,303
Increase in other receivables	(6,919)	(5,920)
Decrease in inventories	35,788	1,212,351
(Increase) decrease in prepayments	(24,213)	50,874
Decrease in other current assets	2,073	2,532
Increase (decrease) in notes payable	352,175	(289,457)
Increase (decrease) in trade payables	47,803	(14,209)
Increase (decrease) in other payables	58,039	(7,637)
Increase in other current liabilities	41,068	14,073
Interest received	913	853
Income tax paid	(48)	(9,605)
Net cash generated from operating activities	667,040	1,480,196
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(442)	-
Proceeds from the capital reduction on available-for-sale financial assets	12,450	868
Net cash outflow on acquisition of subsidiaries	(16,625)	(89,195)

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HSIN KUANG STEEL COMPANY

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2016	**2015**
Decrease in prepayments for investments	-	11,766
Proceeds from the capital reduction of associates	-	4,000
Decrease in other financial assets	7,816	15,248
Proceeds from disposal of non-current assets held for sale	-	459,935
Payments for property, plant and equipment	(52,642)	(68,566)
Proceeds from disposal of property, plant and equipment	1,605	2,491
Payments for investment properties	(239,222)	-
(Increase) decrease in refundable deposits	(16,738)	1,088
Increase in prepayments for equipment	(49,771)	(10,079)
Dividends received from subsidiaries and associates	161,903	6,061
Other dividends received	57,495	85,735
Net cash (used in) generated from investing activities	(134,171)	419,352
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	8,184,440	11,445,320
Repayments of short-term borrowings	(8,481,302)	(12,615,307)
(Decrease) increase in short-term bills payable	(510,000)	420,000
Proceeds from long-term borrowings	600,000	-
Repayments of long-term borrowings	(500,000)	(150,000)
Proceeds from guarantee deposits received	-	242
Dividends paid	(165,976)	(278,838)
Proceeds from issue of ordinary shares under employee share options	14,227	-
Payments for buy-back of ordinary shares	-	(43,186)
Interest paid	(73,117)	(103,017)
Net cash used in financing activities	(931,728)	(1,324,786)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(398,859)	574,762
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	911,349	336,587
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 512,490	$ 911,349

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

HSIN KUANG STEEL COMPANY

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

1. GENERAL INFORMATION

Hsin Kuang Steel Company (the "Company") was incorporated in January 1967. The original paid-in-capital was $200 thousands, and then ordinary shares were issued for promoting business expansion and a sound financial structure. The Company's share was approved to be listed on the Taipei Exchange in April 1997 and then was approved to transfer to the Taiwan Stock Exchange in August 2000. The Company's shares have been listed on the Taiwan Stock Exchange since September 2000 under the approval of the Financial Supervisory Commission of the Republic of China (the "ROC").

The Company mainly engages in the cutting, stamping and sale of various steel products, including steel coils, steel plates, stainless steel, alloy steel and special steel.

These financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 14, 2017.

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

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

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

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial	January 1, 2016

Statements”	
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

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

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

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

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

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

2) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Company accrues a related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as the generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

3) Annual Improvements to IFRSs 2010-2012 Cycle

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

The amended IFRS 2 changes the definitions of a “vesting condition” and a “market condition” and adds definitions for a “performance condition” and a “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Company or another entity in the same Company or the market price of the equity instruments of the Company or another entity in the same Company (i.e. a market condition); that a performance

target can relate either to the performance of the Company as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Company but also of other entities outside the Company. The share-based payment arrangements with market conditions, non-market conditions or non-vesting conditions will be accounted for differently, and the aforementioned amendment will be applied prospectively to those share-based payments granted on or after January 1, 2017.

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

The amended IFRS 8 requires the Company to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker. The judgments made in applying aggregation criteria should be disclosed retrospectively upon the initial application of the amendment in 2017.

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

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

4) Annual Improvements to IFRSs 2011-2013 Cycle

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

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of a joint arrangement itself. The amendment will be applied prospectively starting from January 1, 2017.

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

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and the application of both standards may be required to determine whether an investment property acquired is an acquisition of an asset or a business combination. The amendment will be applied prospectively to acquisitions of investment property on or after January 1, 2017.

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

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

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

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

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

The above amendment will be applied to interests in joint operations acquired on or after January 1, 2017. Amounts of interests in joint operations acquired in prior periods are not adjusted.

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

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

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

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

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

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

7) Annual Improvements to IFRSs 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that a reclassification between non-current assets (or a disposal Company) "held for sale" and non-current assets "held for distribution to owners" does not constitute a change to a plan of sale or distribution. Therefore, the previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for "held for distribution to owners" and do not meet the criteria for "held for sale" should be treated in the same way as assets that cease to be classified as held for sale. The amendment will be applied prospectively to transactions that occur on or after January 1, 2017.

8) Amendments to IFRS 10, IFRS 12 and IAS 28 "'Investment Entities: Applying the Consolidation Exception"

The amendments clarified that the Company (an investment entity) should consolidate subsidiaries that are not themselves investment entities but entities whose main purpose is to provide services and activities that are related to the investment activities of the parent investment entity.

Moreover, the Company will enhance the disclosures related to its subsidiaries measured at fair value according to the amended IFRS 12 when it becomes effective in 2017. The disclosures will be made retrospectively.

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

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

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

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

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

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

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

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

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	January 1, 2018 (Note 2)
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

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

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

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

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

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

The impairment of financial assets

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

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

Transition

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

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

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

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

3) IFRS 15 "Revenue from Contracts with Customers" and the related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations starting from January 1, 2018.

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

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

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

4) IFRS 16 "Leases"

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

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

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

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

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

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

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

6) Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"

The amendment requires that market conditions and non-vesting conditions should be taken into account and vesting conditions, other than market conditions, should not be taken into account when estimating the fair value of cash-settled share-based payments at the measurement date. Instead, they should be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction. This amendment applies to share-based payment transactions that are unvested at the date the Company first applies the amendment and to share-based payment transactions with a grant date on or after the date the Company first applies the amendment.

7) Annual Improvements to IFRSs 2014-2016 Cycle

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

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

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

The Company shall apply the aforementioned amendments retrospectively.

8) Amendments to IAS 40 "Transfers of Investment Property"

The amendments clarify that the Company should transfer a property to or from investment property when, and only when, the property meets or ceases to meet the definition of an investment property and there is evidence of a change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that evidence of a change in use is not limited to those illustrated in IAS 40.

The Company may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. Any adjustment to the carrying amount upon reclassification is recognized in the opening balance of other equity at that date. The Company is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Company may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance

The accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Financial Statement").

b. Basis of preparation

The accompanying financial statements have been prepared on a historical cost basis except for financial instruments which are measured at fair value.

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

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

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

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

When preparing the parent company only financial statements, the Company used equity method to account for its investment in subsidiaries, associates and jointly controlled entities. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owner of the Company in its the financial statements, adjustments arising from the differences in accounting treatment between Company basis and basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and accumulated earnings, as appropriate, in the financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

1) Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

2) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

3) Exchange differences on monetary items receivable from or payable to a foreign operation for

which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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

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

For the purposes of presenting parent company only financial statements, the functional currencies of the Company (including subsidiaries, associates, joint ventures and branches in other countries that use currency different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar as follows: assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation or a disposal involving a loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which

includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested in company. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investment in associates and joint ventures

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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

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

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

When the Company subscribes for additional new shares of an associate and joint venture at a percentage which is different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate and joint venture. The Company records such a difference as an adjustment to investments with the

corresponding amount charged or credited to capital surplus - changes in the Company's share of the equity of associates and joint ventures. If the Company's ownership interest is reduced due to its non-subscription of new shares of an associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

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

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associates and joint venture, profits or losses resulting from the transactions with the associate and joint venture are recognized in the Company's financial statements.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

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

j. Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

k. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, an appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When the Company is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when all of the classification criteria are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Company ceases to have significant influence or joint control over an investment after the disposal takes place, the Company accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

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

When a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate previously classified as held for sale no longer meets the criteria to be so classified, it is measured at the carrying amount that would have been recognized had such interests not been classified

as held for sale. Financial statements for the periods since classification as held for sale are amended accordingly.

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at their fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on financial assets. Fair value is determined in the manner described in Note 28.

ii. Available-for-sale financial assets

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

Financial assets carried at amortized cost, such as trade receivables, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days as well as observable changes in national or local economic conditions that correlate with a default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

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

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

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

account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable trade receivables and notes receivable that are written off against the allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

- Financial liabilities at fair value through profit or loss

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

  Financial liabilities that are held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on the financial liability. Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The derivative financial liabilities and conversion option components of convertible bonds issued by the Company are classified separately as financial liabilities and equity. Items that will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's own equity instruments are classified as derivative financial instruments.

On initial recognition, the derivative financial liabilities and conversion option components of convertible bonds are recognized at fair value.

In subsequent periods, the non-derivative financial liability components of convertible bonds are measured at amortized cost using the effective interest method. The derivative financial liability components are measured at fair value, and changes in fair value are recognized in profit or loss.

Transaction costs that relate to the issue of convertible notes are allocated to the derivative financial liability components and the non-derivative financial liability components in proportion to their relative fair values. Transaction costs relating to the derivative financial liability components are recognized immediately in profit or loss. Transaction costs relating to the non-derivative financial liability components are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and futures trading.

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

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the contracts are not measured at fair value through profit or loss.

m. Revenue recognition

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

1) Sale of goods

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

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company does not recognize sales revenue on materials delivered to subcontractors because

this delivery does not involve a transfer of risks and rewards of material ownership.

2) Dividend and interest income

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

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

n. Leasing

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

1) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

2) The Company as lessee

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Employee share options

Employee share options are granted to employees and others providing similar services.

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

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, and in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables

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

As of December 31, 2016 and 2015, the amount of notes receivable, trade receivables and overdue receivables was NT$2,269,098 thousand and NT$2,124,931 thousand, respectively. (After deducting the allowance for impairment loss, the amount was NT$19,916 thousand and NT$37,326 thousand, respectively).

b. Write-down of inventory

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2016	**2015**
Cash on hand	$ 493	$ 636
Checking accounts and demand deposits	511,997	910,713
	$ 512,490	$ 911,349

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2016	**2015**
Bank balance	0.05%-0.10%	0.01%-0.13%

As of December 31, 2016 and 2015, the time deposits with an original maturity of more than 3 months were NT$65,576 thousand and NT$73,392 thousand, respectively, which were classified as other financial assets - current. See Note 11 for further information.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2016	**2015**
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	$ 8,609	$ 56,390
Non-derivative financial assets		
Domestic quoted shares	511,276	298,864
Mutual funds	2,875	-
Financial assets at FVTPL - current	$ 522,760	$ 355,254
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options (Note 19)	$ 91	$ 13,652
Financial liabilities at FVTPL - current	$ 91	$ 13,652

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2016			
Buy	NTD/USD	January-October 2017	NTD856,017/USD26,937
Sell	USD/NTD	January 2017	NTD32,883/USD1,033
December 31, 2015			
Buy	NTD/USD	January-June 2016	NTD820,998/USD26,642

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. Those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2016	2015
Current		
Domestic listed shares and emerging market shares	$ 330,402	$ 240,181
Non-current		
Domestic listed shares and emerging market shares	$ 1,402,581	$ 1,021,352
Unlisted shares - ROC	60,823	74,546
Unlisted shares - other countries	348,223	348,223
	$ 1,811,627	$ 1,444,121

Refer to Note 30 for information relating to available-for-sale financial assets pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OTHER RECEIVABLES AND OVERDUE RECEIVABLES

	December 31	
	2016	2015
Notes receivable		
Notes receivable - operating	$ 973,962	$ 977,521
Less: Allowance for impairment loss	(1,341)	(1,781)
	$ 972,621	$ 975,740
Trade receivables		
Trade receivables	$ 1,257,154	$ 1,148,101

	December 31	
	2016	2015
Less: Allowance for impairment loss	(3,176)	(5,366)
	$ 1,253,978	$ 1,142,735
Other receivables		
Loan receivables	$ 13,000	$ -
Others	651	6,732
	$ 13,651	$ 6,732
Overdue receivables		
Overdue receivables	$ 57,898	$ 36,635
Less: Allowance for impairment loss	(15,399)	(30,179)
	$ 42,499	$ 6,456

a. Notes receivable and trade receivables

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables. In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Company recognized an allowance for impairment loss of 100% against all receivables over 365 days less the collateral provided because historical experience was that receivables that are past 365 days since due are not recoverable. An allowance for impairment loss was recognized against trade receivables between 90 days and 365 days based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial positions.

The carrying amounts of the trade receivables balances that were past due at the end of the reporting period were NT$59,663 thousand and NT$220,996 thousand on December 31, 2016 and 2015, respectively, which are disclosed in the aging analysis below. The Company did not recognize an allowance for impairment loss, because there was no significant change in the credit quality and the amounts. The Company did not hold any collateral or other credit enhancements for these balances. In addition, the Company does not have the legal right to off-set the trade receivable and the counterparty of the same transaction.

The aging of trade receivables that were past due but not impaired was as follows:

	December 31	
	2016	2015
Up to 90 days	$ -	$ -
91-365 days	44,462	220,996
Over 365 days	15,201	-
	$ 59,663	$ 220,996

The above aging schedule was based on the days past due from the invoice date.

The movements of the allowance for doubtful trade receivables were as follows:

	For the Year Ended December 31	
	2016	2015
Beginning of the year	$ 7,147	$ 7,997
Add: Impairment losses recognized on receivables	648	2,083
Less: Impairment losses reversed	(3,278)	(2,933)
End of the year	$ 4,517	$ 7,147

b. Other receivables - loan receivables

The maturity date of loans to related parties were as follows:

	December 31	
Maturity Date	2016	2015
December 2017	$ 13,000	$ -

The principal was expected to be received in full on the maturity date and with no interest expense.

c. Overdue receivables

The carrying amounts of the overdue receivable balances that were past due at the end of the reporting period were NT$42,499 thousand and NT$6,456 thousand as of December 31, 2016 and 2015, respectively. As shown in the aging analysis below, the Company did not recognize an allowance for impairment loss, because there was no significant change in the credit quality of the receivables. The Company considered the overdue receivables to still be collectable and held collateral for these balances to enhance the collectability. In addition, the Company does not have the legal right to off-set the overdue receivables and the accounts payable to the counterparties.

The aging of overdue receivables that were past due but not impaired was as follows:

	December 31	
	2016	2015
Up to 90 days	$ -	$ -
90-365 days	7,168	3,456
Over 365 days	35,331	3,000
	$ 42,499	$ 6,456

The above aging schedule was based on the days past due from the invoice date.

The movements of the allowance for doubtful overdue receivables were as follows:

	For the Year Ended December 31	
	2016	2015
Beginning of the year	$ 30,179	$ 32,930
Add: Impairment losses recognized on receivables	12,334	2,029
Less: Impairment losses reversed	(911)	(4,780)
Less: Amounts written off during the year as uncollectable	(24,705)	-
Less: Amounts recovered during the year	(1,498)	-
End of the year	$ 15,399	$ 30,179

The Company recognized an impairment loss on overdue receivables amounting to NT$15,399 thousand and NT$30,179 thousand as of December 31, 2016 and 2015, respectively. These amounts mainly related to customers that were pursuing legal claims. The Company carried out a review of the recoverable amount of those overdue receivables and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss. The Company held chattel pledged as collateral over these balances.

The carrying amount of the notes receivable pledged as collateral for borrowings is disclosed in Note 30.

10. INVENTORIES

	December 31	
	2016	**2015**
Finished goods	$ 358,469	$ 255,342
Raw materials	1,837,543	1,661,641
Raw materials in transit	1,067	13,534
	$ 2,197,079	$ 1,930,517

The allowance for inventory devaluation for the years ended December 31, 2016 and 2015 was NT$440 thousand and NT$302,790 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 was NT$5,364,745 thousand and NT$6,925,594 thousand, respectively. The cost of goods sold included a reversal of inventory write-downs of NT$302,350 thousand and inventory write-downs of NT$294,711 thousand. Previous write-downs were reversed as a result of increased selling prices in steel markets.

11. OTHER CURRENT FINANCIAL ASSETS

	December 31	
	2016	**2015**
Time deposits with original maturities of more than three months	$ 65,576	$ 73,392

a. The market interest rates of the time deposits with an original maturity of more than 3 months were 0.2%-1% and 0.2%-1% per annum, respectively, as of December 31, 2016 and 2015.

b. Refer to Note 30 for information relating to other current financial assets pledged as security.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2016	**2015**
Investments in subsidiaries	$ 472,598	$ 517,923
Investments in associates	12,241	12,300
Investments in joint ventures	27,484	27,500
	$ 512,323	$ 557,723

a. Investments in subsidiaries

	December 31	
	2016	2015
Hsin Yuan Investment Co., Ltd.	$ 182,820	$ 180,951
Sinpao Investment Co., Ltd.	163,849	217,119
Hsin Ho Fa Metal Co., Ltd.	115,869	107,502
Hsin Kuang Alga Engineering Co., Ltd.	10,060	12,351
	$ 472,598	$ 517,923

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	**2016**	**2015**
Hsin Yuan Investment Co., Ltd.	100.00%	100.00%
Sinpao Investment Co., Ltd.	99.82%	99.66%
Hsin Ho Fa Metal Co., Ltd. (Note 26)	83.37%	81.96%
Hsin Kuang Alga Engineering Co., Ltd.	68.16%	68.16%

b. Investments in associates

	December 31	
	2016	2015
Associates that are not individually material	$ 12,241	$ 12,300

		Proportion of Ownership and Voting Rights	
		December 31	
Name of Associate	**Nature of Activities**	**2016**	**2015**
Hsin Wei Solar Co., Ltd.	Non-metallic power generation	40.00%	40.00%
E-Tech Steel Co., Ltd.	Steel structure	29.96%	29.96%

Aggregate information of associates that are not individually material is as follows:

	December 31	
	2016	2015
The Company’s share of:		
Profit from continuing operations	$ 704	$ 849
Other comprehensive income	-	-
Total comprehensive income for the year	$ 704	$ 849

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

c. Investments in joint ventures

	December 31	
	2016	2015
Material joint ventures	$ 27,484	$ 27,500

The summarized financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Hsin Ching Co., Ltd.

	December 31	
	2016	2015
Cash and cash equivalents	$ 4,906	$ 55,000
Current assets	$ 54,906	$ -
Non-current assets	63	-
Equity	$ 54,969	$ 55,000
Proportion of the Company's ownership	50%	50%
Equity attributable to the Company	$ 27,484	$ 27,500
Carrying amount	$ 27,484	$ 27,500

	For the Year Ended December 31	
	2016	2015
Net loss for the year	$ (31)	$ -
Other comprehensive income	-	-
Total comprehensive income for the year	$ (31)	$ -

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Devices Awaiting Inspection	Total
Cost							
Balance at January 1, 2015 as restated	$ 1,812,725	$ 802,881	$ 466,777	$ 121,358	$ 14,578	$ 124,218	$ 3,342,537
Additions	2,840	1,918	11,965	547	635	59,410	77,315
Disposals	-	-	(3,798)	(10,548)	-	-	(14,346)
Reclassified	9,388	97,508	60,833	7,410	-	(175,139)	-
Balance at December 31, 2015	$ 1,824,953	$ 902,307	$ 535,777	$ 118,767	$ 15,213	$ 8,489	$ 3,405,506
Accumulated depreciation and impairment							
Balance at January 1, 2015	$ -	$ 161,528	$ 272,941	$ 76,845	$ 7,843	$ -	$ 519,157
Depreciation expenses	-	22,976	41,281	13,660	1,813	-	79,730
Disposals	-	-	(2,035)	(9,792)	-	-	(11,827)
Balance at December 31, 2015	$ -	$ 184,504	$ 312,187	$ 80,713	$ 9,656	$ -	$ 587,060
Carrying amounts at December 31, 2015	$ 1,824,953	$ 717,803	$ 223,590	$ 38,054	$ 5,557	$ 8,489	$ 2,818,446

Cost

	Freehold Land	Buildings	Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Devices Awaiting Inspection	Total
Balance at January 1, 2016 as restated	$ 1,824,953	$ 902,307	$ 535,777	$ 118,767	$ 15,213	$ 8,489	$ 3,405,506
Additions	10,332	2,183	18,312	5,238	3,362	13,065	52,492
Disposals	-	(8,244)	(6,761)	(7,083)	-	-	(22,088)
Reclassified	13,500	200	6,466	8,627	-	(15,381)	13,412
Balance at December 31, 2016	$ 1,848,785	$ 896,446	$ 553,794	$ 125,549	$ 18,575	$ 6,173	$ 3,449,322
Accumulated depreciation and impairment							
Balance at January 1, 2016	$ -	$ 184,504	$ 312,187	$ 80,713	$ 9,656	$ -	$ 587,060
Additions	-	24,068	37,813	9,187	1,130	-	72,198
Disposals	-	(3,508)	(6,737)	(7,083)	-	-	(17,328)
Balance at December 31, 2016	$ -	$ 205,064	$ 343,263	$ 82,817	$ 10,786	$ -	$ 641,930
Carrying amounts at December 31, 2016	$ 1,848,785	$ 691,382	$ 210,531	$ 42,732	$ 7,789	$ 6,173	$ 2,807,392

The above items of property, plant and equipment were depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40-55 years
Engineering buildings	3-20 years
Equipment	
Main equipment	5-20 years
Equipment maintenance	3-5 years
Transportation equipment	
Truck and automotive	5-8 years
Stacker	5-9 years
Automotive accessories	3 years
Miscellaneous equipment	
Computer equipment	5 years
Office and engineering equipment	3-10 years

As of December 31, 2016, the Company purchased land located in Guanyin of 4,505.55 square meters which had a carrying amount of NT$31,381 thousand for operation use from 2005 to 2014. As the law stipulates, the Company shall not have ownership of land registered for agricultural purposes. Thus, the Company shall sign a real estate trust contract with an individual to hold the land.

On November 4, 2014, the board of directors resolved to dispose of a parcel of freehold land located in Taishan and Linkou, which were reclassified to non-current assets held for sale. No impairment loss was recognized on the classification of the land as held for sale. Because the Company can't complete the sale within 2 years of the classification as held for sale, the land no longer meets the criteria to be so classified and was reclassified to property, plant and equipment. The financial statements for the periods since the classification as held for sale were amended accordingly. The carrying amount of the land amended was NT$25,222 thousand as of December 31, 2016, December 31, 2015 and January 1, 2015.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

14. INVESTMENT PROPERTIES

	Investment Properties - Land	Investment Properties - Buildings	Investment Properties - Machinery and Equipment	Total
Cost				
Balance at January 1, 2015	$ -	$ -	$ -	$ -
Additions	210,306	19,391	9,525	239,222
Reclassified	3,376	29,847	-	33,223
Balance at December 31, 2015	$ 213,682	$ 49,238	$ 9,525	$ 272,445
Accumulated depreciation and impairment				
Balance at January 1, 2016	$ -	$ -	$ -	$ -
Depreciation expenses	-	699	433	1,132
Balance at December 31, 2016	$ -	$ 699	$ 433	$ 1,132
Carrying amounts at December 31, 2016	$ 213,682	$ 48,539	$ 9,092	$ 271,313

The investment properties were depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	25 years
Crane equipment	10 years

The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value was as follows:

	December 31	
	2016	2015
Fair value	$ 313,726	$ -

15. OTHER ASSETS

	December 31	
	2016	2015
Current		
Others	$ 429	$ 2,417
Non-current		
Refundable deposits	$ 22,473	$ 5,735
Overdue receivables	42,499	6,456

Repayments for buildings and freehold land	5,700	5,371
Others	478	1,008
	$ 71,150	$ 18,570

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2016	2015
Secured borrowings (Notes 28 and 30)		
Bank loans	$ 350,000	$ 700,000
Letters of credit	288,958	483,464
	638,958	1,183,464
Unsecured borrowings		
Line of credit borrowings (Note 28)	150,000	880,000
Letters of credit	2,413,386	1,448,842
	2,563,386	2,328,842
	$ 3,202,344	$ 3,512,306

The range of weighted average effective interest rates on bank loans was 1.2%-2.6% and 1.1%-2.1% per annum as of December 31, 2016 and 2015, respectively.

b. Short-term bills payable

	December 31	
	2016	2015
Commercial papers (Note 28)	$ 190,000	$ 700,000
Less: Unamortized discount on bills payable	(226)	(1,598)
	$ 189,774	$ 698,402

Outstanding short-term bills payable were as follows:

December 31, 2016

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial papers					
A bank	$ 150,000	$ 157	$ 149,843	1.2%	-
B bank	40,000	69	39,931	1.3%	-
	$ 190,000	$ 226	$ 189,774		

December 31, 2015

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial papers					
A bank	$ 200,000	$ 263	$ 199,737	1.5%-1.6%	-
B bank	170,000	622	169,378	1.5%	-
C bank	150,000	69	149,931	1.4%	-
D bank	100,000	460	99,540	1.5%	-
E bank	80,000	184	79,816	1.7%	-
	$ 700,000	$ 1,598	$ 698,402		

c. Long-term borrowings

	December 31	
	2016	2015
Secured borrowings (Notes 28 and 30)		
Syndicated bank loans - Land Bank of Taiwan and other banks (1)	$ 1,600,000	$ 1,500,000
Less: Current portions	(200,000)	-
Syndicated loan fees	(3,342)	(4,722)
Long-term borrowings	$ 1,396,658	$ 1,495,278

1) In August and September 2014 and December 2016, the Company acquired syndicated bank loans secured by the Company's freehold land and buildings (refer to Note 30) in the amount of NT$1,000,000 thousand and NT$600,000 thousand, respectively, and both will be repayable in August 2019. The grace period of the loans acquired in 2014 was 2.5 years. From the date of expiry of the grace period, the repayment of principal and interest is divided into six installments every six months. The first to the fifth installments are 10% of the outstanding balance of the loan, and the sixth installment shall be all of the remaining outstanding principal and the interest balance.

   The loans acquired in 2016 had a revolving credit line. Interest shall be paid by month, and on the expiry date the loan shall be extended or settled. After 3 years of the first use of the loans, the credit line shall be reduced to 80% of the original credit line and to 60% after 4 years. The outstanding principal and interest shall be settled on the credit line adjustment day, and all of the remaining outstanding principal and interest shall be fully settled at the maturity date of this credit.

   Under the agreements, the Company's current ratio, net-debt ratio and times interest earned ratio should meet some criteria which were based on the consolidated financial statements of the Company. If the Company breaches the financial ratios specified in the agreements, the Company shall amend the status of its financial ratios to meet the agreed upon ratios within five months from April 1 of the following auditing year, and this will not be considered as breach of the agreement. The Company was in compliance with the syndicated credit facility agreements based on the consolidated financial statements of the Company for the years ended December 31, 2016. The weighted average effective interest rates were 1.7% per annum and 1.8% per annum in 2016 and 2015, respectively.

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2016	**2015**
Notes payable		
Operating	$ 433,608	$ 81,433
Trade payables		
Operating	$ 73,151	$ 25,348

18. OTHER PAYABLES

	December 31	
	2016	**2015**
Interest payable	$ 12,911	$ 7,515
Salaries and bonuses payable	84,406	20,429
Other accrued expenses payable	31,296	40,041
	$ 128,613	$ 67,985

19. BONDS PAYABLE

As of December 20, 2013, the Company issued 5 thousand 0% NTD denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of NT$500,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of NT$19. If the Company increases its ordinary shares after the bond issuance, the conversion price will be adjusted by Article 11 of the Company's 4th Unsecured Convertible Bond Conversion Method. Conversion may occur at any time between January 20, 2014 and December 10, 2018. The holder can notify the Company 30 days before the expiry of 3 to 4 years from issuance to request the accrued interest based on the denomination of the bonds (the 3-year interest compensation is 3.03%, 4-year interest compensation is 4.06%) and redeem the bonds by cash.

The convertible bonds contained two components: The host liability instrument and the conversion option derivative instrument. The effective interest rate of the host liability on initial recognition was 2.28% per annum, and the conversion option derivative instruments were measured at fair value through profit or loss.

Movements of the host liability instrument were as follows:

	December 31	
	2016	**2015**
Proceeds from issuance	$ 500,000	$ 500,000
Equity component	(42,450)	(42,450)
Conversion option derivative instrument	(10,950)	(10,950)
The host liability instrument at date issued	446,600	446,600
Interest charged at an effective interest rate	48,317	22,897
Convertible bonds converted into ordinary shares	(386,500)	(21,000)

The host liability instrument at December 31, 2016	108,418	448,497
Less: Current portions	(108,418)	(448,497)
Denominated unsecured convertible bonds	$ -	$ -

Movements of the conversion option derivative instruments were as follows:

	For the Year Ended December 31	
	2016	2015
Beginning of the year	$ 13,652	$ 8,335
Fair value changes (gain) loss	(5,556)	5,317
Converted into ordinary shares	(8,005)	-
End of the year	$ 91	$ 13,652

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2016	2015
Present value of defined benefit obligation	$ 39,082	$ 37,816
Fair value of plan assets	(19,390)	(605)
Deficit	19,692	37,211
Net defined benefit liability	$ 19,692	$ 37,211

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2015	$ 41,394	$ (4,800)	$ 36,594
Service costs			
Current service costs	507	-	507
Net interest expense (income)	673	(91)	582
Recognized in profit or loss	1,180	(91)	1,089
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(18)	(18)
Actuarial loss - changes in demographic assumptions	996	-	996
Actuarial loss - changes in financial assumptions	1,092	-	1,092
Actuarial loss - experience adjustments	1,070	-	1,070
Recognized in other comprehensive income	3,158	(18)	3,140
Contributions from the employer	-	(3,612)	(3,612)
Benefits paid	(7,916)	7,916	-
Balance at December 31, 2015	37,816	(605)	37,211
Service costs			
Current service costs	351	-	351
Net interest expense (income)	473	(17)	456
Recognized in profit or loss	824	(17)	807
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(84)	(84)
Actuarial loss - changes in demographic assumptions	932	-	932
Actuarial loss - changes in financial assumptions	402	-	402
Actuarial loss - experience adjustments	2,493	-	2,493
Recognized in other comprehensive income	3,827	(84)	3,743
Contributions from the employer	-	(22,069)	(22,069)
Benefits paid	(3,385)	3,385	-
Balance at December 31, 2016	$ 39,082	$ (19,390)	$ 19,692

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Year Ended December 31	
	2016	2015
Operating costs	$ 244	$ 506
Selling and marketing expenses	$ 468	$ 484
General and administrative expenses	$ 95	$ 99

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

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

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

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

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

	December 31	
	2016	**2015**
Discount rates	1.125%	1.250%
Expected rates of salary increase	1.500%	1.500%

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

	December 31	
	2016	**2015**
Discount rates		
Increase 0.25%	$ (847)	$ (773)
Decrease 0.25%	$ 877	$ 800
Expected rates of salary increase		
Increase 0.25%	$ 856	$ 779
Decrease 0.25%	$ (830)	$ (756)

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

	December 31	
	2016	**2015**
The expected contributions to the plan for the next year	$ 1,678	$ 860
The average duration of the defined benefit obligation	8.7 years	8.2 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2016	2015
Number of shares authorized (in thousands)	360,000	360,000
Shares authorized	$ 3,600,000	$ 3,600,000
Number of shares issued and fully paid (in thousands)	299,188	275,638
Shares issued	$ 2,991,876	$ 2,756,380

The share issued had a par value of NT$10. Each share entitles the rights to dividends and to vote.

For the year ended December 31, 2016, the shares increased due to employees' exercising their employee share options, converting bonds payable into ordinary shares, and cancelling treasury shares.

b. Capital surplus

	December 31	
	2016	2015
Issuance of ordinary shares (1)	$ 962,237	$ 961,466
Treasury share transactions (1)	7,754	7,754
Conversion of bonds (1)	9,637	40,667
Changes in percentage of ownership interest in subsidiaries (2)	531	465
Employee share options (3)	36,647	35,223
	$ 1,016,806	$ 1,045,575

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

2) Such capital surplus arises from the effects of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

3) Such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 15, 2016 and, in that meeting, resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors before and after the amendment, refer to Note 22(a)-6 "Employee benefits expense".

To ensure the interests of shareholders and the Company's sustainable development, the Company adopts a balanced dividend policy.

The dividend payment principle shall not be less than 30% of the remaining of the following items: a profit in a fiscal year with the provisions of the preceding paragraph utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside a special reserve, distributing remuneration of the directors and supervisors and bonus of employees. Among the dividend payment, no less than 30% shall be paid in cash and no more than 70% shall be distributed as stocks. In accordance with the principle on dividend payment as set out in the preceding paragraph, the Company shall, in accordance with the actual operating, finance and business conditions and the actual profit of the year, consider the capital budget plan for the following year, determine the most appropriate dividend policy, after implementing the decisions mandated by resolutions in the shareholders' meeting.

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

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to a special reserve by the Company.

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

The appropriations of earnings for 2015 and 2014 approved in the shareholders' meetings on June 15, 2016 and June 10, 2015, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2015	**2014**	**2015**	**2014**
Legal reserve	$ -	$ 23,145	$ -	$ -
Cash dividends	-	278,838	-	1.0
Cash dividends from by capital surplus	165,976	-	0.6	-

The appropriation of earnings for 2016 was proposed by the Company's board of directors on March 14, 2017. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 74,777	$ -

Cash dividends	306,194	1.0
Cash dividends from capital surplus	244,955	0.8

The appropriation of earnings for 2016 is subject to resolution in the shareholders' meeting to be held on June 15, 2017.

d. Special reserves

	For the Year Ended December 31	
	2016	**2015**
Beginning at January 1	$ -	$ -
Appropriation in respect of		
Debit to other equity items	231,141	-
Balance at December 31	$ 231,141	$ -

e. Others equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2016	**2015**
Balance at January 1	$ 17,523	$ 9,714
Exchange differences arising on translating the financial statements of foreign operations	(8,489)	7,809
Balance at December 31	$ 9,034	$ 17,523

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from its functional currencies to the Company's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

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

	For the Year Ended December 31	
	2016	**2015**
Balance at January 1	$ (499,891)	$ 87,612
Unrealized gain arising on revaluation of available-for-sale financial assets	471,450	(587,503)
Balance at December 31	$ (28,441)	$ (499,891)

Unrealized gains or losses on available-for-sale financial assets represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

f. Treasury shares

Purpose of Buy-Back	Shares Cancelled (In Thousands of Shares)
Number of shares at January 1, 2015	-
Increase during the year	4,319
Decrease during the year	(4,319)
Number of shares at December 31, 2015	-

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

22. NET PROFIT AND OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS BONDS PAYABLE

a. Net profit (loss) from continuing operations

Net profit from continuing operations was as follows:

1) Other operating income and expenses

	For the Year Ended December 31	
	2016	2015
Gain (loss) on evaluation of financial assets	$ 13,864	$ (179,745)
Gain on disposal of investments	-	417
Impairment loss on available-for-sale financial assets	(1,715)	-
Dividends	57,495	85,735
	$ 69,644	$ (93,593)

2) Other income

	For the Year Ended December 31	
	2016	2015
Interest income - bank deposits	$ 913	$ 853
Rental income	5,432	1,536
Others	5,189	11,541
	$ 11,534	$ 13,930

3) Other gains and losses

	For the Year Ended December 31	
	2016	**2015**
Gain (loss) on disposal of property, plant and equipment	$ (3,156)	$ 390,688
Net foreign exchange gains (losses)	43,726	136,154
	$ 40,570	$ 526,842

4) Finance costs

	For the Year Ended December 31	
	2016	**2015**
Interest on bank loans	$ 81,980	$ 97,998
Interest on convertible bonds	8,901	10,163
Less: Amounts included in the cost of qualifying assets	(565)	(4,155)
	$ 90,316	$ 104,006

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2016	**2015**
Capitalized interest	$ 565	$ 4,155
Capitalization rate	2.5%	2.5%

5) Depreciation and amortization

	For the Year Ended December 31	
	2016	**2015**
Property, plant and equipment	$ 72,198	$ 79,730
Investment property	1,132	-
Long-term prepayments	529	739
	$ 73,859	$ 80,469
An analysis of depreciation by function		
Operating costs	$ 61,044	$ 64,224
Operating expenses	12,286	15,506
	$ 73,330	$ 79,730
An analysis of amortization by function		
Operating costs	$ 529	$ 739
Operating expenses	-	-
	$ 529	$ 739

6) Employee benefits expense

	For the Year Ended December 31	
	2016	2015
Short-term benefits	$ 220,156	$ 128,543
Post-employment benefits (Note 20)		
Defined contribution plan	3,996	4,042
Defined benefit plan	807	1,089
	$ 224,959	$ 133,674
An analysis of employee benefits expense by function		
Operating costs	$ 77,455	$ 64,806
Operating expenses	147,504	68,868
	$ 224,959	$ 133,674

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

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders in their meeting on June 15, 2016, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2016 and 2015 which have been approved by the Company's board of directors on March 14, 2017 and March 15, 2016, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2016	2015
Employees' compensation	3%	-
Remuneration of directors and supervisors	3%	-

The Company has no accrued employees' compensation for the year ended December 31, 2015 because of a loss before income tax.

Amount

	For the Year Ended December 31			
	2016		2015	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 25,876	$ -	$ -	$ -
Remuneration of directors and supervisors	25,876	-	-	-

If there is a change in the amounts after the parent only financial statements were authorized for issuance, the differences are recorded as a change in the accounting estimate.

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

b) Bonus to employees and remuneration of directors and supervisors for 2014

The bonus to employees and the remuneration of directors and supervisors for 2014 approved in the shareholders' meeting on June 10, 2015 and the amounts recognized in the financial statements were as follows:

	For the Year Ended December 31, 2014	
	Cash	**Shares**
Bonus to employees	$ 6,249	$ -
Remuneration of directors and supervisors	6,249	-

The bonus to employees and the remuneration of directors and supervisors for 2014 approved in the shareholders' meeting on June 10, 2015 were as follows:

	For the Year Ended December 31, 2014	
	Bonus to Employees	**Remuneration of Directors and Supervisors**
Amounts approved in shareholders' meeting	$ 6,249	$ 6,249
Amounts recognized in annual financial statements	$ 6,587	$ 6,587

The differences were adjusted to profit and loss for the year ended December 31, 2015.

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

7) Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2016	**2015**
Foreign exchange gains	$ 151,011	$ 339,595
Foreign exchange losses	(107,285)	(203,441)
	$ 43,726	$ 136,154

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2016	**2015**
Current tax		
In respect of the current year	$ 10,726	$ -
Adjustments for previous years	-	(164)
	10,726	(164)
Deferred tax		
In respect of the current year	50,190	(13,758)

Income tax benefit recognized in profit or loss	$ 60,916	$ (13,922)

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2016	**2015**
Profit (loss) before tax from continuing operations	$ 808,690	$ (415,798)
Income tax expense calculated at the statutory rate	$ 137,477	$ (70,686)
Non-taxable income	(8,651)	(39,466)
Tax-exempt income	(14,295)	(14,575)
Unrecognized loss carryforwards	-	88,552
Used loss carryforwards	(63,718)	-
Unrecognized deductible temporary differences	10,103	22,417
Adjustments for prior years' tax	-	(164)
Income tax expense (benefit) recognized in profit or loss	$ 60,916	$ (13,922)

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company.

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2016	**2015**
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ 1,850	$ -
Remeasurement on defined benefit plan	(636)	(534)
	1,214	(534)
Total income tax recognized in other comprehensive income	$ 1,214	$ (534)

c. Current tax assets and liabilities

	December 31	
	2016	**2015**
Current tax assets		
Tax refund receivable	$ -	$ 85
Current tax liabilities		
Income tax payable	$ 10,679	$ -

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Reversal of write-down of inventories	$ 51,474	$ (51,399)	$ -	$ 75
FVTPL financial assets	(9,586)	9,586	-	-
Convertible bonds	537	(537)	-	-
Net (gain) loss on foreign currency exchange	4,306	(325)	-	3,981
Defined benefit obligation	5,345	(3,615)	636	2,366
Allowance for impaired receivables	2,029	(2,029)	-	-
	$ 54,105	$ (48,319)	$ 636	$ 6,422
Deferred tax liabilities				
Temporary differences				
FVTPL financial assets	$ -	$ 1,463	$ -	$ 1,463
Convertible bonds	-	407	-	407
Exchange difference on foreign operations	-	-	1,851	1,851
	$ -	$ 1,871	$ 1,851	$ 3,721

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Write-downs of inventory	$ 1,374	$ 50,100	$ -	$ 51,474
FVTPL financial assets	(28,172)	18,586	-	(9,586)
Impairment loss on available-for-sale financial assets	22,417	(22,417)	-	-
Convertible bonds	(366)	903	-	537
Net (gain) loss on foreign currency exchange	21,334	(17,028)	-	4,306
Defined benefit obligation	5,240	(429)	534	5,345

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Allowance for uncollectable accounts	2,269	(240)	-	2,029
	24,096	29,475	534	54,105
Loss carryforwards	15,717	(15,717)	-	-
	$ 39,813	$ 13,758	$ 534	$ 54,105

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

	December 31	
	2016	2015
Loss carryforwards		
Expire in 2022	$ -	$ 15,248
Expire in 2025	7,982	56,867
	$ 7,982	$ 72,115
Deductible temporary differences		
Share of unrealized income of foreign associates	$ (3,223)	$ (13,674)
Impairment loss on available-for-sale financial assets	22,708	22,417
	$ 19,485	$ 8,743

g. Information about unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2016 comprised:

Unused Amount	Expiry Year
$ 46,952	2025

As of December 31, 2016, profits attributable to the following expansion projects were exempt from income tax for a 5-year period:

Expansion of Construction Project	Tax-exemption Period
Production of metal products manufacturing investment plan	January 1, 2013-December 31, 2017

h. Integrated income tax

	December 31	
	2016	2015
Unappropriated earnings		
Generated on and after January 1, 1998	$ 744,667	$ 231,141
Shareholder-imputed credits account (“ICA”)	$ 101,055	$201,442

	For the Year Ended December 31	
	2016 (Expected)	2015
Creditable ratio for distribution of earnings	13.57%	-

The profit for 2015 is expected to be appropriated to a special reserve, so the Company didn't calculated the creditable ratio for the year.

Under the Income Tax Law of the ROC, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company were calculated based on the creditable ratio as of the date of the dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the ICA as of the date of the dividend distribution. Therefore, the expected creditable ratio for the earnings may differ from the actual creditable ratio to be used in allocating imputation credits to shareholders.

h. Income tax assessments

The tax returns through 2014 and income tax on unappropriated earnings through 2013 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2016	2015
Basic earnings per share		
From continuing operations	$ 2.67	$ (1.45)
Diluted earnings per share		
From continuing operations	$ 2.62	$ (1.45)

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2016	2015
Profit (loss) for the period attributable to owners of the Company	$ 747,774	$ (401,876)
Effect of dilutive ordinary shares:		
Interest on convertible bonds (after tax)	7,388	-
Earnings (deficit) used in the computation of diluted earnings per share	$ 755,162	$ (401,876)

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2016	2015
Weighted average number of ordinary shares in computation of basic earnings per share	279,725	277,872
Effect of potentially dilutive ordinary shares:		
Convertible bonds	7,006	-
Employees' compensation or bonus issued to employees	1,198	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	287,929	277,872

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of the Company and its subsidiaries were granted 2,500 options in March 2011. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted were valid for 5 years and exercisable at 40% after the second anniversary, at 70 % after the third anniversary and at 100 % after the fourth anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the Taiwan Stock Exchange on the grant date. For any subsequent changes in the Company's capital, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2016		2015	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	1,134	$15.25	1,161	$15.25
Options granted	-	-	-	
Options forfeited	(146)	-	(27)	
Options exercised	(988)	14.40	-	
Balance at December 31	-		1,134	
Options exercisable, end of year	-		1,134	
Weighted-average fair value of options granted (NT$)	$ -		$ 15.8324	

26. PARTLY ACQUIRED OR DISPOSED OF SUBSIDIARIES - NO IMPACT ON CONTROL

In January and August 2016, the Company subscribed for additional new shares of Hsin Ho Fa Metal Co., Ltd. at a percentage different from its existing ownership percentage, increasing its continuing interest from 81.96% to 83.37%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over the subsidiary.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy has remained unchanged over the past five years.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

The key management personnel of the Company review the Company's capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

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

The management believes that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values:

	December 31			
	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Other financial assets - current	$ 65,576	$ 65,576	$ 73,392	$ 73,392
Other loans and receivables	2,794,588	2,794,588	3,036,280	3,036,280
Financial liabilities				
Financial liabilities measured at amortized cost:				
Bank loans	4,799,002	4,799,002	5,007,584	5,007,584
Short-term bills payable	189,774	189,774	698,402	698,402
Trade and other payables	635,372	635,372	174,766	174,766

	December 31			
	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
directly related to non-current assets held for sale				
Convertible bonds	108,418	108,418	448,497	448,497

The method and assumptions used by the Company for estimating the tools not measured at fair value are as follows:

1) The fair values of financial instruments included cash and cash equivalents, trades receivables, other receivables - loans receivable, overdue receivables, trade payables, other financial assets, short-term borrowings, and short-term bills payable, are estimated using the carrying amount at the end of the reporting period because the maturity date is close to the reporting date or the payment price is close to the carrying amount.

2) The fair values of long-term loans are determined using the discounted cash flow. Future cash flows are discounted at a long-term borrowing rate of the Company. The Company accounted for the carrying amount of the long-term loans at the end of the reporting period as their fair values.

3) The fair value of the liability component of convertible bonds is estimated using an amortized cost basis under the effective interest method, and the conversion options component of the convertible bonds is recognized at fair value. The fair value of the liability component of the convertible bonds is recognized at the carrying amount at the end of the reporting period.

b. Financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 8,609	$ -	$ 8,609
Non-derivative financial assets held for trading	514,151	-	-	514,151
	$ 514,151	$ 8,609	$ -	$ 522,760
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 1,732,983	$ -	$ -	$ 1,732,983
Unlisted securities - ROC				
Equity securities	-	-	60,823	60,823
Unlisted securities - other countries				
Equity securities	-	-	348,223	348,223
	$ 1,732,983	$ -	$ 409,046	$ 2,142,029

Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 91	$ -	$ 91

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 56,390	$ -	$ 56,390
Non-derivative financial assets held for trading	298,864	-	-	298,864
	$ 298,864	$ 56,390	$ -	$ 355,254
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 1,261,533	$ -	$ -	$ 1,261,533
Unlisted securities - ROC				
Equity securities	-	-	74,546	74,546
Unlisted securities - other countries				
Equity securities	-	-	348,223	348,223
	$ 1,261,533	$ -	$ 422,769	$ 1,684,302
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 13,652	$ -	$ 13,652

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

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

	Available-for-sale Financial Assets	
	For the Year Ended December 31	
	2016	**2015**
Beginning of the year	$ 422,769	$ 423,220
Recognized in profit or loss (included in other gains and losses)		
Unrealized	(1,715)	-
Purchases	442	-
Sales	(12,450)	(451)
End of the year	$ 409,046	$ 422,769

3) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - conversion option component of convertible bonds	The value of the bonds payable and redemption and put options are estimated based on the binomial CB pricing model and historical volatility, risk-free interest rate, discount rate and liquidity risk at the end of the reporting period.

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

The fair values of unlisted equity securities - ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the weighted average cost of capital or the discount for lack of marketability used in isolation would result in increases in the fair values.

c. Categories of financial instruments

	December 31	
	2016	**2015**
Financial assets		
Fair value through profit or loss (FVTPL) - held for trading	$ 522,760	$ 355,254
Loans and receivables (1)	2,794,588	3,036,280
Available-for-sale financial assets	2,142,029	1,684,302
Financial liabilities		
Fair value through profit or loss (FVTPL) - held for trading	91	13,652
Amortized cost (2)	5,732,566	6,329,249

1) The balance includes loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables - loans receivable and overdue receivables.

2) The balance includes financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade and other payables, and bonds issued.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, derivative financial instruments, notes receivable, trade receivables, overdue receivables, short-term bills payable, notes payables, trade payables, other payables, bonds payable and borrowings. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

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

a) Forward foreign exchange contracts to hedge the exchange rate risk arising on the import and export of steel plates;

b) Interest rate swaps to mitigate the risk of rising interest rates.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities were as follows:

	December 31	
	2016	**2015**
Assets		
USD	$ 98,078	$ 165,663
EUR	-	5,536
Liabilities		
USD	1,949,448	1,249,116
EUR	-	5,000
JPY	7,014	-

Sensitivity analysis

The Company was mainly exposed to the USD and EUR.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated when the New Taiwan dollar strengthens 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2016	**2015**
Profit or loss	$ 18,542 (i)	$ 10,826 (i)
	EUR Impact	
	For the Year Ended December 31	
	2016	**2015**
Profit or loss	$ - (ii)	$ 5 (ii)
	JPY Impact	
	For the Year Ended December 31	
	2016	**2015**
Profit or loss	$ 71 (iii)	$ - (iii)

i. This was mainly attributable to the exposure outstanding on USD letters of credit and receivables, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure outstanding on EUR receivables, which were not hedged at the end of the reporting period.

iii. This was mainly attributable to the exposure outstanding on JPY letters of credit, which were not hedged at the end of the reporting period.

The Company's sensitivity to foreign currency increased during the current year mainly due to the accession purchases which resulted in higher USD letters of credit.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

2) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and the defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2016	**2015**
Cash flow interest rate risk		
Financial assets	$ 200,640	$ 264,422
Financial liabilities	4,988,776	5,705,987

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2016 and 2015 would decrease/increase by NT$41,440 thousand and NT$52,063 thousand, respectively, which was mainly a result of the changes in the variable interest rate bank deposits and loans.

3) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. The Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for years ended December 31, 2016 and 2015 would have increased/decreased by NT$5,184 thousand and NT$2,977 thousand, respectively, as a result of the changes in the fair value of held-for-trading investments, and the pre-tax other comprehensive income for the years ended December 31, 2016 and 2015 would increase/decrease by NT$17,576 thousand and NT$12,665 thousand, respectively, as a result of the changes in the fair value of available-for-sale shares.

The Company's sensitivity to available-for-sale investments and held-for-trading investments has not changed significantly from the prior year.

4) Credit risk

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

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

Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Company did not have significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The concentration of credit risk to any other counterparty did not exceed 10% of the gross monetary assets at any time during 2016 and 2015.

The Company's concentration of credit risk by geographical locations was mainly in Taiwan, which accounted for 92% and 85% of the total trade receivable as of December 31, 2016 and 2015, respectively.

The credit risk on derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

5) Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2016 and 2015, the Company had available unutilized short-term bank loan facilities of NT$5,180,582 thousand and NT$3,592,882 thousand, respectively.

a) Liquidity and interest risk rate tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from

the interest rate curve at the end of the reporting period.

December 31, 2016

	Weighted-Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 252,941	$ 254,272	$ 119,116	$ 5,218	$ 954
Variable interest rate liabilities	1.81	556,887	765,070	2,266,819	1,400,000	-
		$ 809,828	$ 1,019,342	$ 2,385,935	$ 1,405,218	$ 954

December 31, 2015

	Weighted-Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 100,411	$ 37,633	$ 13,169	$ 8,202	$ -
Variable interest rate liabilities	1.82	784,104	1,640,432	1,786,173	1,495,278	-
		$ 884,515	$ 1,678,065	$ 1,799,342	$ 1,503,480	$ -

The following table details the Company's expected maturity for some of its non-derivative financial assets. The table below was drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. In order to understand the liquidity risk management of the Company on the basis of net assets and net liabilities, the following information is necessary for non-derivative financial assets:

December 31, 2016

	Weighted-Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial assets						
Non-interest bearing	-	$ 1,230,341	$ 908,218	$ 141,189	$ -	$ 3,000
Variable interest rate assets	0.46	135,064	36,014	29,562	-	-
		$ 1,365,405	$ 944,232	$ 170,751	$ -	$ 3,000

December 31, 2015

	Weighted-Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial assets						
Non-interest bearing	-	$ 371,167	$ 679,904	$ 1,070,861	$ -	$ 3,000
Variable interest rate assets	0.32	203,070	48,895	12,457	-	-
		$ 574,237	$ 728,799	$ 1,083,318	$ -	$ 3,000

The amount included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2016	2015
Bank loan facilities expired on 2019 which may be extended upon mutual agreement:		
Amount used	$ 4,988,776	$ 5,705,986
Amount unused	6,083,924	4,878,758
	$ 11,072,700	$ 10,584,744

29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Sale of goods

Line Items	For the Year Ended December 31	
	2016	2015
Subsidiaries	$ 1,895	$ 20,395
The directors of the related party are the same as those of the Company	86	322
	$ 1,981	$ 20,717

b. Purchase of goods and operating costs

Line Items	For the Year Ended December 31	
	2016	2015
Subsidiaries	$ 18,627	$ 53,503
The supervisor of the related party is the chairman of the Company	3,182	2,431
	$ 21,809	$ 55,934

The Company's sale and payment terms and conditions to related parties were comparable to unrelated parties.

c. Receivables from related parties (excluding loans to related parties)

Line Items	For the Year Ended December 31	
	2016	2015
Subsidiaries	$ 8,598	$ 30,356
The directors of the related party are the same as those of the Company	-	121
	$ 8,598	$ 30,477

d. Payables to related parties

Line Items	For the Year Ended December 31	
	2016	2015
Subsidiaries	$ 19,518	$ 12,076
The supervisor of the related party is the chairman of the Company	1,060	760
	$ 20,578	$ 12,836

The outstanding trade payables from related parties are unsecured and will be paid in cash. The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2016 and 2015, no impairment loss was recognized for trade receivables from related parties.

e. Property, plant and equipment acquired

Line Items	For the Year Ended December 31	
	2016	2015
Subsidiaries	$ 13,088	$ 241

f. Loans to related parties

Line Items	For the Year Ended December 31	
	2016	2015
Other receivables		
Subsidiaries	$ 13,000	$ -

g. Endorsements and guarantees

Line Items	For the Year Ended December 31	
	2016	2015
Subsidiaries		
Amount endorsed	$ 7,400	$ 7,400
Amount utilized	7,400	7,400

h. Compensation of key management personnel

The amount of the remuneration of directors and key executives were as follows:

	For the Year Ended December 31	
	2016	2015
Short-term employee benefits	$ 37,650	$ 14,117

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and lease guarantees:

	December 31	
	2016	2015
Notes receivable	$ 225,140	$ 204,302
Pledge deposits (classified as other financial assets - current)	65,576	73,392
Available-for-sale financial assets - non-current	234,175	170,525
Freehold land	725,630	716,351
Buildings, net	332,768	294,880
	$ 1,583,289	$ 1,459,450

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2016 and 2015 were as follows:

Significant Commitments

a. As of December 31, 2016 and 2015, unused letters of credit for purchases of raw materials and machinery and equipment amounted to the following:

	December 31	
	2016	2015
TWD	$ 248,882	$ 74,146
USD	40,239	4,118
JPY	20,900	-
EUR	-	82

b. Unrecognized commitments were as follows:

	December 31	
	2016	2015
Acquisition of property, plant and equipment	$ 13,073	$ 13,787

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2016

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 3,791	32.25	(USD:TWD)	$ 121,869
EUR	36	33.9	(EUR:TWD)	1,442
JPY	61	0.2756	(JPY:TWD)	16
RMB	1	4.617	(RMB:TWD)	7
				$ 123,334
Non-monetary items				
USD	5,081	32.825	(USD:TWD)	$ 163,850
Financial liabilities				
Monetary items				
USD	60,448	32.825	(USD:TWD)	$ 1,949,448
JPY	25,451	0.276	(JPY:TWD)	7,014
				$ 1,956,462

December 31, 2015

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 5,270	32.825	(USD:TWD)	$ 172,844
EUR	198	35.88	(EUR:TWD)	7,321
JPY	61	0.2695	(JPY:TWD)	16
				$ 180,181
Non-monetary items				
USD	6,614	32.825	(USD:TWD)	$ 217,119
Financial liabilities				
Monetary items				
USD	38,054	32.825	(USD:TWD)	$ 1,249,116
EUR	139	35.88	(EUR:TWD)	5,000
				$ 1,254,116

33. SEGMENT INFORMATION

The segment information for 2016 and 2015 is disclosure in the Company's consolidated financial statements.