

TA YA ELECTRIC WIRE & CABLE CO., LTD.

Parent Company Only

Financial Statements with Independent Auditors' Report for the

Years Ended December 31, 2016 and 2015

TA YA ELECTRIC WIRE & CABLE CO., LTD.

Index to Financial Statements

	<u>PAGE</u>
Independent Auditors' Report	3-8
Parent Company Only Balance Sheets	9
Parent Company Only Statements of Comprehensive Income	10
Parent Company Only Statements of Changes in Equity	11
Parent Company Only Statements of Cash Flows	12-13
Notes to Financial Statements	14-63



INDEPENDENT AUDITORS' REPORT

English Translation of a Report Originally Issued in Chinese

The Board of Directors and Stockholders
TA YA ELECTRIC WIRE & CABLE CO., LTD.

Opinion

We have audited the accompanying parent company only financial statements of Ta Ya Electric Wire & Cable Co., Ltd (the "Company"), which comprise the parent company only balance sheets as of December 31, 2016 and 2015, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2016 and 2015, and its parent company only financial performance and its parent company only 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 the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Parent Company Only 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 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 parent company only financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the parent company only 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 parent company only financial statements for the year ended December 31, 2016 are stated as follows:

Impairment of accounts receivable

For the assessment of recoverability of receivables and the allowance for doubtful accounts estimates, valuation of receivables is based on the customer's credit quality and situation of collecting payments, and is also based on the historical experience of the actual bad debts. The Impairment of accounts receivable involves the management's significant judgment, and hence its assessment is considered as a key audit matter.

The book value of accounts receivable please refer to Notes 8 to the parent company's financial statements.

The audit procedures conducted by the accountant shall assess the appropriateness of the management policy of the provision of bad debts, test whether the aging period of accounts receivable is reasonable, analyze the changes in aging, and examine whether there is any need to assess the impairment. The end of the sample sent to the letter to confirm whether the accounts receivable bad debts, and review the receivables after the period of payment to assess the accounts receivable recyclability.

Inventory evaluation

The company assesses impairment of material based on Lower of cost or net realizable value evaluation, and valuation of the inventory is mainly affected by the international copper price, but the international copper market price fluctuations frequently, Inventory evaluation involves the management's significant judgment, and hence its assessment is considered as a key audit matter.

The book value of Inventories please refer to Notes 9 to the parent company's financial statements.

Our audit procedures in response to the abovementioned key audit matter were obtaining information pertaining to the lower of cost or net realizable value (LCNRV), sampling projected pricing information and the most recent sales record to assess the reasonableness of the judgment on the LCNRV, and comparing the year-end quantity of inventory items with the inventory count reports to confirm the existence and completeness of the inventory. Moreover, by attending year-end inventory counting, we assessed the condition of inventory and evaluated the adequacy of inventory provisions for obsolete goods.

Other Matter

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the parent company only financial statements. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements and the information, is based solely on the audit reports of other independent accountants. Total assets of these subsidiaries and investments amounted to NT\$1,335,730 thousand and NT\$1,197,807 thousand, representing 10.53% and 9.40% of the related totals, as of December 31, 2016 and 2015, respectively, and total operating revenues of NT\$82,644 thousand and NT\$90,021 thousand, constituting (100.12)% and (15.02)% of the related totals for the years then ended, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 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 parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group 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 parent company only 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Solomon & Co., CPAs

March 30, 2017

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (notes 4 and 6)	\$ 1,059,727	8.4	\$ 923,263	7.2
Financial assets at fair value through profit or loss (notes 4, 7 and 31)	338,236	2.7	639,080	5.0
Notes receivable, net (notes 4, 8 and 30)	149,510	1.2	126,968	1.0
Accounts receivable, net (notes 4, 8 and 30)	1,350,110	10.6	1,175,796	9.2
Other receivables (note 30)	80,599	0.6	29,185	0.2
Inventories, net (notes 4 and 9)	1,382,023	10.9	1,257,629	9.9
Inventories (Construction) (notes 4 and 10)	373,013	2.9	304,760	2.4
Other current Assets	175,558	1.4	304,997	2.4
Total current assets	<u>4,908,776</u>	<u>38.7</u>	<u>4,761,678</u>	<u>37.3</u>
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (notes 4, 7 and 31)	4,823	—	4,844	—
Financial assets carried at cost (notes 4, 11 and 31)	611,172	4.8	606,082	4.8
Investments accounted for using equity method (notes 4, 12 and 31)	3,689,330	29.1	3,832,478	30.1
Property, plant and equipment (notes 4, 13 and 31)	2,329,504	18.4	2,355,993	18.5
Investment Property, net (notes 4 and 14)	907,881	7.2	909,724	7.1
Deferred income tax assets (notes 2 and 19)	158,652	1.3	178,923	1.4
Prepayments for equipment	55,081	0.4	72,015	0.6
Refundable deposits (note 31)	19,022	0.1	20,472	0.2
Total noncurrent assets	<u>7,775,465</u>	<u>61.3</u>	<u>7,980,531</u>	<u>62.7</u>
TOTAL	<u>\$ 12,684,241</u>	<u>100.0</u>	<u>\$ 12,742,209</u>	<u>100.0</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (note 15)	\$ 2,088,109	16.5	\$ 1,744,706	13.7
Commercial papers (note 16)	600,000	4.7	500,000	3.9
Financial liabilities at fair value through profit or loss (notes 4 and 7)	2,194	—	—	—
Notes payable	746	—	369	—
Accounts payable (note 30)	501,915	4.0	441,072	3.5
Other payables	114,487	0.9	128,536	1.0
Income tax payable (note 19)	1,183	—	1,183	—
Receipts in advance	152,696	1.2	188,783	1.5
Current portion of long-term loans (notes 17 and 18)	612,243	4.8	884,109	6.9
Other current liabilities	14,146	0.1	12,133	0.1
Total current liabilities	<u>4,087,719</u>	<u>32.2</u>	<u>3,900,891</u>	<u>30.6</u>
NONCURRENT LIABILITIES				
Bonds payable (note 17)	400,000	3.2	500,000	3.9
Long-term loans (note 18)	1,338,850	10.6	1,147,943	9.0
Deferred income tax liabilities (note 19)	264,486	2.1	264,486	2.1
Net defined benefit liability (note 23)	159,564	1.2	395,268	3.1
Guarantee deposits	43,174	0.2	42,612	0.4
Other noncurrent liabilities	1,084	—	3,113	—
Total noncurrent liabilities	<u>2,207,158</u>	<u>17.3</u>	<u>2,353,422</u>	<u>18.5</u>
Total liabilities	<u>6,294,877</u>	<u>49.5</u>	<u>6,254,313</u>	<u>49.1</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (note 20)				
Capital stock	5,721,808	45.1	5,721,808	44.9
Capital surplus	505,964	4.0	521,999	4.1
Retained earnings				
Appropriated as legal capital reserve	108,749	0.9	108,749	0.9
Appropriated as special capital reserve	489,960	3.9	489,960	3.8
Unappropriated earnings (accumulated deficits)	(333,800)	(2.6)	(397,542)	(3.1)
Total retained earnings	<u>264,909</u>	<u>2.2</u>	<u>201,167</u>	<u>1.6</u>
Others	(56,755)	(0.4)	89,484	0.7
Treasury stock (notes 4 and 21)	(46,562)	(0.4)	(46,562)	(0.4)
Total equity	<u>6,389,364</u>	<u>50.5</u>	<u>6,487,896</u>	<u>50.9</u>
TOTAL	<u>\$ 12,684,241</u>	<u>100.0</u>	<u>\$ 12,742,209</u>	<u>100.0</u>

*The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 30, 2017)*

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	<u>2016</u>		<u>2015</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
NET REVENUE (notes 4 and 30)	\$ 7,185,456	100.0	\$ 7,808,200	100.0
COST OF REVENUE (notes 9, 22, 23 and 30)	6,789,447	94.5	7,719,283	98.9
GROSS PROFIT	396,009	5.5	88,917	1.1
OPERATING EXPENSES (notes 22 and 23)				
Sales and marketing	94,332	1.3	95,961	1.2
General and administrative	255,020	3.5	267,728	3.4
Research and development	34,285	0.5	37,896	0.5
Total Operating Expenses	383,637	5.3	401,585	5.1
INCOME (LOSS) FROM OPERATIONS	12,372	0.2	(312,668)	(4.0)
NON-OPERATING INCOME AND EXPENSES				
Other income (note 24)	117,640	1.6	141,779	1.8
Other gains and losses (note 25)	14,250	0.2	(67,585)	(0.9)
Finance costs(note 26)	(81,009)	(1.1)	(83,342)	(1.1)
Share of profit or loss of subsidiaries, associates and joint ventures (note 12)	(11,507)	(0.2)	(271,289)	(3.5)
Total non-operating Income and expenses	39,374	0.5	(280,437)	(3.7)
INCOME (LOSS) BEFORE INCOME TAX	51,746	0.7	(593,105)	(7.7)
INCOME TAX BENEFIT (EXPENSE) (notes 4 and 19)	(23,610)	(0.3)	50,835	0.7
NET INCOME (LOSS)	\$ 28,136	0.4	\$ (542,270)	(7.0)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (note 23)	43,866	0.6	(30,148)	(0.4)
Income tax relating to items that will not be reclassified subsequently to profit or loss (notes 4 and 19)	(8,306)	(0.1)	3,986	0.1
	35,560	0.5	(26,162)	(0.3)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(70,331)	(1.0)	(24,654)	(0.3)
Share of the other comprehensive income of associates accounted for using the equity method	(64,263)	(0.9)	(13,412)	(0.2)
Income tax relating to items that may be reclassified subsequently to profit or loss (notes 4 and 19)	(11,645)	(0.2)	7,106	0.1
	(146,239)	(2.1)	(30,960)	(0.4)
Other comprehensive income (loss) for the year , net of income tax	(110,679)	(1.6)	(57,122)	(0.7)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ (82,543)	\$ (1.1)	\$ (599,392)	\$ (7.7)
EARNINGS PER SHARE (NT\$,notes 4 and 27)				
Basic earnings per share	\$ 0.05		\$ (0.97)	

*The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 30, 2017)*

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	<u>Capital Stock — Common Stock</u>		<u>Retained Earnings</u>			<u>Others</u>			<u>Treasury Stock</u>	<u>Total Equity</u>
	<u>Shares</u> □	<u>Amount</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated Earnings</u>	<u>Foreign Currency Translation Reserve</u>	<u>Unrealized Gain/Loss from Available-for-sale Financial Assets</u>		
Balance at January 1, 2014	580,180,791	\$ 5,801,808	\$ 505,372	\$ 106,704	\$ 489,960	\$ 213,419	\$ 113,801	\$ 6,643	\$ (110,920)	\$ 7,126,787
Cancel of treasury shares	(8,000,000)	(80,000)	15,642	—	—	—	—	—	64,358	
Adjustments to share of changes in equity of subsidiaries and associates	—	—	985	—	—	(40,484)	—	—	—	(39,499)
Appropriation of prior year's earnings:										
Legal capital reserve	—	—	—	2,045	—	(2,045)	—	—	—	—
Net income in 2015	—	—	—	—	—	(542,270)	—	—	—	(542,270)
Other comprehensive income in 2015, net of income tax	—	—	—	—	—	(26,162)	(20,304)	(10,656)	—	(57,122)
Balance at December 31, 2015	572,180,791	5,721,808	521,999	108,749	489,960	(397,542)	93,497	(4,013)	(46,562)	6,487,896
Disposed of Subsidiary	—	—	(3,465)	—	—	—	—	—	—	(3,465)
Adjustments to share of changes in equity of subsidiaries and associates	—	—	(12,570)	—	—	46	—	—	—	(12,524)
Appropriation of prior year's earnings:										
Net income in 2016	—	—	—	—	—	28,136	—	—	—	28,136
Other comprehensive income in 2016, net of income tax	—	—	—	—	—	35,560	(81,534)	(64,705)	—	(110,679)
Balance at December 31, 2016	572,180,791	\$ 5,721,808	\$ 505,964	\$ 108,749	\$ 489,960	\$ (333,800)	\$ 11,963	\$ (68,718)	\$ (46,562)	\$ 6,389,364

*The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 30, 2017)*

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 51,746	\$ (593,105)
Adjustments for:		
Depreciation expense (including investment property)	128,638	136,337
Rental income	(282)	(423)
Interest expense	81,009	83,342
Interest income	(12,193)	(15,749)
Dividend income	(84,090)	(104,764)
Net loss (income) of financial assets and liabilities at fair value through profit or loss	48,498	100,667
Share of loss (gain) of subsidiaries and associates	11,507	271,289
Increase (decrease) in provision for loss on inventories	(17,759)	19,104
Gain on disposal of property, plant and equipment	3,496	(230)
Cash dividends received from subsidiaries and associates	32,688	233,288
Accrued pension cost	(186,847)	(13,545)
Gain on disposal of investments	63,055	(4,177)
Gain on disposal of Subsidiary	(4,230)	—
Impairment loss recognized (reversal of impairment loss) on trade receivables	3,994	2,110
	<u>67,484</u>	<u>707,249</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	277,367	(21,862)
Financial liabilities at fair value through profit or loss	—	(22,135)
Notes and accounts receivable	(200,850)	146,971
Other receivables	(26,718)	42,596
Inventories	(174,888)	(58,091)
Other current assets	129,439	273,277
Notes and accounts payable	61,220	14,190
Other payables	(151,193)	13,980
Receipts in advance	(36,087)	44,740
Other current liabilities	2,013	7,790
Total changes in operating assets and liabilities	<u>(119,697)</u>	<u>441,456</u>
Total adjustments	<u>(52,213)</u>	<u>1,148,705</u>
Cash generated from (used in) operations	(467)	555,600
Interests paid	(80,240)	(85,842)
Interests received	13,376	14,135
Income taxes paid	—	(8,127)
Net cash generated from (used in) operating activities	<u>(67,331)</u>	<u>475,766</u>

(Continued)

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	<i>2016</i>	<i>2015</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (including prepayments for equipment)	(87,689)	(48,896)
Acquisition of financial assets carried at cost	(5,090)	(50,000)
Acquisition of investments accounted for using equity method	(53,873)	(14,198)
Proceeds from disposal of financial assets carried at cost	—	86,442
Net cash inflow on disposal of associates	798	29,377
Proceeds from disposal of property, plant and equipment	1,103	230
Decrease in refundable deposits	1,450	11,374
Dividends received	84,090	104,764
Net cash generated from (used in) investing activities	(59,211)	119,093
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	343,403	(320,271)
Commercial papers	100,000	—
Proceeds from long-term loans	1,178,927	1,461,865
Repayments of long-term loans	(1,359,886)	(1,829,663)
Guarantee deposits received (refunded)	562	(566)
Net cash generated from (used in) financing activities	263,006	(688,635)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	136,464	(93,776)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	923,263	1,017,039
CASH AND CASH EQUIVALENTS, ENDING OF YEAR	\$ 1,059,727	\$ 923,263

(Concluded)

*The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 30, 2017)*

TA YA ELECTRIC WIRE & CABLE CO., LTD.

Notes to Financial Statements

December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Organization

TA YA ELECTRIC WIRE & CABLE CO., LTD. (the Company) was incorporated in November, 1962, mainly engages in the manufacturing and sale of electric wire & cable, and constructing, selling and renting of office and house buildings. The authorized capital was NTD 7,000,000 thousand, of which NTD 5,721,808 thousand was issued as of December 31, 2016. In December 1988, its shares were listed on Taiwan Stock Exchange (TSE).

2. The Authorization of Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 9, 2017.

3. Application of New and Revised International Financial Reporting Standards

- 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 FSC for application starting from 2017 Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Corporation 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 (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
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 Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

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

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

The initial application 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 "Impairment of Assets"

The amendment "Disclosures for Non-financial Assets" 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 impairment loss has been recognized or reversed is fair value less costs of disposal, the Corporation 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 present value technique. The amendment will be applied retrospectively.

2) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a company 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 do not meet the definitions of financial assets or financial liabilities within IAS 32.

3) 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 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, or is the spouse or second immediate family of the chairman of the board of directors or president of the Corporation are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Corporation has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Corporation's respective total transaction or balance, such transaction 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 operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

As of the date the standalone financial statements approved by the board of directors and authorized for issue, the Corporation is in the process of estimating the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on its financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	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.

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

For the Corporation’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 the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss.

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

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

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) IFRS 15 “Revenue from Contracts with Customers” and related amendment IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. When applying IFRS 15, the Corporation 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 Corporation satisfies a performance obligation.

When IFRS 15 and related amendment are effective, the Corporation 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.

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

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

When IFRS 16 becomes effective, the Corporation 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.

4) 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 parent company only 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 parent company only financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 parent company only financial statements shall prevail.

Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

Operating Cycle

The operating cycle of manufacturing and sale of electric wire & cable is generally shorter than one year, and the classification of current or non-current is based on one year; the operating cycle of constructing, selling and renting of office and house buildings is generally longer than one year, and the classification of current or non-current is based on the operating cycle.

Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets expected to be converted to cash within one year from the end of the reporting period. Current liabilities are obligations expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

Cash Equivalent

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial Instruments

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

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

Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Financial assets at fair value through profit or loss

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss, under non-operating income and expense. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting.

b. Available-for-sale financial assets

(a) Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

(b) On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

(c) Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income.

Investments in equity instruments that do not have a quoted market price in an active and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost' .

c. Derecognition of financial assets

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

Financial Liabilities and Equity Instruments

a. Classification as debt or equity

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 definitions of a financial liability and an equity instrument.

b. Equity instruments

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

c. Financial liabilities

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities measured at FVTPL are stated at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized in profit or loss.

d. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative Financial Instruments

The Company enters into a variety of derivative financial instruments to manage its market risk exposure to foreign exchange rate and interest rate, including metals options, Metals commodities futures, Metals swap contracts, forward exchange contracts and currency swap contracts.

Derivative financial instruments 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.

Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value represents 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 at the end of the reporting period.

Investments Accounted for Using Equity Method

Investments accounted for using the equity method include investments in subsidiaries and associates.

a. Investment 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 profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transaction. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

b. Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The operating results and assets and liabilities of associates are incorporated in these parent company only financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognized its share in the changes in the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) 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.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

When the Company transacts with an associate, profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate that are not owned by the Company.

Property, Plant and Equipment

Property, Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the following estimated useful lives: land improvements 8 years; buildings 10-55 years; machinery and equipment 8-12 years; transportation equipment 5 years; other 5-12 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss.

When impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Retirement Benefits

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

For defined benefit retirement benefit plans, the cost of providing benefit is determined using the Projected Unit Credit Method, with actuarial calculations being carried out at year end. Actuarial gains and losses are reported in retained earnings in the period that they are recognized as other comprehensive income.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity. When the Company retires treasury stock, the treasury stock account is reduced and the common stock as well as the capital surplus - additional paid-in capital are reversed on a pro rata basis. When the book value of the treasury stock exceeds the sum of the par value and additional paid-in capital, the difference is charged to capital surplus - treasury stock transactions and to retained earnings for any remaining amount. The Company's stock held by its subsidiaries is treated as treasury stock and reclassified from investments accounted for using equity method to treasury stock. The gains resulted from disposal of the treasury stock held by subsidiaries and cash dividends received by subsidiaries from the Company are recorded under capital surplus - treasury stock transactions.

Taxation

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

a. Current tax

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Income tax on unappropriated earnings at a rate of 10% is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits 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 are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which liability is settled or the 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.

c. Current and deferred tax for the year

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

Foreign Currencies

In preparing the parent company only 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 .

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

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries and associates in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

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.

a. Sale of goods

Revenue from the Sale of goods is recognized when the goods are delivered and titles have passed, at which time 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.

Due to the short term nature of the receivables from sale of goods with the immaterial discounted effect, the Company measures them at the original invoice amounts without discounting.

b. Services, technical services, rent, dividend and interest income

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Revenue from technical services rendered is recognized by arrangements, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Lease income is recognized in income on a straight-line basis over the lease term.

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Earnings Per Share

Earnings per share of common stock are calculated based on the weighted-average number of shares outstanding during the period. The increased shares from the capitalization of retained earnings and capital surplus are calculated retroactively.

5.Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

In the application of the Company's accounting policies, which are described in Note 4., the directors are 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 to be 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the parent company only financial statements.

a. Allowance for doubtful accounts

For the assessment of recoverability of receivables and the allowance for doubtful accounts estimates, valuation of receivables is based on the customer's credit quality and situation of collecting payments, and is also based on the historical experience of the actual bad debts. If the expected future cash receipts are different from the original estimate, such difference will have an impact on the carrying amount of receivables and the allowance for doubtful accounts in the period that estimate change.

b.Valuation of financial instrument

The Company's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Debt instruments were valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of listed equity instruments traded in emerging market and unlisted equity instruments was based on the analysis in relation to the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities, including assumptions based on unobservable market prices or rates.

c.Bonus to employees and directors' and supervisors' remuneration

After taking into consideration income tax rate and the legal reserve and other factors, the Company accrued the bonus payable to employees and the remuneration payable to directors and supervisors at the end date of reporting period in accordance with the required percentage prescribed in the Articles of Association and based on the estimated full-year pre-tax profit.

d.Realization of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Company's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

e.Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

f.The calculation of net defined benefit liability

When the Company calculates the present value of the defined benefit obligation, management have to make appropriate judgments and estimates to determine the relevant assumptions of the actuarial valuation for the end of each reporting period. The assumptions of the actuarial valuation are including discount rate and expected rate of return on plan assets, etc. Any changes in assumptions of the actuarial valuation could result in significant adjustments to the amount of the defined benefit obligation.

6.Cash and Cash Equivalents

	December 31, 2016	December 31, 2015
Petty cash	<u>\$ 569</u>	<u>\$ 1,968</u>
Cash in bank		
Checking accounts	223,045	285,439
Demand deposits	331,878	336,263
Foreign currency-demand deposits	504,235	240,527
Time deposits	—	59,066
Sub-total	<u>1,059,158</u>	<u>921,295</u>
Total	<u>\$1,059,727</u>	<u>\$ 923,263</u>

7. Financial Assets And Liabilities at Fair Value Through Profit or Loss

	December 31, 2016	December 31, 2015
Financial assets at FVTPL - current		
Equity securities	\$ 176,241	\$ 427,055
Market funds	70,001	155,434
Convertible Bonds	—	4,176
Metals commodities futures	30,400	6,727
Metals swap contracts	—	833
	<u>276,642</u>	<u>594,225</u>
Valuation adjustment	61,594	44,855
	<u>\$ 338,236</u>	<u>\$ 639,080</u>
Financial assets at FVTPL - noncurrent		
Structured product	\$ 5,980	\$ 5,980
Valuation adjustment	(1,157)	(1,136)
	<u>\$4,823</u>	<u>\$ 4,844</u>
Financial liabilities at FVTPL - current		
Metals swap contracts	\$ 2,194	\$ —

- a. At the end of the reporting period, outstanding metals commodities futures not under hedge accounting were as follows:

	Metric Tonnes	Maturity Date	National Amount	Fair Value	Gain (Loss) on Evaluate
<u>December 31, 2016</u>					
Buy	1,250	January, 2017 to June, 2018	USD 5,979	USD 6,919	USD 940
Sell	2,375	January to March, 2017	USD 13,141	USD 13,139	USD 2
<u>December 31, 2015</u>					
Buy	25	June, 2016	USD 143	USD 117	(USD 26)
Sell	1,450	January to March, 2016	USD 7,055	USD 6,826	USD 229

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

	Metric Tonnes	Maturity Date	National Amount	Fair Value	Gain (Loss) on Evaluate
<u>December 31, 2016</u>					
Buy	200	January, 2018	USD 1,183	USD 1,109	(USD 74)
Sell	50	February, 2017	USD 282	USD 276	USD 6
<u>December 31, 2015</u>					
Buy	350	February, 2016 to January, 2017	USD 1,257	USD 1,293	USD 36
Sell	350	February, 2016 to January, 2017	USD 343	USD 353	(USD 10)

The Company entered into metals commodities futures, metals swap contracts and metals options to avoid the risk of fluctuations in metals prices. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. Notes and Accounts Receivable, net

	December 31, 2016	December 31, 2015
Notes and accounts receivable	\$ 1,517,826	\$ 1,315,153
Allowance for sales returns and discount	(5,205)	(1,272)
Allowance for doubtful accounts	(13,001)	(11,117)
Notes and accounts receivable, net	<u>\$ 1,499,620</u>	<u>\$ 1,302,764</u>

The allowance for doubtful receivables is assessed by reference to the collectability of receivables by performing the account aging analysis, historical experience and current financial condition of customers.

Except for those impaired, for the rest of the notes and accounts receivable, the account aging analysis at the end of the reporting period is summarized in the following table. Notes and accounts receivable include amounts that are past due but for which the Company has not recognized a specific allowance for doubtful receivables after the assessment since there has not been a significant change in the credit quality of its customers and the amounts are still considered recoverable.

Aging analysis of notes and accounts receivable:

	December 31, 2016	December 31, 2015
Past due within 30 days	\$ 1,316,859	\$ 1,126,775
Past due 31-60 days	16,756	7,671
Past due 61-365 days	10,369	8,814
Past due over 365 days	173,842	171,893
	<u>\$ 1,517,826</u>	<u>\$ 1,315,153</u>

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

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

	December 31, 2016	December 31, 2015
Less than 30 days	\$ 81,242	\$ 165,485
Past due 31-60 days	14,714	6,904
Past due 61-365 days	2,190	3,378
Past due over 365 days	166,717	166,726
	<u>\$264,863</u>	<u>\$ 342,493</u>

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

	Year Ended December 31,	
	2016	2015
Balance, beginning of year	\$ 11,117	\$ 9,007
Less: Impairment losses recognized (reversed)	3,994	2,110
Write-offs	(2,110)	—
Balance, end of year	<u>\$13,001</u>	<u>\$ 11,117</u>

9. Inventories, net

	December31,	December31,
	2016	2015
Raw materials	\$ 307,481	\$ 197,925
Supplies	17,738	21,068
Work-in-process	347,714	396,501
Finished goods	724,711	675,514
Total	<u>1,397,644</u>	<u>1,291,008</u>
Less: Allowance for inventory valuation losses	<u>(15,621)</u>	<u>(33,379)</u>
	<u>\$ 1,382,023</u>	<u>\$ 1,257,629</u>

Expense and losses incurred on inventories recognized for the period :

	Years Ended December 31	
	2016	2015
Cost of goods sold	\$ 6,816,232	\$ 7,705,587
Loss (gain) on physical inventory	(9,026)	(5,408)
(Reversal gain of) Write-down of inventories	(17,759)	19,104
	<u>\$ 6,789,447</u>	<u>\$ 7,719,283</u>

10. Inventories(Construction)

	December 31, 2016	December 31, 2015
Land held for sale	\$ 147,520	\$ 4,160
Buildings held for sale	158,083	7,047
	<u>305,603</u>	<u>11,207</u>
Land held for construction	71,880	215,240
Building under construction	—	82,783
	<u>71,880</u>	<u>298,023</u>
Sub-total	377,483	309,230
Less: Allowance for loss on decline in market value and obsolescence	(4,470)	(4,470)
	<u>\$ 373,013</u>	<u>\$ 304,760</u>

11. Financial Assets Carried at Cost

	December 31, 2016	December 31, 2015
Non-current Non-publicly traded stocks	<u>\$ 611,172</u>	<u>\$ 606,082</u>

Since there is a wide range of estimated fair values of the Company's investments in non-publicly traded stocks, the Company concludes that the fair value cannot be reliably measured and therefore should be measured at the cost less any impairment.

12. Investments Accounted for Using Equity Method

Investments accounted for using the equity method consisted of the following :

	December 31, 2016	December 31, 2015
Subsidiaries	\$ 3,294,590	\$ 3,439,930
Associates	394,740	392,548
	<u>\$3,689,330</u>	<u>\$ 3,832,478</u>

a. Investments in subsidiaries

Subsidiaries consisted of the following :

Name of Subsidiaries	Carrying Amount		% of ownership and voting rights held by the Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Ta Ya (China) Holding Ltd.	\$ 556,876	\$667,810	100.00	100.00
Ta Ya Venture Holdings Ltd.	421,215	443,707	100.00	100.00
Ta Ya (Vietnam) Investment Holding Ltd.	467,726	68,293	100.00	100.00
Hua Ya Venture Capital Corporation	262,775	274,560	100.00	100.00
TaYa Electric Wire& Cable (H.K.) Co., Ltd.	—	—	99.99	99.99
Ta Ya Venture Capital Co., Ltd.	719,126	831,877	96.87	96.87
Ta Heng Electric Wire & Cable Co., Ltd.	167,267	158,530	61.36	61.36
TaYa (Vietnam)Electric Wire& Cable Joint Stock Company	—	341,905	—	60.00
Ta Ho Engineering Co., Ltd.	31,791	28,293	48.00	48.00
Ta Ye Plastic Co., Ltd.	38,620	38,995	45.58	45.58
Cuprime Electric Wire & Cable Co., Ltd.	192,093	199,324	45.22	45.22
United Electric Industry Co., Ltd.	269,481	253,833	42.09	42.09
Ta Ya Telecom Engineering Co., Ltd.	16,038	16,247	40.00	40.00
Plastic Technology Investment Holding Ltd.	61,973	62,457	25.60	25.60
TA YA Green Energy TechnologyCo., Ltd	89,609	54,099	55.00	55.00
	<u>\$ 3,294,590</u>	<u>\$ 3,439,930</u>		

Except for TA YA Electric Wire & Cable(H.K.) Co., Ltd. and AMIT system service Ltd., investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been audited.

b. Investments in associates

Associates consisted of the following :

Name of Associates	Carrying Amount		% of ownership and Voting Rights Held by the Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Ad Engineering Corporation	\$ 70,822	\$ 65,397	30.22	30.22
Jung Shing Wire Co., Ltd.	318,130	327,151	22.75	22.75
AMIT system service Ltd.	5,788	—	20.00	—
	<u>\$ 394,740</u>	<u>\$ 392,548</u>		

The summarized financial information in respect of the Company's associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with the Accounting Standards Used in Preparation of the Parent Company Only Financial Statements, which is also adjusted by the Company using the equity method of accounting.

	December 31, 2016	December 31, 2015
Total assets	\$ 3,697,651	\$ 3,544,133
Total liabilities	(1,852,593)	(1,710,042)
Net assets	<u>\$ 1,845,058</u>	<u>\$ 1,834,091</u>
The Company's share of net assets of associates	<u>\$ 436,461</u>	<u>\$ 433,421</u>

	Years Ended December 31	
	2016	2015
Net revenue	<u>\$ 1,996,592</u>	<u>\$ 2,403,056</u>
Net income	<u>\$ 134,474</u>	<u>\$ 52,496</u>
The Company's share of profits of associates	<u>\$ 34,280</u>	<u>\$ 24,556</u>

The market prices of the investments accounted for using the equity method in publicly traded stocks calculated by the closing price at the end of the reporting period are summarized as follows:

Name of Associate	December 31, 2016	December 31, 2015
Jung Shing Wire Co., Ltd.	<u>\$ 247,623</u>	<u>\$ 215,028</u>

The amounts of investments in associates pledged as collateral for bank loans were disclosed in Note 31.

13. Property, Plant and Equipment

Cost	Year Ended December 31, 2016				
	Balance, Beginning of Year	Additions	Disposals	Reclassification	Balance, End of Year
Land and land improvements	\$1,487,763	\$370	\$—	\$—	\$ 1,488,133
Buildings and improvements	1,028,048	5,426	568	—	1,032,906
Machinery and equipment	2,793,589	7,277	25,764	62,548	2,837,650
Transportation equipment	56,309	2,548	2,630	171	56,398
Miscellaneous equipment	925,370	12,856	10,127	11,892	939,991
Construction in progress	—	1,196	—	—	1,196
	<u>\$6,291,079</u>	<u>\$29,673</u>	<u>\$ 39,089</u>	<u>\$ 74,611</u>	<u>\$ 6,356,274</u>

(Continued)

Year Ended December 31, 2016

Accumulated depreciation	Balance, Beginning of Year	Additions	Disposals	Reclassification	Balance, End of Year
Land and land improvements	\$ 1,918	\$ 880	\$ —	\$ —	\$ 2,798
Buildings and improvements	630,956	23,845	534	—	654,267
Machinery and equipment	2,461,508	62,781	21,584	—	2,502,705
Transportation equipment	46,211	2,738	2,245	—	46,704
Miscellaneous equipment	794,493	35,930	10,127	—	820,296
	<u>\$ 3,935,086</u>	<u>\$ 126,174</u>	<u>\$ 34,490</u>	<u>\$ —</u>	<u>\$ 4,026,770</u>

Year Ended December 31, 2015

Cost	Balance, Beginning of Year	Additions	Disposals	Reclassification	Balance, End of Year
Land and land improvements	\$ 1,479,882	\$ —	\$ —	\$ 7,881	\$ 1,487,763
Buildings and improvements	1,027,407	775	(134)	—	1,028,048
Machinery and equipment	2,771,213	29,835	(7,459)	—	2,793,589
Transportation equipment	54,006	2,618	(315)	—	56,309
Miscellaneous equipment	924,244	4,677	(3,551)	—	925,370
Construction in progress	3,505	4,376	—	(7,881)	—
	<u>\$ 6,260,257</u>	<u>\$ 42,281</u>	<u>\$ (11,459)</u>	<u>\$ —</u>	<u>\$ 6,291,079</u>
<u>Accumulated depreciation</u>					
Land and land improvements	\$1,336	\$ 582	\$ —	\$ —	\$1,918
Buildings and improvements	605,506	25,584	(134)	—	630,956
Machinery and equipment	2,401,059	67,908	(7,459)	—	2,461,508
Transportation equipment	44,269	2,257	(315)	—	46,211
Miscellaneous equipment	760,502	37,542	(3,551)	—	794,493
	<u>\$ 3,812,672</u>	<u>\$133,873</u>	<u>\$ (11,459)</u>	<u>\$ —</u>	<u>\$ 3,935,086</u>

The carrying amounts of property, plant and equipment pledged as collateral for bank loans were disclosed in Note 31.

14. Investment Property

Year Ended December 31, 2016

Cost	Balance, Beginning of Year	Additions	Balance, End of Year
Land	\$ 812,549	\$ —	\$ 812,549
Buildings and improvements	155,627	621	156,248
	<u>\$ 968,176</u>	<u>\$ 621</u>	<u>\$ 968,797</u>

(Continued)

	Year Ended December 31, 2016		
	Balance, Beginning of Year	Additions	Balance, End of Year
<u>Accumulated depreciation</u>			
Land	\$-	\$-	\$-
Buildings and improvements	58,542	2,464	60,916
	<u>\$ 58,542</u>	<u>\$ 2,464</u>	<u>\$ 60,916</u>

(Concluded)

	Year Ended December 31, 2015		
	Balance, Beginning of Year	Additions	Balance, End of Year
<u>Cost</u>			
Land	\$ 812,549	\$-	\$812,549
Buildings and improvements	155,204	423	155,627
	<u>\$ 967,753</u>	<u>\$423</u>	<u>\$ 968,176</u>
<u>Accumulated depreciation</u>			
Land	\$-	\$-	\$-
Buildings and improvements	55,988	2,464	58,452
	<u>\$ 55,988</u>	<u>\$ 2,464</u>	<u>\$ 58,452</u>

The fair value of the Company's investment properties was arrived at on the basis of valuation carried out on January 2, 2014 by independent appraisers, who are not related parties. Lands were valued under market approach and income approach, while buildings were valued under cost approach. The important assumptions and fair value were as follows :

	December 31, 2016	December 31, 2015
Fair value	<u>\$ 1,058,932</u>	<u>\$ 1,002,082</u>

15.Short-termLoans

	December 31, 2016	Annual interest rate	Maturity date
Usance L/C loans	\$ 1,083,754	1.25%~2.59%	2017.01~2017.06
Mortgage loans	312,000	1.26%~1.40%	2017.01~2017.02
Unsecured loans	692,355	1.26%~1.62%	2017.01~2017.05
Total	<u>\$ 2,088,109</u>		

	December 31, 2015	Annual interest rate	Maturity date
Usance L/C loans	\$ 1,004,706	1.09%~1.61%	2016.01~2016.07
Mortgage loans	250,000	1.38%~1.43%	2016.01~2016.03
Unsecured loans	490,000	1.25%~1.58%	2016.01~2016.02
Total	<u>\$ 1,744,706</u>		

16. Commercial Papers

	December 31, 2016	December 31, 2015
Commercial Papers	\$ 600,000	\$ 500,000
Less : Discount on commercial papers	—	—
	<u>\$ 600,000</u>	<u>\$ 500,000</u>
Interest rate range	1.20%~1.54%	1.17%~1.24%
Maturity date	2017.01~2017.03	2016.01~2016.03

17. Bonds Payable

	December 31, 2016	December 31, 2015
First domestic secured bonds	\$ 500,000	\$ 500,000
Less : current portion	(100,000)	—
	<u>\$ 400,000</u>	<u>\$ 500,000</u>

On August 8, 2014, the Company issued the first secured domestic bonds with a face value of NT\$500,000 thousand in a 5-year maturity. The principal will be repaid in five equal payments at the end of the fourth and fifth year. Simple interest is paid semiannually with a rate of 1.50% based on the outstanding balance.

18. Long-term Loans

	December 31, 2016	Annual interest rate	Maturity date
Mortgage loans	\$ 1,260,397	1.63%~2.36%	2017.06~2021.02
Unsecured loans	590,696	1.54%~1.85%	2017.02~2018.08
Less: Current portion	(512,243)		
	<u>\$ 1,338,850</u>		

	December 31, 2015	Annual interest rate	Maturity date
Mortgage loans (include USD 1,710)	\$ 1,348,392	1.34% ~ 2.36%	2016.05~2017.11
Unsecured loans	683,660	1.61% ~ 1.95%	2016.09~2017.08
Less: Current portion	(884,109)		
	<u>\$ 1,147,943</u>		

Refer to Note 31 for information relating to assets pledged as security.

19. Income tax

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following :

	Years Ended December 31	
	2016	2015
Current income tax expense (benefit)		
Current tax expense recognized in the current year	\$ 18,053	\$ —
Income tax adjustments on prior years	5,237	4,022
	<u>23,290</u>	<u>4,022</u>
Deferred income tax expense (benefit)		
The origination and reversal of temporary differences	320	(54,857)
Income tax benefit recognized in profit or loss	<u>\$ 23,610</u>	<u>\$ (50,835)</u>

A reconciliation of accounting profit and income tax expenses recognized in profit or loss was as follows :

	Years Ended December 31	
	2016	2015
Incometax expense at the statutory rate (17%)	\$ 8,797	\$ 100,828
Tax effect of adjusting items :		
Nondeductible (deductible) items in determining taxable income	9,256	(100,828)
The origination and reversal of temporary differences	320	(54,857)
	<u>18,373</u>	<u>(54,857)</u>
Income tax adjustments on prior years	5,237	4,022
Income tax benefit recognized in profit or loss	<u>\$ 23,610</u>	<u>\$ (50,835)</u>

b. Income tax expense recognized in other comprehensive income

	Years Ended December 31	
	2016	2015
Deferred income tax expense (benefit)		
Related to unrealized gain/loss on translation of foreign operations	\$ (11,203)	\$ 4,350
Related to unrealized gain/loss on available-for-sale financial assets	(442)	2,756
Related to remeasurement of defined benefit obligation	(8,306)	3,986
	<u>\$ (19,951)</u>	<u>\$ 11,092</u>

c. Deferred income tax balance

The analysis of deferred income tax in the parent company only balance sheets was as follows :

	December 31, 2016	December 31, 2015
Deferred income tax assets		
Unrealized loss on inventories	\$ 2,478	\$ 5,674
Unrealized loss on Construction in progress	3,198	3,198
Accrued pension cost	65,874	65,874
Unrealized loss on translation of foreign operations	17,774	6,571
Remeasurement of defined benefit obligation	21,392	13,086
Unrealized loss(gain) on available-for-sale financial assets	4,353	3,911
Loss carryforwards	59,457	77,510
Others	(15,874)	3,099
	<u>\$ 158,652</u>	<u>\$ 178,923</u>
Deferred income tax liabilities		
Land value incremental reserve	\$ 264,486	\$ 264,486

d. Items for which no deferred tax assets have been recognized :

	December 31, 2016	December 31, 2015
Impairment loss	<u>\$ 11,144</u>	<u>\$ 11,144</u>

e. Information about unused loss carry-forward

Loss carryforward as of December 31,2016 comprised of:

Unused Amount	Expiry Year
\$ 51,013	2024
298,737	2025
<u>\$ 349,750</u>	

f. The Company's income tax returns through 2014 have been assessed and approved by the Tax Authority.

g. Integrated income tax information

	December 31, 2016	December 31, 2015
(a) Unappropriated earnings generated from 1998	\$ (333,800)	\$ (397,542)
(b) Imputation credit account	\$ 147,982	\$ 126,870
	2016(Expected)	2015(Actual)
(c) Imputation tax credit rate	—	—

The aforesaid imputation tax related information was prepared in accordance with Decree No.10204562810 issued by the Taxation Administration, Ministry of Finance, R.O.C on October 17, 2013. However, effective from January 1, 2015, the creditable ratio for individual shareholders residing in the Republic of China will be half of the original creditable ratio according to the revised Article 66 - 6 of the Income Tax Law.

20. Equity

a. Capital stock

As of December 31, 2016 and 2015, the Company's authorized capital was NT\$7,000,000 thousand and the paid-in capital was NT\$5,721,808 thousand, consisting of 572,180,791 shares of ordinary stock with a par value of NT\$10 per share. All proceeds from shares issued have been collected. In 2015, the Company cancel of treasury shares 8,000,000 shares in accordance with Article 28-2 of the Securities and Exchange Act.

b. Capital surplus

In accordance with the Company Act, realized capital reserves can only be reclassified as share or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains.

ROC SEC regulations also stipulate that a capital increase by transferring paid-in capital in excess of par value can be done only once a year and only in years other than the year in which such excess arose. The amount of such capitalization depends on the Company's operating results and is limited to a certain ratio of paid-in capital in excess of par value in relation to issued capital.

c. Retained earnings and dividend policy

	<u>Years Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ (397,542)	\$ 213,419
Appropriation of prior year's earnings	—	(2,045)
Net income (loss)	28,136	(542,270)
Comprehensive income	35,560	(26,162)
Adjustments to share from of changes in equity of subsidiaries and associates	46	(40,484)
Balance, end of year	<u>\$ (333,800)</u>	<u>\$ (397,542)</u>

The Company's articles of incorporation provide that annual earnings are to be appropriated as follows:

- (a) Payment of tax;
- (b) Offset accumulated deficits, if any;
- (c) Of the remaining balance, if any, 10% is to be set aside as legal reserve.
- (d) 3% as remuneration to directors and supervisors; and 1% as bonus to employees.
- (e) 20% to 90% as appropriate dividends to stockholders; cash dividend should not lower than 10% of such dividends.
- (f) Cash dividend will not be paid if it is less than \$0.1 per share.

The bonus to employees and remuneration to directors and supervisors, representing at least 1% and at most 3% of net income (net of bonus and remuneration) less accumulated deficit, 10% legal reserve and special reserve, respectively, were recognized for the years ended. The amounts were estimated based on past experience. Material differences between these estimates and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate.

The appropriations of earnings for 2015 and 2014 had been approved in the stockholders' meetings on June 8, 2016 and June 11, 2015, respectively. The appropriations and dividends per share were as follows :

The bonus to employees and the remuneration to directors and supervisors approved in the stockholders' meetings on June 8, 2016 and June 11, 2015, respectively, and the amounts recognized in the financial statements for the years ended December 31, 2015 and 2014, respectively, were as follows:

	<u>Years Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Amounts approved instockholders' meetings	\$ —	\$ 184
Amounts recognized inrespective financialstatements	—	—
	<u>\$ —</u>	<u>\$ 184</u>

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

Information on the earnings appropriation and the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

d. Others

Changes in others were as follows :

	<u>Year Ended December 31, 2016</u>		
	<u>Foreign Currency Translation Reserve</u>	<u>Unrealized Gain/Loss Available-for- sale Financial Assets</u>	<u>Total</u>
Balance, beginning of year	\$ 93,497	\$(4,013)	\$ 89,484
Exchange differences arising on translation of foreign operations	(81,534)	—	(81,534)
Changes in fair value of available-for-sale financial assets	—	(64,705)	(64,705)
Balance, end of year	<u>\$ 11,963</u>	<u>\$ (68,718)</u>	<u>\$ (56,755)</u>

	Year Ended December 31, 2015		
	Foreign Currency Translation Reserve	Unrealized Gain/Loss Available-for- sale Financial Assets	Total
Balance, beginning of year	\$ 113,801	\$ 6,643	\$ 120,444
Exchange differences arising on translation of foreign operations	(20,304)	—	(20,304)
Changes in fair value of available-for-sale financial assets	—	(10,656)	(10,656)
Balance, end of year	<u>\$ 93,497</u>	<u>\$ (4,013)</u>	<u>\$ 89,484</u>

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Company's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

Unrealized gain/loss on available-for-sale financial assets represents the cumulative gains or losses arising from the fair value measurement on available-for-sale financial assets that are recognized in other comprehensive income. When those available-for-sale financial assets have been disposed of or are determined to be impaired subsequently, the related cumulative gains or losses in other comprehensive income are reclassified to profit or loss.

21. Treasury Stock

a. Common Stock

(1) On September 30, 2011, the board of directors passed a resolution to repurchase up to 8,000 thousand shares of treasury stock on the TSE. The company had repurchased 8,000 thousand shares of treasury stock for \$64,358 thousand, which the average price was \$8.04. Total shares of treasury stock were 1.38% of the company's stock issued.

(2) Treasury stock shall not be pledged, nor does it entitle voting rights or receive dividends, in compliance with Securities and Exchange Law of the ROC.

b. The information of the Company's stocks held by the subsidiaries was as follow:

(1) Disposal of the treasury stock held by subsidiaries during the year ended December 31, 2016 and December 31, 2015 : None.

(2) As of December 31, 2016 and December 31, 2015, 12,633,667 shares were held by the subsidiaries and the market value were \$5.47 and \$4.61 per share, respectively.

22. Additional Information of Expenses by Nature

	Years Ended December 31	
	2016	2015
Depreciation and amortization		
Depreciation of property, plant and equipment	\$ 126,174	\$ 133,873
Depreciation of investment property	2,464	2,464
	<u>\$128,638</u>	<u>\$ 136,337</u>
Employee benefits expenses		
Salaries and bonus	\$ 364,520	\$ 339,305
Labor and health insurance	31,734	32,165
Pension	26,022	25,010
Others	21,786	21,308
	<u>\$444,062</u>	<u>\$ 417,788</u>

23. Retirement Benefit Plans

a. Defined contribution plans

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan which is managed by the government. Based on the LPA, the rate of monthly contributions by the Company to the employees' pension fund accounts is at 6% of monthly wages and salaries.

b. Defined benefit plans

The Company has a defined benefit pension plan set up in accordance with the Labor Standards Law of the R.O.C., covering all regular employees for their services prior to the implementation of the Labor Pension Act on July 1, 2005 and those employees who choose continuously to be applicable to the Labor Standards Law for the services after the implementation of the Labor Pension Act. The Company accrues pension costs on the basis of actuarial calculations and makes monthly contributions to their respective pension funds, which are administered by their respective pension plan committees and deposited in each committee's name in the Bank of Taiwan.

(a) The amounts arising from the defined benefit obligation of the Company in the parent company only balance sheets were as follows :

	December 31, 2016	December 31, 2015
Present value of funded defined benefit obligation	\$ (420,130)	\$ (488,082)
Fair value of plan assets	260,566	92,814
Net defined benefit liability	<u>\$ (159,564)</u>	<u>\$ (395,268)</u>

(b) Movement in the present value of the defined benefit obligation were as follows :

	Years Ended December 31	
	2016	2015
Balance, beginning of year	\$ 488,082	\$ 495,408
Current service cost	5,267	5,904
Interest cost	5,982	8,542
Remeasurement losses	(48,322)	23,747
Benefits paid	(30,878)	(45,519)
Balance, end of year	<u>\$ 420,130</u>	<u>\$ 488,082</u>

(c) Movements in the fair value of the plan assets were as follows :

	Years Ended December 31	
	2016	2015
Balance, beginning of year	\$ 92,814	\$ 110,042
Interest income	1,201	2,033
Remeasurement losses	534	300
Contributions from plan assets	196,895	25,958
Benefits paid from plan assets	(30,878)	(45,519)
Balance, end of year	<u>\$ 260,566</u>	<u>\$ 92,814</u>

(d) Amounts of expenses recognized in comprehensive income statements are as follows :

	Years Ended December 31	
	2016	2015
Current service cost	\$ 5,267	\$ 5,904
Net interest cost	4,781	6,509
Current pension costs	<u>\$ 10,048</u>	<u>\$ 12,413</u>

(e) For the years ended December 31, 2016 and 2015, the pre-tax actuarial income(loss) recognized in other comprehensive income were NT\$43,866 thousand and NT\$(30,148) thousand, respectively. As of December 31, 2016 and 2015, the pre-tax accumulated actuarial loss recognized in other comprehensive income were NT\$39,812 thousand and NT\$83,678 thousand, respectively.

(f) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6 : The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed. Over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2016 and 2015 is given in the Annual Labor Retirement Fund Utilization Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilization by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

(g) The principal assumptions of the actuarial valuation were as follow :

	December 31	
	2016	2015
Discount rate	<u>1.25%</u>	<u>1.25%</u>
Future salary increase rate	<u>1.00%</u>	<u>2.16%</u>

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

	December 31, 2016	December 31, 2015
Discount rate		
0.25% increase	(\$ 9,436)	(\$ 12,237)
0.25% decrease	\$ 9,782	\$ 12,719
Future salary increase rate		
0.25% increase	\$ 9,782	\$ 12,572
0.25% decrease	(\$ 9,482)	(\$ 12,519)

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

- (h) The Company expects to make contributions of NT\$24,298 thousand to the defined benefit plans in the next year starting from December 31, 2016.
- (i) As of December 31, 2016 and 2015, the pension cost in comprehensive income were NT\$26,022 thousand and NT\$25,010 thousand, respectively.

24. Other Income

	Years Ended December 31	
	2016	2015
Interest income		
Bank deposits	\$ 789	\$ 922
Other interest income	11,404	14,827
	12,193	15,749
Rental revenue	21,357	21,266
Dividend income	84,090	104,764
	\$ 117,640	\$ 141,779

25. Other Gains And Losses

	Years Ended December 31	
	2016	2015
Gain on disposal of property, plant and equipment	\$ (3,496)	\$ 230
Gain on disposal of investments	(58,825)	4,177
Net foreign exchange gains/(losses)	2,596	(32,167)
Net gain (loss) arising on financial assets/liabilities at FVTPL	(48,498)	(100,667)
Gain from compensation	57,239	—
Commission income	29,104	16,913
Technical Services revenue	—	14,292
Others	36,130	29,637
	\$ 14,250	\$ (67,585)

26.Finance Costs

	Years Ended December 31	
	2016	2015
Interest expense		
Bank loans	\$ 73,385	\$ 76,348
Other Interest expense	7,624	6,994
	<u>\$ 81,009</u>	<u>\$ 83,342</u>

27.Earnings Per Share

	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Year ended December 31, 2016</u>			
Basic EPS			
Net loss available to common shareholders	<u>\$ 28,136</u>	572,180	
Regard as treasury stock-common stock held by subsidiaries		(12,634)	
		<u>559,546</u>	<u>\$ 0.05</u>
	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Year ended December 31, 2015</u>			
Basic EPS			
Net income available to common shareholders	<u>\$ (542,270)</u>	572,180	
Regard as treasury stock-common stock held by subsidiaries		(12,634)	
		<u>559,546</u>	<u>\$ (0.97)</u>

28.Capital Management

The Company's strategy for managing the capital structure is to lay out the plan of product development and expand the market share considering the growth and the magnitude of industry and further developing an integral plan founded on the required capacity, capital outlay, and magnitude of assets in long-term development. Ultimately, considering the risk factors such as the fluctuation of the industry cycle and the life cycle of products, the company determines the optimal capital structure by estimating the profitability of products, operating profit ratio, and cash flow based on the competitiveness of products.

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 and retained earnings). The management of the company periodically examines the capital structure and contemplates on the potential costs and risks involved while exerting different financial tools. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders and issue new shares to reduce debt.

There were no changes in the Company's approach to capital management for the year ended December 31, 2016.

29. Financial Instruments

a. Financial risk management objective

The Company manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans the company must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

b. Market risk

The Company is exposed to the market risks arising from changes in foreign exchange rates, interest rates and utilizes some derivative financial instruments to reduce the related risks.

(a) Foreign currency risk

Some of the Company's operating activities are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes derivative financial instruments, including currency forward contracts and short-term borrowings in foreign currencies, to hedge its currency exposure.

The Company's significant exposure to foreign currency risk were as follows :

	December 31, 2016			December 31, 2015		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Assets</u>						
<u>Monetary items</u>						
USD	\$ 22,262	32.26	\$ 718,182	\$ 13,394	33.06	\$ 442,806
HKD	20	4.16	84	697	4.27	2,976
CNY	606	4.65	2,819	5,577	5.10	28,443
JPY	34,710	0.28	9,719	19,147	0.27	5,170
<u>Non-monetary</u>						
USD	—	—	—	8,798	33.06	290,862
<u>Liabilities</u>						
<u>Monetary items</u>						
USD	19,796	32.26	638,628	11,108	33.06	367,230
<u>Non-monetary</u>						
USD	—	—	—	—	—	—

Foreign currency sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, financial assets at fair value through profit or loss, loans and borrowings, accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the foreign currency for the years ended December 31, 2016 and 2015 would have increased (decrease) the net profit after tax by NT\$922 thousand and NT\$4,030 thousand, respectively.

(b) Interest rate risk

The Company was exposed to fair value interest rate risk and cash flow interest rate risk because the Company holds assets and liabilities at both fixed and floating interest rates.

Interest rate sensitivity analysis

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.1%, all other variable factors that remain constant, the Company's net profit after tax would have (decreased) increased by NT\$2,394 thousand and NT\$3,871 thousand for the years ended December 31, 2016 and 2015, respectively. This is mainly due to the Company's net assets in floating rates.

(c) Other price risk

The Company is exposed to equity price risk arising from equity investments.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the Company's net profit after tax for the years ended December 31, 2016 and 2015 would have been higher/lower by NT\$14,021 thousand and NT\$30,010 thousand, respectively, as a result of the fair value changes of financial assets at fair value through profit or loss.

c. Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

To maintain the quality of receivables, the Company has established operating procedures to manage credit risk.

For individual customers, risk factors considered include the customer's financial position, credit rating agency rating, the Company's internal credit rating, and transaction history as well as current economic conditions that may affect the customer's ability to pay. The Company also has the right to use some credit protection enhancement tools, such as requiring advance payments, to reduce the credit risks involving certain customers.

As of December 31, 2016 and 2015, exceed 5% of accounts receivables from the Company's customer were as follows:

Customer	December 31	
	2016	2015
A	\$166,717	\$ 170,390
B	154,075	53,983
C	180,084	—
D	41,382	65,999
E	3,598	89,752

The Company does not expect significant credit risk because the counterparties are creditworthy companies.

Financial credit risk

Bank deposits, fixed income investment and other financial instruments are credit risk sources required by the Parent Company's Department of Finance Department to be measured and monitored. However, since the Company's counter-parties are all reputable financial institutions and government agencies, there is no significant financial credit risk.

d. Liquidity risk management

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements associated with existing operations. The Company manages its liquidity risk by maintain adequate cash and banking facilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principles and interest.

	December 31, 2016					
	Carrying amount	Contractual cash flows	Within 1 year	2-3 years	4-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>						
Short-term bank loans	\$ 2,088,109	\$ 2,088,109	\$ 2,088,109	\$—	\$—	\$—
Notes payable (including related parties)	746	746	746	—	—	—
Accounts payable (including related parties)	501,915	501,915	501,915	—	—	—
Commercial papers	600,000	600,000	600,000	—	—	—
Other payables	114,487	114,487	114,487	—	—	—
Bondspayable	500,000	500,000	100,000	400,000	—	—
Long-term bank loans	1,851,093	1,851,093	512,243	1,188,850	150,000	—
	<u>\$ 5,656,350</u>	<u>\$ 5,656,350</u>	<u>\$ 3,917,500</u>	<u>\$ 1,588,850</u>	<u>\$ 150,000</u>	<u>\$—</u>
<u>Derivative financial liabilities</u>						
Metals swap	<u>\$2,194</u>	<u>\$47,256</u>	<u>\$9,104</u>	<u>\$38,152</u>	<u>\$—</u>	<u>\$—</u>

	December 31, 2015					
	Carrying amount	Contractual cash flows	Within 1 year	2-3 years	4-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>						
Short-term bank loans	\$ 1,744,706	\$ 1,744,706	\$ 1,744,706	\$ —	\$ —	\$ —
Notes payable (including related parties)	369	369	369	—	—	—
Accounts payable (including related parties)	441,072	441,072	441,072	—	—	—
Commercial papers	500,000	500,000	500,000	—	—	—
Other payables	128,536	128,536	128,536	—	—	—
Bondspayable	500,000	500,000	—	200,000	300,000	—
Long-term bank loans	2,032,052	2,032,052	884,109	1,147,943	—	—
	<u>\$ 5,346,735</u>	<u>\$ 5,346,735</u>	<u>\$3,698,792</u>	<u>\$1,347,943</u>	<u>\$ 300,000</u>	<u>\$ —</u>

e. Fair value of financial instruments

(a) Fair value of financial instruments carried at amortized cost

The Company considers that the carrying amounts of financial assets and financial liabilities recognized in the parent company only financial statements approximate their fair values.

(b) Valuation techniques and assumptions used in Fair value measurement

The Fair value of financial assets and financial liabilities are determined as follows :

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks) .
- Forward exchange contracts and cross currency swap contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

- The fair values of other financial assets and financial liabilities in accordance with generally accepted pricing models based on discounted cash flow analysis.

(c)Fair value measurements recognized in the parent company only balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to3 based on the degree to which the fair value is observable :

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities ;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) .

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - current	\$ 245,324	\$ 92,912	\$—	\$ 338,236
Financial assets at FVTPL - noncurrent	4,823	—	—	4,823
Financial liabilities at FVTPL - current	—	(2,194)	—	(2,194)
	<u>\$ 250,147</u>	<u>\$ 90,718</u>	<u>\$—</u>	<u>\$ 340,865</u>

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - current	\$ 474,497	\$ 164,583	\$ —	\$ 639,080
Financial assets at FVTPL - noncurrent	4,844	—	—	4,844
	<u>\$ 479,341</u>	<u>\$ 164,583</u>	<u>\$—</u>	<u>\$ 643,924</u>

There were no transfers between Level 1 and 2 for the years ended December 31, 2016 and 2015,respectively.

30.Related Party Transactions

(a)Significant related party transactions

Sales

Related Parties	2016	2015
Subsidiaries	\$ 1,144,351	\$ 1,595,910
Associates	48,760	55,935
Others	8	14
	<u>\$ 1,193,119</u>	<u>\$ 1,651,859</u>

Prices and credit terms for such sales were similar to those given to third parties.

Purchases

Related Parties	2016	2015
Subsidiaries	\$ 1,297,316	\$ 1,770,019
Associates	5,194	11,708
Others	504	497
	\$ 1,303,014	\$ 1,782,224

Prices and credit terms for such purchases were generally comparable to those given by other suppliers, except that construction expense paid to Ta Ho Engineering Co., Ltd. was computed by cost plus 5% to 10% mark-up.

Endorsements and guarantees

As of December 31, 2016 and 2015, the information of the Company provided endorsements and guarantee for related parties was as follows:

Related Parties	December 31, 2016	December 31, 2015
Subsidiaries	\$ 2,844,587	\$ 3,163,749

Miscellaneous income

Related Parties	Description	2016	2015
Subsidiaries	Rental 、 interest 、 Commission 、 royalty 、 technical service and other income	\$ 64,246	\$ 61,088
Associates	Rental income	—	109
Others	Rental and other income	589	629
		\$ 64,835	\$ 61,826

Other expenses

Related Parties	Description	2016	2015
Subsidiaries	Rent 、 outsourcing and other expenses	\$ 5,245	\$ 7,528
Associates	Outsourcing expenses	14	15
Others	Outsourcing 、 loan guarantee and donation expense	11,813	12,225
		\$ 17,072	\$ 19,768

(b) Receivables and payables arising from the above transactions were as follows:

Receivables

	Related Parties	December 31, 2016	December 31, 2015
(1) Notes receivable	Subsidiaries	\$ 582	\$ 1,949
(2) Accounts receivable	Subsidiaries	\$ 201,218	\$ 128,351
	Associates	9,675	11,232
	Others	49	52
		\$ 210,942	\$ 139,635
(3) Other receivable	Subsidiaries	\$ 981	\$ —

Payables

	<u>Related Parties</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Accounts payable	Subsidiaries	\$ 70,615	\$ 91,990
	Associates	557	—
	Others	875	808
		<u>\$ 72,047</u>	<u>\$ 92,798</u>

Prepaid account

	<u>Related Parties</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
	Subsidiaries	<u>\$ 103,077</u>	<u>\$ 231,213</u>

Disposed of subsidiang

Related Parties	<u>December 31, 2016</u>		<u>December 31, 2015</u>	
	<u>proceeds</u>	<u>Gains</u>	<u>proceeds</u>	<u>Gains</u>
Others	<u>\$895</u>	<u>\$ 4,230</u>	<u>\$—</u>	<u>\$—</u>

(c)Key management personnel compensation disclosure

<u>Item</u>	<u>2016</u>	<u>2015</u>
Salary, compensation, allowance, income from professional practice and bonus	<u>\$ 41,527</u>	<u>\$ 38,422</u>

The Company's key management personnel includes directors, supervisors, president, general manager and financial director.

Please refer to Annual Report for related information of key management personnel compensation.

31.Mortgage Assets

As of December 31, 2016 and 2015, certain assets were pledged as collateral to secure debts and engineering performance bond. The net book value of such assets as of December 31, 2016 and 2015 were summarized as follows:

	December 31, 2016		December 31, 2015	
	Number of shares	Original cost	Number of shares	Original cost
Financial assets at fair value through profit or loss—				
Taiwan Cogeneration Corporation	8,800,000	\$ 140,979	—	\$ —
Investments accounted for using equity method —				
Jung Shing Wire Co., Ltd	28,200,000	\$ 356,213	32,582,000	\$ 411,565
Financial assets carried at cost				
Sun Ba Power Corporation	30,000,000	\$ 464,250	30,000,000	\$ 464,250

	December 31, 2016	December 31, 2015
Property, plant and equipment—		
Land (include revaluation increments)	\$ 934,414	\$ 934,414
Buildings, net	92,010	96,485
	<u>\$ 1,026,424</u>	<u>\$ 1,030,899</u>
Refundable deposits	<u>\$ 19,022</u>	<u>\$ 20,472</u>

32. Commitments and Contingent Liabilities

Significant contingent liabilities and unrecognized commitments of the Company as of the end of the reporting period, excluding those disclosed in other notes, were as follows :

- (a) As of December 31, 2016, the Company had outstanding usance letters of credit amounting to approximately \$32,802 thousand (US\$447 thousand and GBP\$129 thousand and EUR\$391 thousand).
- (b) The Company pledged guarantee deposits amounting to \$278,284 thousand due to the wire and cable installation project.
- (c) The Company entered into contracts of copper procurement with 21,575 ton.
- (d) The Company entered into contracts of machinery and equipment procurement with the amount of \$123,538 thousand. As of December 31, 2016, \$57,588 thousand had not been paid.
- (e) The Company engaged into a contract of wire and cable installation project with the amount of \$372,141 thousand. As of December 31, 2016, \$256,307 thousand had not been paid.
- (f) Checks of \$1,848,738 thousand issued for issuing bank loans, draw letter of credit and procurement guarantees.