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I. Letter to Shareholders

Dear Shareholders,

Subject to the excessive production capacity in Mainland China, trade barrier protection and impact of international currency depreciation, the overall business environment remains challenging in 2014. However, to maintain steady profits and growth, the Company remains devoted to integrating corporate resources to optimize operational efficiency and strengthening marketing systems to adapt to market changes.

Accomplishments in 2014

Looking back at 2014, the Company's overall business profits have increased, as manifested in the steady growth of copper and steel sales, revenues received after the completion and delivery of the Nanjing property and non-core business profits. Net consolidated revenue for 2014 was approximately NT$162.987 billion, with consolidated gross profit of NT$7.563 billion, net income of NT$2.265 billion, and an earnings per share of NT$0.64.

Wire and cable business: Although the prices of raw materials for copper wires have fluctuated substantially over the years, sales in copper wire have steadily increased, retaining its advantage because of appropriate hedging and the growing demand for copper wires and cables in Southeast Asia and Mainland China. The aggressive expansion of power lines and cables exports as well as the development of niche products contributed to a new record for the Company's production capacity being set. The Jiangyin steel cable plant continually enhanced its product added value, securing stable profits for the Company.

Stainless steel business: Improved production capacity of the Taichung Harbor stainless steel rolled plant caused a growth of Taiwan's steelmaking capacity from 380,000 metric tons in 2013 to 397,000 metric tons in 2014, reflecting an increase of 17,000 metric tons. In Mainland China, through integration and collaboration with downstream strategic partners, the Company expanded its product specifications and increased the value-add of existing products to increase sales.

Real estate business: The Taipei Xinyi headquarters exhibited an occupancy rate of near-full capacity, demonstrating excellent performance in both operations and profitability. Residential buildings in C2 land plot in Nanjing Walsin Centro were delivered in 2014 and profits were recognized.

Summary of 2015 Business Plan

Looking ahead into 2015, the Company will continue focusing on core business activities and strengthening organizational and production capability to maximize production capacity and attain the targeted profit growth.

- With steady sales of copper materials in the wire and cable business, the Company will continue to target stable profits, monitor variations in raw material prices and financing cost, and control production, purchasing, and financial costs. Moreover, the Company will expand its export market and develop industrial power cable products to boost the growth of its power cable business.
- In the stainless steel business, the Company will adjust the product combinations in China, increase orders for value-added products, and expand the certification market to increase sales. To reduce production cost, the Company will make continuous efforts to improve production efficiency and inventory management.
- In the real estate business, the design of the D and AB land lots in Nanjing Walsin Centro have been completed and construction of these lots commenced in 2014. Subject to market demand, these land lots will be developed on a rolling basis.

Future Corporate Development Strategy, External Competition, Legal Regulation and Overall Business Environment

Forward looking of year 2015, the factors having the most direct influence on the Company are the uncertainty of the recovering global economy, and in particular, China's continual restructuring, which hindered economic growth and led to price competition caused by supply–demand imbalance. In the face of various challenges in the global environment, the Company will improve its cable and wire business as well as the stainless steel business by making efforts to capitalize on its business decisions and management structure of division of labor, obtain precise market demand predictions, implement hedging of metal raw material prices, mitigate risks in transactions, increase production technological capability, strengthen product segmentation and engage in market expansion. To overcome the challenges presented in the real estate business, such as continued inflation in land prices and construction costs, the Company must accurately determine market demand and strengthen the marketing of the Company’s brand and products. Concurrently, the Company will also adequately review and perfect the corporate governance mechanism to ensure healthy business management and stable profitability, thereby solidifying the foundation of sustainable corporate management.

Chairman 

II. Company Profile

1. Date of Establishment: December 2, 1966

2. Company History

1966	Walsin Wire & Cable Co., Ltd. established.
1969	Walsin Lihwa Wire & Cable Co., Ltd. formed by the merger of the Walsin and Lihwa companies.
1970	Formed technological partnerships with Western Electric in the U.S. and Fujikura in Japan and began production of plastic insulation telephone cable.
1972	Began production of EP rubber high-voltage cables.
	Company's shares listed on the Taiwan Stock Exchange.
1977	Completed the Yangmei plant for SCR copper rod production, with annual manufacturing capacity of 50,000 metric tons of oxygen-free copper rods.
1982	Expanded SCR production facilities to increase annual manufacturing capacity to 100,000 metric tons of oxygen-free copper rods.
1987	Construction of the Yangmei plant completed.
	Entered the semiconductor IC industry by investing in Winbond Electronics Corp. and Sumi-Pac Corp.
1991	Invested in PT. Walsin Lippo Industries in Indonesia to expand aluminum wire business into the Southeast Asian market.
1992	Company renamed Walsin Lihwa Corporation.
	Electronics division merged with the acquired Wanbang Electronics to form the new Walsin Technology Corp.
	Established plants in Shanghai and Jiangyin to produce power cables and steel cables, thus beginning a new chapter in China investment.
1993	Expanded into the stainless steel industry by forming Walsin Cartech Stainless Steel, a joint venture with Carpenter Technology Corp. in the U.S.
	Established the Wuhan wire and cable plant for optical communication cable production.
1995	Formed Walsin (China) Investment Co., Ltd. and set up four operating locations in China's major cities, including Hangzhou, Shanghai and Nanjing, for the production of power cables, bare copper wires and fiber optic cables.
1997	Established stainless steel plants in Changshu and in Baihe, Shanghai, for the production and sale of seamless steel tubes and straight steel bars.
	Formed HannStar Board Corp. to expand into the PCB industry.
1998	Acquired and incorporated the assets of Walsin Cartech into the Company.
	Conducted enterprise reengineering and full implementation of the SAP enterprise resource management system.
	Expanded into the TFT-LCD industry by forming HannStar Display Corp.
2000	Established the Dongguan plant for bare copper wire production.

2002 Expansion of Yanshui stainless steel plant was carried out to include slab steelmaking facilities.

2003 With Yanshui stainless steel plant beginning slab production, the Company expanded into the stainless steel plate market.

2005 Set up new plants in Nanjing, Changshu and Jiangyin to produce copper products as well as seamless steel pipes and steel wire products.

Shanghai and Hangzhou power cable plants completed expansion and increased production capacity; began mass production of 220kV EHV cables.

Expansion of Yanshui stainless steel plant to include slab steelmaking facilities was completed.

2006 New copper production plant in Nanjing completed, with annual production capacity of 250,000 metric tons. Total copper production increased from 400,000 to 650,000 metric tons.

Development of 500kV EHV cables for Hangzhou power plant was invested and received certification.

Company's consolidated revenue exceeded NT$100 billion.

2007 Expanded steel production capacity by acquiring stake in Yantai Huanghai Iron and Steel Co., Ltd.

Changshu stainless steel plant passed review by the National Nuclear Safety Administration and received certification for nuclear power plant sales.

Hangzhou power cable plant began expansion efforts and construction of the second VCV process tower and added high voltage cable production lines.

2008 Expansion of Yantai plant for stainless steel manufacturing process; added new stainless steel billet products.

2009 Yantai stainless steel plant completed transformation of stainless steel manufacturing processes; stainless steel and high-grade alloy steel products were added.

Changshu plant's seamless steel tube production began Phase 2 expansion to increase production capacity.

Completion of the new A6 building in Xinyi Development Zone and the relocation of Walsin Lihwa headquarters.

2010 Nanjing Walsin Centro began construction in Nanjing's Hexi Newtown. A multi-purpose commercial center spanning one million square meters will be developed over several phases.

Partnered with Nanjing municipal government to create the Nanjing Taiwan Trade Mart, thus establishing a cross-Strait commercial trading platform.

2012 Construction of two office buildings in C1 land plot of Nanjing Walsin Centro completed and transferred to the Jiangsu Branch of the China Development Bank and the Nanjing Branch of China Guangfa Bank.

2013 Cold rolled steel coil production officially commenced at the Taichung Harbor stainless steel roll plant.

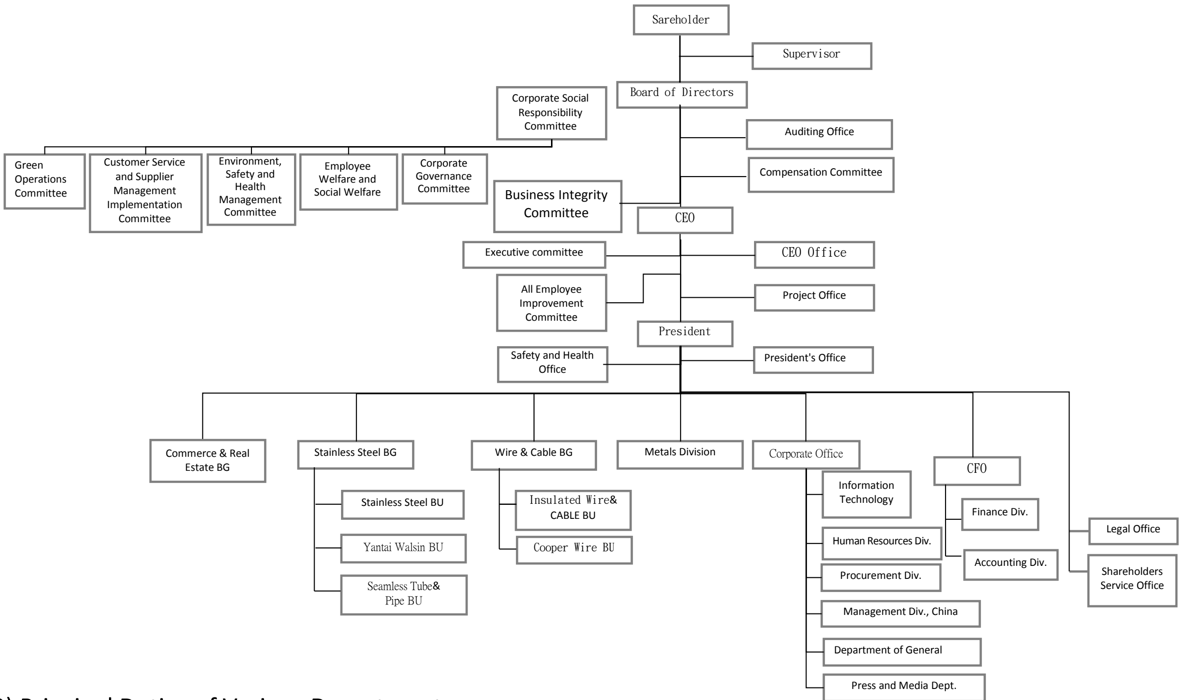
2014 First batch of residential buildings in C2 land plot in Nanjing Walsin Centro sold; phased development of D and AB land plots planned.

2015 Breakthrough of bottleneck in Taiwan-region steel production, with growth in aggregate steel production, reaching an annual production of 480,000 tons.

III Corporate Governance Report

1. Organizational Structure

(1) Corporate Organizational Structure Chart (March 30, 2016)



(2) Principal Duties of Various Departments

Department	Duties, Functions
Compensation Committee	Drafting and periodically reviewing the performance evaluation of Board Directors, Supervisors, and managers, as well as the policy, system, standard, and structure of compensation. Periodically evaluating and determining the compensation for Board Directors, Supervisors and managers.
Business Integrity Committee	Determining business integrity policies and prevention programs and monitoring, with periodic reporting to the Board of Directors.
Corporate Social Responsibility Committee	Determining the Company's vision and policies for sustainable development, reviewing the operations of the overall group and individual functional committees, including supervising the implementation effectiveness, through periodic meetings and reporting annually to the Board of Directors on CSR accomplishments.
Corporate Governance Committee	Establishing effective corporate governance framework and relevant moral standards and matters, to aid the Company's corporate governance.
Employee Welfare and Social Welfare Committee	Promoting and creating a safe and healthy working environment for employees, determining reasonable employee remunerations and benefits and elaborating a social welfare policy with a proactive approach to engaging in public welfare, social care and corporate social responsibility education, with specific and continuous actions to contribute to society.
Environment, Safety and Health Management Committee	Determining and promoting the Walsin environmental and safety and health policies and monitoring and reporting on performance of implementation; comprised of a cross-division director and members of relevant divisions that will integrate and promote the relevant issues across all divisions.
Customer Service and Supplier Management Implementation Committee	Determining policies and implementation plans for improving customer service quality and managing suppliers and monitoring and reporting on performance of implementation; comprised of a cross-division director and members of relevant divisions that will integrate and promote the relevant issues across all divisions.
Green Operations Committee	Determining green operations policy and, based on the implementation status of corporate social responsibility, finding green products and services with future value, including having green operating be a guide for product design, raw material procurement, manufacturing, sales and service systems.
Auditing Office	Planning and auditing internal auditing systems.
All Employee Improvement Committee	Promoting Company-wide events, utilizing internal and external resources to help various operations to develop various improvement activities, periodically reviewing implementation results and progress and providing assistance and consultation in a timely fashion.
Project Office	Promoting and implementing various projects
Legal Office	Responsible for avoiding and reducing legal risks faced by the Company in order to protect tangible and intangible assets.
Shareholders Service Office	Managing the Company's share-related affairs.
Safety and Health Office	Managing affairs related to Company safety and health.
Wire & Cable BG	Improving and managing technologies and projects associated with the manufacture, sale and production of copper wire materials, power cables, communication cables, steel cables and industrial electric cables; establishing core competitiveness through systemization and institutionalization; and endeavoring to enhance product quality and service level, reduce costs, and control management risks.
Stainless Steel BG	Improving and managing technologies and projects associated with the manufacture, sales and production of stainless steel products, including billets, slabs, hot-rolled steel sheets, hot-rolled steel coils, cold-rolled steel coils, wire rod, hot-rolled bars, cold-finish bars, pierced billet, seamless tubes, stainless steel sheets, stainless steel filaments, peeling sticks, electroslag re-melting ingots and alloy steel billets; establishing core competitiveness through systemization and institutionalization; and endeavoring to enhance product quality and service level, reduce costs, and control management risks.
Commerce & Real Estate BG	Developing mixed-use commercial properties managing real estate and other related matters.
Metals Division	Responsible for the procuring raw materials, management and control of raw material price risks and other related matters.
Finance Div.	Responsible for capital allocation and utilization, financial planning, investment management, risk management and other related matters.
Accounting Div.	Accounting, asset management, credit management, operating analysis and other related matters.
Information Technology Div.	Information security, development and promotion of core systems, providing the Company and its business units with information and information integrated services.
Human Resources Div.	Organization planning, drafting of human resources policies and employment and performance reviews, performance management, personnel administration, remuneration and benefits, learning and development, employee relations, establishment of a human resources system and other related matters.
Procurement Div.	Procurement management and planning, raising procurement capabilities, promotion of procurement operations and other related matters.
Management Div., China	Providing overseas operations with financial, accounting, information, and tax-related management and services in accordance with Company policies.
Department of General Affairs	Handling general affairs, managing vehicles, and other various administrative affairs.
Press and Media Dept.	Maintaining the Company's corporate image, communicating with the media, internal communication and other related matters.

2. Profiles of Board Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents and Department Heads

(1) Directors and Supervisors

Title	Nationality or Country of Registration	Name	Date Appointed	Term	Date First Elected	Shares Held when Elected		Shares Currently Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others		
						Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	
Chairman	R.O.C.	Yu-Lon Chiao	103.06.11	3 years	70.04.10	45,961,773	1.29%	45,961,773	1.29%	19,638,314	0.55%	0	0.00%	
Vice Chairman	R.O.C.	Yu-Cheng Chiao	103.06.11	3 years	70.04.10	39,508,661	1.10%	39,508,661	1.10%	19,032,428	0.53%	0	0.00%	
Director	R.O.C.	Yu-Heng Chiao	103.06.11	3 years	79.04.18	58,957,197	1.65%	58,392,197	1.63%	13,255,828	0.37%	0	0.00%	
Director	R.O.C.	Hui-Ming Zheng	103.06.11	3 years	91.06.10	700,000	0.02%	1,000,000	0.03%	0	0.00%	0	0.00%	
Director	R.O.C.	Jih-Chang Yang	103.06.11	3 years	97.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	
Director	R.O.C.	Wen-Chung Chang	103.06.11	3 years	91.06.10	514,786	0.01%	1,200,786	0.03%	200,233	0.01%	0	0.00%	
Director	R.O.C.	Wu-Shung Hong	103.06.11	3 years	61.06.24	877,316	0.02%	859,316	0.02%	775	0.00%	0	0.00%	
Director	R.O.C.	Wei-Shin Ma	103.06.11	3 years	103.06.11	244,033	0.01%	244,033	0.01%	62,197,222	1.74%	0	0.00%	
Independent Director	R.O.C.	Ming-Ling Hsueh	103.06.11	3 years	103.06.11	0	0.00%	0	0.00%	0	0.00%	0	0.00%	

December 31, 2015

Education/Work experience	Current Other Positions	Other Officer, Director or Supervisor who is the Spouse or a Relative Within the Second Degree		
		Position	Name	Relationship
Graduated from University of Washington Business Administration.	The Company's CEO; Chairman of Concord Financial Co., Ltd., Walsin-IEI; Vice Chairman of Hangzhou Walsin Power Cable & Wire Co., Ltd. and Jiangsu Taiwan Development Co., Ltd.; Director of Walton Advanced Engineering, Inc., Jincheng Construction Co., Ltd., Walsin Lihwa Holding Co., Ltd., Walsin Specialty Steel Holding Co., Ltd., Walsin Specialty Steel Co., Ltd., Walsin (Nanjing) Real Estate Development Co., Ltd. and Nanjing Walsin Expo Exhibition Co., Ltd.	Vice Chairman Director Director Wire & Cable BG President	Yu-Cheng Chiao Yu-Heng Chiao Wei-Shin Ma Yu-Hwei Chiao	Older brother Younger brother Sister-in-law Younger sister
University of Washington Masters of Electrical Engineer and Business Administration; the Company's former chairman.	Chairman of Winbond Electronics Corporation, Jinxin Investment Co., Ltd and Nuvoton Technology Corp; Director of Walsin Technology Corporation, Jincheng Construction Co., Ltd., Walsin Lihwa Holding Co., Ltd, Walsin Specialty Steel Holding Co., Ltd, Walsin Specialty Steel Corporation, United Industrial Gases Co., Ltd., Baystar Holdings Ltd., Marketplace Management Limited, Newfound Asian Corporation, Peaceful River Corporation, Pigeon Creek Holding Co., Ltd., Winbond Electronics Corporation America, Winbond Int'l Corporation, Landmark Group Holdings Ltd., Nuvoton Investment Holding Ltd.; Supervisor, MiTAC Holdings Corporation; CEO of Winbond Electronics Corporation; Manager, Goldbond LLC; Convener of Compensation Committee of Taiwan Cement Corp.; Member of Compensation Committee of Synnex Technology International Corp.	Chairman Director Director Wire & Cable BG President	Yu-Lon Chiao Yu-Heng Chiao Wei-Shin Ma Yu-Hwei Chiao	Younger brother Younger brother Sister-in-law Younger sister
Golden Gate University, Master of Business Administration; the Company's former vice president and vice chairman.	Chairman of Walsin Technology Corporation, Walton Advanced Engineering, Inc., HannStar Board Corp., Global Brands Manufacture, Prosperity Dielectrics Co., Ltd., HannStar Color Co. Ltd., HannStar Board Corporation (Jiangyi) and VVG Co., Ltd.; Director of Info-Tek Corporation, Yu Yue Corporation	Chairman Vice Chairman Director Wire & Cable BG President	Yu-Lon Chiao Yu-Cheng Chiao Wei-Shin Ma Yu-Hwei Chiao	Older brother Older brother Sister-in-law Older sister
Master in Business Administration, Kelley School of Business at Indiana University. Master in Science in Chemical Engineering, University of California, Los AngelesFormer CFO at HTC Corporation	The Company's President; Director of Winbond Electronics Corporation, Da-Sheng Venture Capital Co., Ltd., Da-Sheng Yi-I Venture Capital Co., Ltd., Acme Electronics Corporation and Gogoro Taiwan Limited.	None	None	None
Ph.D. in Mechanical Engineering, Washington University, USA; Deputy Director, Industrial Technology Research Institute (ITRI); Director, Energy and Resources Laboratories; Executive President, Applied Science and Technology Research Institute (Hong Kong).	Special Expert, ITRI	None	None	None
Master, National Sun Yat-Sen University; former President of Yieh Mau Corporation, President of Lian Gang Heavy Industry Co., Ltd. and Yieh United Steel Corp.	The Company's President of Specialty Steel BG Chairman of Yantai Walsin Stainless Steel Co., Ltd., Chang Shu Walsin Specialty Steel Co., Ltd., Shanghai Baihe Walsin Lihwa Specialty Steel Products Co., Ltd., Jiangyin Huaxin Special Alloy Material Co., Ltd.	None	None	None
Graduated from the Department of Architecture of Feng Chia University	Chairman of Jincheng Construction Co., Ltd.; Director of Walsin (Nanjing) Real Estate Development Co., Ltd.	None	None	None
Peking University, Master of Business Administration for Senior Managers, University of California (Berkeley), Department of East Asian Languages; Chairman of Chairman, Yuanta Securities Investment Trust Corporation, Special Assistant to Chairman of Yuanta Securities Corporation, Chairman of HannStar Display Corp.	Chairman of HannsTouch Solution Inc., Xingshiyuema Investment Co., Ltd. and Yuemayihao Investment Co., Ltd.; Director of HannStar Display Corp.; Supervisor of Unity Opto Corp.	Chairman Vice Chairman Director Wire & Cable BG President	Yu-Lon Chiao Yu-Cheng Chiao Yu-Heng Chiao Yu-Hwei Chiao	Brother-in-law Brother-in-law Brother-in-law Sister-in-law
Soochow University, Master in Accountancy; Bloomsburg University of Pennsylvania, Master of Business Administration; President of PricewaterhouseCoopers Taiwan; Chairman of PwC Taiwan Education Foundation; Adjunct Professor at National Taiwan University of Science and Technology; Executive Governor of Taiwan Corporate Governance Association.	Director of Financial Literacy & Education Association; Accountant of PwC Taiwan.	None	None	None

Title	Nationality or Country of Registration	Name	Date Appointed	Term	Date Appointed	Shares Held when Appointed		Shares Currently Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others	
						Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Independent Director	R.O.C.	King-Ling Du	103.06.11	3 years	103.06.11	0	0.00%	0	0.00%	15,000	0.00%	0	0.00%
Independent Director	R.O.C.	Shiang-Chung Chen	103.06.11	3 years	103.06.11	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Supervisors	R.O.C.	Wen-Yuan Chu	103.06.11	3 years	94.05.31	3,694,218	0.10%	3,774,276	0.11%	0	0.00%	0	0.00%
Supervisors	R.O.C.	Walsin Technology Corporation Representative: Yeu-Yuh Chu	103.06.11	3 years	Corporate entity: 98.06.19 Representative: 94.05.31	7,170,000 55,065	0.20% 0.00%	19,657,000 55,065	0.55% 0.00%	- 692	- 0.00%	- 0	- 0.00%
Supervisors	R.O.C.	In-Shek Hsu	103.06.11	3 years	103.06.11	0	0.00%	0	0.00%	0	0.00%	0	0.00%

Subsequent Note: 1. Wen-Chung Chang resigned as a director on March 1, 2016 due to personal reasons.
2. Addition of adjunct professorship at the National Taiwan University of Science and Technology commencing March 2015 for Independent Director Ming-Ling Hsueh, in addition to director of Financial Literacy & Education Association (FINLEA) and accountant at PwC Taiwan.

1. Major Shareholders of Institutional Shareholders

December 31, 2015

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Walsin Technology Corporation	Walsin Lihwa Corporation	18.30%
	HannStar Board Corporation	6.85%
	Walton Advanced Engineering, Inc.	2.75%
	Yu-Heng Chiao	2.32%
	Kim Eng Securities Private Co., Ltd. investment account under the custodianship of Citibank	2.21%
	Winbond Electronics Corporation	1.88%
	HannStar Color Co. Ltd	1.68%
	Dimensional Emerging Market Evaluation Fund under the custodianship of Citibank (Taiwan)	1.40%
	Zhi Jia Investment Limited	1.37%
	Norges Bank investment account under the custodianship of JPMorgan Chase Bank	1.37%

Note: Names of institutional shareholders who retain the top ten percentages of shares.

Education/Work experience	Current Other Positions	Other Officer, Director or Supervisor who is the Spouse or a Relative Within the Second Degree		
		Position	Name	Relationship
Mississippi State University, Masters in Mechanical Engineering; New York University, financial management research; Stanford University, Advance marketing research; U.S. representative of China Steel Corporation (Steel Division, U.S. Purchasing Group of Executive Yuan), Deputy General Manager of Business Department, Engineering Department, Corporate Planning Department, and Executive Deputy General Manager; General Manager, Kaohsiung Rapid Transit Corporation; Chairman, China Ecotek Corporation.	Chairman of Best Wealth Investment Limited; Director of Sheh Fung Screws Co., Ltd., Brighton-Best International (Taiwan) Inc., Green river Holding Co., Ltd. and Powertec Energy Corp.; Independent Director of Ta Liang Technology Co., Ltd. and Sheh Kai Precision Co., Ltd.	None	None	None
The School of Industrial Engineering at Purdue University; General Manager of Mercuries Data Systems Ltd.	Chairman and General Manager of Mercuries Data Systems Ltd.; Director of Mercuries Data Systems Ltd., Mercuries Holdings Corporation, Wayia.com Inc., Hipact Tech Inc., Mercuries Consulting Ltd., Shang-Ling Investment Inc., Shang-Hong Investment Inc. Nanjing Mercuries Information System Equipment Co., Ltd. and Digicentre Co., Ltd; Independent Director of Keyware Electronic, Corp.	None	None	None
MBA in Finance; Finance Director, former Citi Insurance (Singapore), President, Composers and Authors Society of Singapore, President, Walsin Lihwa Corporation, Hong Kong, General Manager, Integral Chemical Co (Shanghai), General Manager, Xcellink Pte. Ltd. (Singapore), Independent Director, Global Brands Manufacture Limited	Vice President of Walsin Technology Corporation; Supervisor of HannStar Board Corporation.	None	None	None
Graduated from International Trade Dept., Feng Chia University; former Manager of Overseas Sales Department, Manager of Domestic Sales Department; Assistant Manager, Vice President, President of Walsin Technology Corporation.	Director of Walsin Technology Corporation and HannStar Board Corporation; and Supervisor of Winbond Electronics Corporation; Director and President of Global Brands Manufacture Limited.	None	None	None
Ph.D., University of Southern California President of Winbond Electronics Corporation and Nuvoton Technology Corp.	Vice Chairman of Nuvoton Technology Corp.; Director of Winbond Int'l Corp., Landmark Group Holdings Ltd., Winbond Electronics Corporation Japan, Baystar Holdings Ltd., Nuvoton Electronics Technology (Shenzhen) Limited, Winbond Technology (Nanjing) Co., Nuvoton Technology Corp. America, Director of Nuvoton Technology Israel Ltd., Nuvoton Investment Holding Ltd., Marketplace Management Limited, and Pigeon Creek Holding Co., Ltd.	None	None	None

2. Major Shareholders in Previous Table who are Juristic Persons and their Major Shareholders

March 27, 2016

Name of Juristic Person	Major Shareholders of Juristic Person (Note)	Shareholding
Walsin Lihwa Corporation	LGT Bank (Singapore) Investment Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	5.96%
	Winbond Electronics Corporation	5.59%
	Chin-Xin Investment Co., Ltd	4.98%
	Yu-Hwei Chiao	2.58%
	Vanguard Emerging Markets Stock Index Fund under the custody of Standard Chartered	1.67%
	Pai-Yung Hong	1.67%
	Yu-Heng Chiao	1.63%
	Yu-Chi Chiao	1.44%
	Walsin Lihwa Employee Welfare Committee	1.34%
	Dimensional Emerging Market Evaluation Fund under the custody of Citibank (Taiwan)	1.31%

Note: Names of top ten shareholders.

December 31, 2015

Name of Juristic Person	Major Shareholders of Juristic Person (Note)	Shareholding
HannStar Board Corporation	Walsin Technology Corporation	20.08%
	Walsin Lihwa Corporation	12.94%
	Chin-Xin Investment Co., Ltd	3.81%
	Pai-Yung Hong	1.86%
	BNP Paribas Wealth Management Bank Singapore Branch under the custody of HSBC	1.60%
	HannStar Color Co. Ltd.	1.28%
	HannStar Board Corporation	1.10%
	UBS AG under the custody of HSBC	0.97%
	Yu-Heng Chiao	0.90%
	LGT Bank (Singapore) Investment Fund under the custody of Chase Bank	0.79%

Note: Names of top ten shareholders.

December 31, 2015

Name of Juristic Person	Major Shareholders of Juristic Person (Note)	Shareholding
Walton Advanced Engineering, Inc	Walsin Lihwa Corporation	22.70%
	Winbond Electronics Corporation	10.37%
	Toshiba	10.21%
	Walsin Technology Corporation	6.60%
	The New Labor Pension Fund	1.41%
	Yu-Heng Chiao	1.41%
	HannStar Color Co. Ltd.	1.05%
	Yu-Lon Chiao	1.01%
	Pacific Electric Wire & Cable Co., Ltd.	0.94%
	BNP Paribas Wealth Management Bank Singapore Branch under the custody of HSBC	0.72%

Note: Names of top ten shareholders.

December 31, 2015

Name of Juristic Person	Major Shareholders of Juristic Person (Note)	Shareholding
Winbond Electronics Corporation	Walsin Lihwa Corporation	22.66%
	Chin-Xin Investment Co., Ltd	4.05%
	Yu-Cheng Chiao	1.63%
	Dimensional Emerging Market Evaluation Fund under the custody of Citibank (Taiwan)	1.42%
	ABP Pension Investment Fund under the custody of JPMorgan Chase Bank	1.05%
	Pai-Yung Hong	0.90%
	Benefit Trend International Account under the custody of Deutsche Bank	0.86%
	Yu-Lon Chiao	0.83%
	Yu-Heng Chiao	0.82%
	LGT Bank (Singapore) Investment Fund under the custody of Chase Bank	0.70%

Note: Names of top ten shareholders.

December 31, 2015

Name of Juristic Person	Major Shareholders of Juristic Person (Note)	Shareholding
Zhi Jia Investment Limited	Gigabtye Technology Co., Ltd.	100%
HannStar Color Co. Ltd.	Walsin Lihwa Corporation	33.97%
	Walsin Technology Corporation	26.62%
	Chin-Xin Investment Co., Ltd	8.23%
	Global Brands Manufacture Limited	6.83%
	Central Investment Limited	4.07%
	HannStar Board Corporation	2.91%
	Walton Advanced Engineering, Inc.	2.48%
	HannStar Display Corporation	2.12%
	Prosperity Dielectrics Co., Ltd.	2.02%
	Yu-Heng Chiao	1.51%

Note: Names of top ten shareholders.

3. Work Experience, Specialized Knowledge and Independence of Directors and Supervisors

December 31, 2015

Qualification / Name	Whether possessing at least five-year work experience and the following specialized qualifications			Fulfills Independence Criteria (Note)										Number of other public companies in which the Director also serves as an independent Director
	An instructor or higher position in the department of commerce, law, finance, accounting or other department related to the business needs of the Company in a public or private junior college or university	A judge, public prosecutor, attorney, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate	Having work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	
Yu-Lon Chiao	No	No	Yes					V				V	V	0
Yu-Cheng Chiao	No	No	Yes	V								V	V	0
Yu-Heng Chiao	No	No	Yes	V	V					V		V	V	0
Hui-Ming Zheng	No	No	Yes			V	V		V	V	V	V	V	0
Jih-Chang Yang	No	No	Yes	V	V	V	V	V	V	V	V	V	V	0
Wen-Chung Chang	No	No	Yes			V	V	V		V	V	V	V	0
Wu-Shung Hong	No	Yes	Yes			V					V	V		0
Wei-Shin Ma	No	No	Yes	V	V			V	V	V		V	V	0
Ming-Ling Hsueh	Yes	Yes	Yes	V	V	V	V	V	V	V	V	V	V	0
King-Ling Du	No	No	Yes	V	V	V	V	V	V	V	V	V	V	2
Shiang-Chung Chen	No	No	Yes	V	V	V	V	V	V	V	V	V	V	1
Wen-Yuan Chu	No	No	Yes	V	V	V	V	V	V	V	V	V	V	0
Walsin Technology Corporation Representative: Yeu-Yuh Chu	No	No	Yes	V	V	V	V	V	V	V	V	V		0
In-Shek Hsu	No	No	Yes	V	V	V	V		V	V	V	V	V	0

Note: If the Director or Supervisor meets any of the following criteria in the two years before being elected or during the term of office, please check "✓" in the corresponding boxes:

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

(2) Not a director or supervisor of the Company's affiliates (the same does not apply if the person is an independent director of the Company or its parent company, or any subsidiary in which the Company holds, directly and indirectly, more than 50% of the voting shares).

(3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.

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

(5) Not a director, supervisor or employee of a juristic-person shareholder that holds directly 5% or more of the total number of outstanding shares of the Company or ranks in the top five shareholders.

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

(7) Not a professional or an owner, partner, director, supervisor, manager or a spouse of the abovementioned who provides commercial, legal, financial, accounting services or consultation to the Company or an affiliate of the Company, excluding members of compensation committee who exercise power in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

(8) Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.

(9) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.

(10) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.

(2) Profiles of President, Vice Presidents, Assistant Vice Presidents, and Department Directors

Title	Nationality	Name	Date Appointed	Shares Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others	
				Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
CEO	R.O.C.	Yu-Lon Chiao	94.05.31	45,961,773	1.29%	19,638,314	0.55%	0	0.00%
President	R.O.C.	Hui-Ming Zheng	100.04.28	1,000,000	0.03%	0	0.00%	0	0.00%
Stainless Steel BG President	R.O.C.	Wen-Chun Chang	91.06.10	1,200,786	0.03%	300,233	0.01%	0	0.00%
President of Wire & Cable BG	R.O.C.	Yu-Hwei Chiao	92.05.15	80,279,006	2.24%	0	0.00%	0	0.00%
Stainless Steel BG Vice President	R.O.C.	Cheng-Chiang Chen	99.05.01	244,722	0.01%	0	0.00%	0	0.00%
Stainless Steel BG Vice President	R.O.C.	Juei-Lung Chen	99.07.01	100,800	0.00%	0	0.00%	0	0.00%
Stainless Steel BG Vice President	R.O.C.	Tien-Rong Chen	101.08.28	25,300	0.00%	0	0.00%	0	0.00%
Vice President of Critical Materials Management	R.O.C.	Tung-Ben Lin	99.05.01	0	0.00%	2,735	0.00%	0	0.00%
Vice GM of Wire & Cable BG	R.O.C.	Jin-Ren Lu	103.08.13	40,900	0.00%	11,000	0.00%	0	0.00%
Vice GM of Wire & Cable BG	R.O.C.	Chih-Cheng Liao	103.08.13	70,963	0.00%	0	0.00%	0	0.00%

December 31, 2015

Education/work experience	Other current positions at other companies	Manager who is the spouse or a relative within the second degree			Manager acquiring share warrants
		Position	Name	Relationship	
Graduated from University of Washington Business Administration.	Chairman of Concord Financial Co., Ltd., Walsin-IEI; Vice Chairman of Hangzhou Walsin Power Cable & Wire Co., Ltd. and Jiangsu Taiwan Development Co., Ltd.; Director of Walton Advanced Engineering, Inc., Jincheng Construction Co., Ltd., Walsin Lihwa Holding Co., Ltd., Walsin Specialty Steel Holding Co., Ltd., Walsin Specialty Steel Co., Ltd., Walsin (Nanjing) Real Estate Development Co., Ltd. and Nanjing Walsin Expo Exhibition Co., Ltd.	Wire & Cable BG President	Yu-Hwei Chiao	Younger sister	None
Master in Business Administration, Kelley School of Business at Indiana University. Master in Science in Chemical Engineering, University of California, Los AngelesFormer CFO at HTC Corporation	Director of Winbond Electronics Corporation, Da-Sheng Venture Capital Co., Ltd., Da-Sheng Yi-I Venture Capital Co., Ltd., Acme Electronics Corporation and Gogoro Taiwan Limited.	None	None	None	None
Master, National Sun Yat-Sen University; former President of Yieh Mau Corporation, President of Lian Gang Heavy Industry Co., Ltd. and Yieh United Steel Corp.	Chairman of Walsin Precision Technology Co., Ltd., Yantai Walsin Stainless Steel Co., Ltd., Chang Shu Walsin Specialty Steel Co., Ltd., Shanghai Baihe Walsin Lihwa Specialty Steel Products Co., Ltd., Jiangyin Huaxin Special Alloy Material Co., Ltd.	None	None	None	None
MBA at College of Notre Dame; Former Company clerk, secretary, Vice Manager of Finance Dept., Special Assistant to GM, Assistant Vice President of Investment Dept., Assistant Vice President of Financial Dept., Head of Financial Investment Dept., Assistant Vice President of Metals Management Center and Financial Investment Management Center.	Chairman of Dong Guan Walsin Wire & Cable Ltd., Nanjing Walsin Metal Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.; Director of Renowned International Co., Ltd., Vila Vila Corp., Jiangying Walsin Steel Cable Co., Ltd.; Liquidator of Goldin Investment Co., Jin Cherng Business Management and Consulting Corp.	CEO	Yu-Lon Chiao	Older brother	None
Accounting Graduate School, National Taiwan University; Audit Team Leader of Deloitte Touche Tohmatsu Limited, Financial Assistant Manager of Promisedland, Partner of GACPA, Partner of Tianyao United Accountants, Manager of Performance Analysis Dept. of Financial Service Center, Head of Financial Service Center, Deputy Chief of Financial Service Center, Head of Accounting Div., Head of Management Div., China.	Chairman of Xi'an Lv Jing Technology Co., Ltd., Xi'an Walsin Metal Product Co., Ltd.; Director of Walsin International Investment, Walsin China Investment Co., Ltd., Yantai Walsin Stainless Steel Co., Ltd., Shanghai Baihe Walsin Lihwa Specialty Steel Products Co., Ltd.,; Supervisor of Shaanxi Tianhong Silicon Industrial Co., Ltd.	None	None	None	None
Graduated from Industrial Management Dept. of Tung Fang Design Institute; former Head and Chief Marketing Officer of Sales Div. of Stainless Steel Dept.; Vice GM of Stainless Steel BG.	Director of Kuang Tai Metal Industrial Co.	None	None	None	None
Master of Mechanical Engineering Graduate School of National Taiwan University of Science and Technology.	Vice Chairman of Changshu Walsin Specialty Steel Co., Ltd.; Director of Shanghai Baihe Walsin Lihwa Specialty Steel Products Co., Ltd. and Yantai Walsin Stainless Steel Co., Ltd.	None	None	None	None
Statistics Dept., National Taipei University; Statistics Dept., National Taipei University; former Credit Assistant Mgr. at ABN AMRO Bank; Fx Transactions Assistant, Vice GM of Credit Lyonnais SA; Fx Transactions Vice GM of Royal Bank of Canada; Manager of Metals Section, Head of Metals Dept., Head of Metals Division, Vice GM of Copper BG.	Director of Nan Jing Walsin Metal Co., Ltd., Dong Guan Walsin Wire & Cable Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Dawnredwood Limited, Vila Vila Corp., Super Pilot Limited.	None	None	None	None
Masters, Department of Electrical Engineering, Yuan Ze University; The Company's Quality Assurance Department engineer; Section Chief of Inspection Section /Wire & Cable Manufacturing Section; Assistant Manager of Optical Communication Division/Communication Technology Division; Manager of Communication Technology/Quality Assurance Technology Division, Electrical Production/Communication Operation Division; Director of Xinzhuang BU; head of Insulated Wire & Cable BU.	Director of Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Chung Tai Technology Development Engineering Co., Ltd.	None	None	None	None
Tamkang University Mechanical Engineering major; Assistant GM of Dahong Company, Engineer of Qunxin Metals Co., Ltd., Representative of the Company's Private Electricity Division, Division Head of the Company's Public Electricity Copper Division, Assistant GM/GM of Nanjing Walsin, Department Head of Nanjing Walsin New Business Department, Sales Chief of Copper Wire Materials Division, Division Head of Copper Materials Sales Division, Division Head of Copper Wire Materials Business Division	Chairman of Jiangyin Huaxin Special Alloy Material Co., Ltd.; Director of Nanjing Walsin Metal Co., Ltd.,	None	None	None	None

Title	Nationality	Name	Date Appointed	Shares Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Others		
				Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	
Vice GM of Commerce & Real Estate BG	R.O.C.	Wen-Hu Pan	96.07.16	107,300	0.00%	0	0.00%	0	0.00%	
Head of Accounting Dept.	R.O.C.	Shu-Tin Lin	103.09.01	53,404	0.00%	0	0.00%	0	0.00%	
Head of Financial Dept.	R.O.C.	Si-Ru Pan	104.11.01	13,100	0.00%	0	0.00%	0	0.00%	

Note: The original Head of Financial Department was transferred to Head of Accounting Department on November 1, 2015.

Subsequent Note: Wen-Chun Chang’s term as Stainless Steel BG President was completed on February 28, 2016.

December 31, 2015

Education/work experience	Other current positions at other companies	Manager who is the spouse or a relative within the second degree			Manager acquiring share warrants
		Position	Name	Relationship	
MBA of US Tulane University; Former Deputy Chief of Accounting Div. of Namchow, Head of Accounting Div. of Royal Foods, Finance Chief of Marketing of Philips Taiwan Semiconductor, Finance Chief of Sales of Philips Asia Pacific Semiconductor, the Company's Accounting Head.	Chairman of Nanjing Walsin Property Management Co., Ltd.; Director of Walsin International Investment, Huatong International, Joint Success Enterprises Limited; Director and President of Jincheng Construction Co., Ltd., Walsin China Investment Co., Ltd., Walsin Lihwa (Changzhou) Co., Ltd.; President of Walsin (Nanjing) Real Estate Development Co., Ltd.	None	None	None	None
Bachelor of Accounting from National Taiwan University; Auditing Assistant Manager of Deloitte Touche Tohmatsu Limited Financial Manager of China Merchant Ltd., Dunpin Chemical Ltd., Manager of the Company's Investment Management Division, Controller of Wire & Cable BG, Insulated Wire & Cable BU, and Micro Optical-Mechanical-Electronic BG, Head of Financial Department.	Chairman of Xi'an Walsin United Technology Co., Ltd.; Director of Min Maw Precision Industry Corp., Jiangyin Huaxin Special Alloy Material Co., Ltd., Shaanxi Tianhong Silicon Industrial Co., Ltd., Ace Result Global Limited, Borrego Solar Systems, Inc.; Supervisor of Xi'an Walsin Opto-electronic Limited	None	None	None	None
Bachelor of Accounting from the National Chengchi University; previously Accountant at Fulin Jipin Restaurant, Assistant Accounting Professor at the National Chengchi University, Manager of the Company's Tax Division, Manager, Senior Manager and Project Associate Manager of the Company's Accounting Department, Project Manager of Comptroller, Controller, Manager in Investment Division, Manager of Cost Analysis Division and Project Manager of Accounting Department of Walsin Electric and Mechanical Co., Ltd.	Supervisor of Walsin Electric and Mechanical Co., Ltd., Min Maw Precision Industry Corp and Chung Tai Technology Development Engineering Co., Ltd.; Member of the Board of Supervisors of Nanjing Taiwan Trade Mart Management Co., Ltd., Walsin (Nanjing) Construction Limited, XiAn LyJing Technology Co., Ltd. and Shaanxi Optoelectronics Technology Co., Ltd.; Director of P.T. Walsin Lippo Industries; Liquidator of Touch Micro-system Technology Corporation.	None	None	None	None

3. Remunerations to Directors, Supervisors, the President and Vice Presidents in the Past Year

(1) Remuneration for Directors (including Independent Directors)

Title (Note 1)	Name (Note 1)	Director Remuneration								Ratio of total (A), (B), (C), and (D) to after-tax loss (%) (Note 11)	
		Remuneration (A)		Pension (B)		Director Bonus (C) (Note 2)		Business expense (D) (Note 3)			
		The Company	All companies in consolidated statements (Note 6)	The Company	All companies in consolidated statements (Note 6)	The Company	All companies in consolidated statements (Note 6)	The Company	All companies in consolidated statements (Note 6)	The Company	All companies in consolidated statements (Note 6)
Chairman	Yu-Lon Chiao	4,080,000	4,080,000	0	0	13,068,000	13,068,500	3,711,000	3,735,000	1.30	1.30
Vice Chairman	Yu-Cheng Chiao										
Director	Hui-Ming Zheng										
Director	Yu-Heng Chiao										
Director	Wen-Chung Chang										
Director	Jih-Chang Yang										
Director	Wu-Shung Hong										
Director	Wei-Shin Ma										
Independent Director	Ming-Ling Hsueh										
Independent Director	King-Ling Du										
Independent Director	Shiang-Chung Chen										

Remuneration Schedule

Range of Remuneration Paid to Directors	Name of Director			
	Aggregate of First Four Remunerations (A+B+C+D)		Aggregate of First Seven Remunerations (A+B+C+D+E+F+G)	
	Company (Note 8)	All Companies in Consolidated Statements (Note 9)	Company (Note 8)	All Companies in Consolidated Statements (Note 9)
Lower than NT$2,000,000	Hui-Ming Zheng, Yu-Heng Chiao, Wen-Chung Chang, Jih-Chang Yang, Wu-Shung Hong, Wei-Shin Ma, Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen	Hui-Ming Zheng, Yu-Heng Chiao, Wen-Chung Chang, Jih-Chang Yang, Wu-Shung Hong, Wei-Shin Ma, Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen	Yu-Heng Chiao, Jih-Chang Yang, Wu-Shung Hong, Wei-Shin Ma, Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen	Jih-Chang Yang, Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen
NT$2,000,000 up to NT$5,000,000	Yu-Lon Chiao, Yu-Cheng Chiao	Yu-Lon Chiao, Yu-Cheng Chiao	Yu-Cheng Chiao	Wu-Shung Hong
NT$5,000,000 up to NT$10,000,000				Wei-Shin Ma
NT$10,000,000 up to NT$15,000,000				
NT$15,000,000 up to NT$30,000,000			Yu-Lon Chiao, Hui-Ming Zheng, Wen-Chung Chang	Yu-Lon Chiao, Yu-Cheng Chiao, Hui-Ming Zheng, Wen-Chung Chang
NT$30,000,000 up to NT$50,000,000				Yu-Cheng Chiao
NT$50,000,000 up to NT$100,000,000				
NT$100,000,000 and above				
Total	11 people	11 people	11 people	11 people

Unit: NTD

Pay received as an employee												Ratio of total (A), (B), (C), (D), (E), (F) and (G) to after-tax income (%) (Note 11)		Remuneration received from Investees other than subsidiaries and businesses invested in by the Company (Note 7)
Salary, bonus and special allowance (E) (Note 4)		Pension (F)		Employee Bonus (G) (Note 5)				Shares subscribable under employee stock options (H)		Shares obtained through restricted stock award (I)				
The Company	All companies in consolidated statements (Note 6)	The Company	All companies in consolidated statements (Note 6)	The Company		All companies in consolidated statements (Note 6)		The Company	All companies in consolidated statements (Note 6)	The Company	All companies in consolidated statements (Note 6)	The Company	All companies in consolidated statements (Note 6)	
				Cash bonus	Stock bonus	Cash bonus	Stock bonus							
37,261,901	39,336,101	1,076,183	1,076,183	2,916,000	0	2,916,500	0	0	0	0	0	3.88	4.01	48,519,413

Note 1: This table lists the current Directors in 2015 and their aggregate remuneration.

Note 2: The amount is the proposed remuneration to Directors according to the most recent earnings distribution in 2015 that has been approved by the Board of Directors.

Note 3: Refers to the expenses incurred by Directors in 2015 to perform relevant duties (including transportation, attendance fees, special disbursements, and various allowances).

Note 4: Refers to the salaries, additional pay, severance pay, various rewards, incentives, treasury stock price difference, transportation subsidies, special allowance and various allowances received by Directors who are also employees (including as president, vice president, managers and employees) in 2015. The amount excludes Director Wu-Shung Hong's company car, with a book value of NT$0. Remuneration for drivers totaled NT$1,914,179/year.

Note 5: Refers to the amount of the proposed bonus (including cash and stock) according to the 2015 earnings distribution that has been approved by the Board of Directors for Directors also working as employees (including the position of president, vice president, other managerial officer and staff).

Note 6: The total pay to the Director from all companies in the consolidated statements (including the Company).

Note 7: a.This field shows the amount of remuneration a Director of the Company receives from investees other than subsidiaries of the Company.

b.The remuneration means pay, remuneration, bonus (including employee, director and supervisor bonus) and business expense received by the Director serving as a Director, Supervisor or manager of an investee of the Company other than subsidiaries.

Note 8: For the remuneration paid to Directors of the Company by the Company, names of every Director shall be disclosed in their corresponding range within the remuneration schedule.

Note 9: For the remuneration paid to Directors of the Company by all companies in the consolidated statements (including the Company), names of every Director shall be disclosed in their corresponding range within the remuneration schedule.

Note 10: For the remuneration paid to Directors of the Company by investees (including the Company itself), names of every Director shall be disclosed in their corresponding range within the remuneration schedule.

Note 11: After-tax net income refers to the after-tax net income of individual financial statement in 2015.

* The remuneration content disclosed in this table differs from the income concept of the Income Tax Act; therefore, this table acts as a form of information disclosure and does not serve for the purpose of taxation.

(2) Remuneration for Supervisors

Title (Note 1)	Name (Note 1)	Supervisor Remuneration			
		Remuneration (A)		Bonus (B) (Note 2)	
		The Company	All companies in consolidated statements (Note 4)	The Company	All companies in consolidated statements (Note 4)
Supervisor	Wen-Yuan Chu	0	0	3,267,000	3,267,000
Supervisor	In-Shek Hsu				
Juristic Supervisor and Representative	Walsin Technology Corporation Representative: Yeu-Yuh Chu				

Remuneration Schedule

Range of Remuneration Paid to Supervisors	Name of Supervisor	
	Aggregate of First Three Remunerations (A+B+C)	
	The Company (Note 6)	All Re-investments (Note 7)
Lower than NT$2,000,000	Wen-Yuan Chu, In-Shek Hsu, Walsin Technology Corporation Representative: Yeu-Yuh Chu	In-Shek Hsu, Walsin Technology Corporation Representative: Yeu-Yuh Chu
NT$2,000,000 up to NT$5,000,000		
NT$5,000,000 up to NT$10,000,000		Wen-Yuan Chu
NT$10,000,000 up to NT$15,000,000		
NT$15,000,000 up to NT$30,000,000		
NT$30,000,000 up to NT$50,000,000		
NT$50,000,000 up to NT$100,000,000		
NT$100,000,000 and above		
Total	3 persons	3 persons

(3) Remuneration to President and Vice President

Title (Note 1)	Name (Note 1)	Remuneration (A)		Pension (B) (Note 2)		Bonus, Special Allowance, etc. (C) (Note 3)	
		The Company	All companies in consolidated statements (Note 5)	The Company	All companies in consolidated statements (Note 5)	The Company	All companies in consolidated statements (Note 5)
CEO	Yu-Lon Chiao	44,457,487	45,864,386	3,458,076	3,458,076	34,463,918	34,487,918
President	Hui-Ming Zheng						
President of Wire & Cable BG	Yu-Hwei Chiao						
President of Stainless Steel BG	Wen-Chung Chang						
Vice GM of Commerce & Real Estate BG	Wen-Hu Pan						
Vice President of Metals Division	Tung-Ben Lin						
Vice GM of Wire & Cable BG	Jin-Ren Lu						
Vice GM of Wire & Cable BG	Chih-Cheng Liao						
Vice President of Stainless Steel BG	Tien-Rong Chen						
Vice President of Stainless Steel BG	Juei-Lung Chen						
Vice President of Stainless Steel BG	Cheng-Chiang Chen						

Unit: NTD

Business Expense (C) (Note 3)		Ratio of total (A), (B), and (C) to after-tax income (%) (Note 8)		Remuneration Received from Investees other than Subsidiaries (Note 5)
The Company	All companies in consolidated statements (Note 4)	The Company	All companies in consolidated statements (Note 4)	
777,000	777,000	0.25	0.25	4,779,750

Note 1: This table lists the current supervisors in 2015 and their aggregate remuneration.

Note 2: Refers to bonuses approved by the Board of Directors for distribution to Supervisors in 2015.

Note 3: Refers to the expenses incurred by Supervisors in 2015 to perform relevant duties (including transportation, attendance fees, special disbursements, and various allowances.

Note 4: Discloses the total pay to Supervisors from all companies in the consolidated statements (including the Company).

Note 5:a. This field shows the amount of remuneration Supervisors received from investees other than subsidiaries of the Company.

b. The remuneration means remuneration, bonus (including employee, director and supervisor bonuses) and business expense received by managerial officers ranking vice president or above serving as a Director, Supervisor or manager of an investee of the Company other than subsidiaries.

Note 6: For the remuneration the Company has paid, names of every Supervisors shall be disclosed in their corresponding range within the remuneration schedule.

Note 8: For the remuneration paid to Supervisors by investees (including the Company itself), names of every Supervisor shall be disclosed in their corresponding range within the remuneration schedule.

Note 8: After-tax net income refers to the after-tax net income of individual financial statement in 2015.

＊The remuneration content disclosed in this table differs from the income concept of the Income Tax Act; therefore, this table acts as a form of information disclosure and does not serve for the purpose of taxation.

Unit: NTD

Employee Bonus (D) (Note 4)				Ratio of (A), (B), (C), and (D) to after-tax income (%) (Note 9)		Shares Subscribable under Employee Stock Options		Shares Obtained through Restricted Stock Awards		Remuneration received from Investees other than subsidiaries (Note 6)
The Company		All Companies in Consolidated Statements (Note 5)		The Company	All Companies in Consolidated Statements (Note 5)	The Company	All Companies in Consolidated Statements (Note 5)	The Company	All Companies in Consolidated Statements (Note 5)	
Cash bonus	Stock bonus	Cash bonus	Stock bonus							
7,308,360	0	7,308,360	0	5.60	5.69	0	0	0	0	3,085,000

華新麗華 一〇四年年報

Remuneration Schedule

Range of Remuneration Paid to Presidents and Vice Presidents	Name of Presidents and Vice Presidents	
	The Company (Note 7)	All Reinvestments (Note 8)
Lower than NT$2,000,000		
NT$2,000,000 up to NT$5,000,000	Jin-Ren Lu, Chih-Cheng Liao, Tien-Rong Chen	Jin-Ren Lu, Chih-Cheng Liao, Tien-Rong Chen
NT$5,000,000 up to NT$10,000,000	Wen-Hu Pan, Tung-Ben Lin, Juei-Lung Chen, Cheng-Chiang Chen	Wen-Hu Pan, Tung-Ben Lin, Juei-Lung Chen, Cheng-Chiang Chen
NT$10,000,000 up to NT$15,000,000	Yu-Lon Chiao, Hui-Ming Zheng, Yu-Hwei Chiao, Wen-Chung Chang	Yu-Lon Chiao, Hui-Ming Zheng, Wen-Chung Chang
NT$15,000,000 up to NT$30,000,000		Yu-Hwei Chiao
NT$30,000,000 up to NT$50,000,000		
NT$50,000,000 up to NT$100,000,000		
NT$100,000,000 and above		
Total	11 persons	11 persons

Note 1: This table lists the current Presidents and Vice Presidents in 2015 and their aggregate remuneration.
Note 2: Refers to pension set aside pursuant to the law.
Note 3: Refers to the various rewards, incentives, car rental fee, transportation subsidies, special allowance and other allowances received by managerial officers ranking vice president or above. Remuneration for drivers totaled NT$2,919,713/year.
Note 4: Refers to employee bonuses (including stock and cash bonuses) approved by the Board of Directors for distribution to managerial officers ranking vice president or above.
Note 5: Discloses the total pay to managerial officers ranking vice president or above from all companies in the consolidated statements (including the Company).
Note 6:a. This field shows the amount of remuneration managerial officers ranking vice president or above received from investees other than subsidiaries of the Company.
b. The remuneration means remuneration, bonus (including employee, director and supervisor bonuses) and business expense received by managerial officers ranking vice president or above serving as a Director, Supervisor or manager of an investee of the Company other than subsidiaries.
Note 7: For the remuneration the Company has paid, names of every managerial officers ranking vice president or above shall be disclosed in their corresponding range within the remuneration schedule.
Note 8: For the remuneration paid to managerial officers ranking vice president or above by investees (including the Company itself), names of every managerial officer ranking vice president or above shall be disclosed in their corresponding range within the remuneration schedule.
Note 9: After-tax net income refers to the after-tax net income of individual financial statement in 2015.
*The remuneration content disclosed in this table differs from the income concept of the Income Tax Act; therefore, this table acts as a form of information disclosure and does not serve for the purpose of taxation.

(4) Distribution of Employee Bonus to Managers

March 30, 2016

	Position	Name	Stock bonus	Cash bonus	Total	Percentage of the total to the after-tax net income (%)
Managers	CEO	Yu-Lon Chiao	0	7,893,374	7,893,374	0.49
	President	Hui-Ming Zheng				
	President of Wire & Cable BG	Yu-Hwei Chiao				
	President of Stainless Steel BG	Wen-Chung Chang (Note 1)				
	Vice GM of Commerce & Real Estate BG	Wen-Hu Pan				
	Vice President of Critical Materials Management	Ben-Tung Lin				
	Vice GM of Wire & Cable BG	Jin-Ren Lu				
	Vice GM of Wire & Cable BG	Chih-Cheng Liao				
	Vice President of Stainless Steel BG	Tien-Rong Chen				
	Vice President of Stainless Steel BG	Juei-Lung Chen				
	Vice President of Stainless Steel BG	Cheng-Chiang Chen				
	Head of Accounting Dept.	Shu-Tin Lin (Note 2)				
	Head of Financial Dept.	Si-Ru Pan (Note 2)				

Note 1: President of Stainless Steel BG Wen-Chung Chang retired on February 28, 2016 and transitioned to being a consultant to the Company.
Note 2: Former Head of Financial Department Shu-Tin Lin transferred to become the Head of Accounting Department on November 1, 2015. The position of Head of Financial Department was succeeded by Ms. Si-Ru Pan.
※This table shows all current managerial officers as of the year 2015 as well as a summary of employee bonuses (including stock bonus and cash bonus) given to managerial officers according to the most recent earnings distribution in 2014 that has been approved by the Board of Directors.
※ After-tax net income refers to the after-tax net income of individual financial statement in the year 2015.

(5) Analysis of remunerations to Directors, Supervisors, president and Vice Presidents as a percentage of earnings in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

1. Analysis of remunerations to Directors, Supervisors, president and vice presidents as a percentage of earnings in the last two years：

Position	Total remunerations as a percentage (%) of after-tax net income (losses)			
	2015		2014	
	The Company	Companies in Consolidated Statements	The Company	Companies in Consolidated Statements
Directors	3.88	4.01	2.89	2.99
Supervisors	0.25	0.25	0.03	0.03
Presidents and Vice Presidents	5.60	5.69	4.60	4.68

2. Description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

The Company's policy for remunerating its Directors and Supervisors is formulated based on the Company Law and the Company's regulations. The Company's operating strategy, profitability, future development and industry condition have also been taken into account. The Compensation Committee usually submits a proposal, which is passed at a Board meeting before the policy takes effect.

The Company’s remuneration policy toward Presidents and Vice Presidents is formulated based on operating strategy, profitability, performance and contribution to the Company. Prevailing market salary level is also taken into account. The policy is submitted by the Compensation Committee and takes effect after it is passed at a Board meeting.

The said principles may be adjusted based on economic conditions, the Company's future development, profitability and operating risks.

4. Corporate Governance Status

(1) Overview of Operations of the Board of Directors

The Board of Directors held 7 meetings (Note) in 2015, with attendance records for the Supervisors as below:

December 31, 2015

Position	Name (Name of Representative)	Juristic Person Represented	Attended in Person	Attended by Proxy	Percentage (%)	Remarks
Chairman	Yu-Lon Chiao		7	0	100%	
Vice Chairman	Yu-Cheng Chiao		6	0	86%	
Director	Yu-Heng Chiao		6	0	86%	
Director	Hui-Ming Zheng		7	0	100%	
Director	Jih-Chang Yang		5	1	71%	
Director	Wen-Chung Chang		3	3	43%	Subsequent Note
Director	Wu-Shung Hong		4	0	57%	
Director	Wei-Shin Ma		4	2	57%	
Independent Director	Ming-Ling Hsueh		7	0	100%	
Independent Director	King-Ling Du		7	0	100%	
Independent Director	Shiang-Chung Chen		6	1	86%	
Supervisor	Wen-Yuan Chu		6	0	86%	
Juristic Representative of Supervisor	Yeu-Yuh Chu	Walsin Technology Corporation	5	0	71%	
Supervisor	In-Shek Hsu		5	0	71%	

Note: The meeting on November 16, 2015 was a continuance of previous meeting, and thus is not counted in the number of meetings in 2015.

Subsequent Note: Director Wen-Chung Chang resigned on March 1, 2016.

Additional information:

1. Matters listed in Article 14.3 and other matters passed at Board meetings that are opposed by independent Directors shall indicate the date of the meeting, the contents of the resolution, all independent Directors' opinions, and the Company's handling of their opinions: Not applicable
2. Director recusals from discussion or voting on an agenda item in which they have an interest (a total of 3 instances):

December 31, 2015

Item	Date Session number	Names of Directors	Resolution	Reason for Recusal	Voted or Not
1	January 14, 2015 4th meeting of the 17th Board	Yu-Lon Chiao, Hui-Ming Zheng	Lifting the non-competition ban on managers.	Personal interests	Not
2	January 14, 2015 4th meeting of the 17th Board	Yu-Lon Chiao, Hui-Ming Zheng	Motion to review manager performance as well as bonuses and compensation for the year 2015.	Personal interests	Not
3	February 17, 2015 5th meeting of the 17th Board	Yu-Lon Chiao, Hui-Ming Zheng	Lifting the non-competition ban on Directors imposed by Article 209 of the Company Act.	Personal interests	Not

3. Evaluation of achieving the objectives of the Board's functions in the current year and the most recent year (e.g. establishing an Audit Committee and raising information transparency:

(1) Setting rules and regulations related to corporate governance: In addition to explicitly stating the powers and duties of the Board of Directors in the Company's articles of incorporation, our Company also follows rules and regulations including the "Board of Directors Procedural Regulations", “Guidelines for the Ethical Conduct of Directors and Supervisors”, "Procedures for the Processing of Critical Internal Information", "Corporate Governance Principles and Practice", "Corporate Management Integrity Principles, “Behavioral Guidelines and Operation Procedures for Honest Practices", "Guidelines for the Ethical Behavior of Employees", "Stakeholder Suggestions toward Monitoring Divisions and Appeals Procedures", "Practical Guidelines for Corporate and Social Responsibilities", and "Corporate and Social Responsibilities Policies" in order to strengthen operations of the Board of Directors as well as governance of the Company.

(2) Add performance evaluations for the Board of Directors and the Functional Committee: In accordance with the "Board of Directors (Including the Functional Committee) Performance Evaluation and Compensation Management Regulations" drafted by the Compensation Committee, who referenced the newest version promulgated by the regulatory authorities, members of the Board are to evaluate their own performance in December of each year based on established indicators in an effort to improve shareholders' long-term value.

(3) Actively participate in the governance of the Company: During the past two years, our Company has been actively increasing the transparency of our information disclosure and corporate governance practices. We were ranked in the first 20% of the "2nd Corporate Governance Ratings". Our Company is also actively participating in corporate governance evaluations and has designated the improvement of corporate governance a formal project in order to enhance our corporate governance abilities.

(4) Board of Directors Site Visits: In order to make sure the Company's new Directors and Supervisors are familiar with its operations so that they are capable of performing their duties as well as make good decisions, our Company will hold its periodic Board meeting for the fourth quarter of 2015 at the Yanshui Plant in Tainan. Through in-person visits as well as face-to-face communication, the Board of Directors will comprehensively understand the content of our operations, which will in turn enhance the performance and effectiveness of the Board of Directors. In addition, during this process, the Directors and Supervisors will also pass on valuable professional experience as well as provide effective guidance to the operations units.

(5) Authorize independent Directors to frequently participate in our Company's investment evaluations as well as corporate governance operations and apply their professional expertise. In addition, we plan to establish an prospective Audit Committee in April 2016 and officially establish an Audit Committee following the annual shareholders’ meeting of 2017.

(6) Voluntarily disclose the regulations that our Company follows as well as major decisions made by the Board of Directors on our Company website and the Market Observation Post System (M.O.P.S.) so that shareholders can find out about the current status of the Company, thereby increasing the transparency of the Company’s information.

(2) Operation of the Audit Committee or the Status of Supervisors Participating in the Operation of the Board

1. Operational status of the Audit Committee: None. The Company has yet to establish an Audit Committee.
2. Attendance of Supervisors in Board meetings:

The Board of Directors held 7 meetings (Note) in 2015, with attendance records for the Supervisors as below:

Position	Name (Name of Representative)	Juristic Person Represented	Number of Meetings Attended	Percentage (%)	Remarks
Supervisor	Wen-Yuan Chu		6	86%	
Juristic Representative of Supervisor	Yeu-Yuh Chu	Walsin Technology Corporation	5	71%	
Supervisor	In-Shek Hsu		5	71%	

Note: The meeting on November 16, 2015 was a continuance of previous meeting, and thus is not counted in the number of meetings in 2015.

Additional Information:

1. Composition and responsibility of Supervisors: Supervisors are elected by shareholders according to the law. They shall periodically review the Company's internal audit reports and attend Board meetings to oversee their operation. Each year they review the relevant financial statements and submit them to the annual general meeting.

   (1) Communication between Supervisors and Company's employees and shareholders:

   When required for carrying out auditing operations, Supervisors may obtain information regarding the overall operation of the Company as well as its finances or financial risk situations through internal auditing managers, Finance Department managers, or Accounting Department managers via meetings or telephone communications.

   (2) Communication between Supervisors and the Company's internal audit chief and CPA：

   A. Supervisors are to hold periodic meetings with the CPA at least once a year. The CPA is to report to the Supervisor on the Company's financial status, the financial statuses and overall operating statuses of the Company's subsidiaries (both domestic and overseas), as well as the status of internal control and auditing operations. Issues including whether or not there have been major entry adjustments as well as whether or not changes to any laws have affected the Company's books are to be thoroughly communicated. Meetings can be called at any time when major issues are encountered.

   B. Supervisors shall engage CPAs to review the Company's financial statements, with review reports given to Supervisors.

   C. Internal auditing managers and Supervisors should hold periodic meetings at least once a quarter to provide reports regarding the status of the Company's internal auditing operations as well as the status of the Company's internal control operations. Meetings can be called at any time when major issues are encountered.

2. If Supervisors attending a Board meeting have any opinions, they shall indicate the date and session of the meeting, the issues discussed, the resolutions passed, and the Company's reaction to their opinions: Not applicable.

(3) Corporate governance implementation status and departure from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons:

Assessment items	Actual governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
1. Has the Company set and disclosed principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?"	Yes		The Company's Board of Directors has approved the Corporate Governance Principles and Practice devised according to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and disclosed them on the Company's website. http://www.walsin.com/walsin/page.do?menuId=74	In line with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
2. The Company's shareholding structure and shareholders' rights and interests				In line with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
(1) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures?	Yes		(1) Shareholders Service Office is in charge of handling various shareholder recommendations, questions, and disputes. The Company also provides related contact details on the Company's website and in the annual report and has set up a stakeholder mailbox to collect stakeholders' questions and suggestions.	
(2) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	Yes		(2) The Company periodically discloses the list of ultimate controllers of its principal shareholders pursuant to the law.	
(3) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations?	Yes		(3) 1. The Company has drafted rules governing the supervision of its subsidiaries, which have been approved by the Board. 2. All of the Company's affiliates are subsidiaries; the Company directly or indirectly retains at least 50% of their shares. Business dealings with affiliates are treated as transactions with third parties. 3. The Company has drawn up rigorous rules governing the lending of funds and the providing of guarantees to its affiliates.	
(4) Has the Company set internal regulations that prohibit the Company's personnel from taking advantage of information that has not been disclosed to the public to purchase or sell securities?	Yes		(4) In order to establish an effective handling and disclosure mechanism for major internal information processing operations, so that unauthorized information leakage can be avoided, consistency and accuracy of information disclosed by the Company to the public can be maintained, and insider trading prevented, the Company has established "Procedures for major internal information processing operations," to be complied with by all. In addition, the Company has made available copies of this document to the Company's Directors and Supervisors, incorporated them in the Company's internal regulations, and uploaded an electronic copy to the Company's electronic bulletin board for the benefit of all managerial officers and staff members. The Company's Employee Code of Ethical Conduct and Supervisor Code of Ethical Conduct have been approved at the 5th and 6th meetings of the 17th Board of Directors on February 17, 2015 and April 1, 2015, respectively. The aforementioned codes are regulations pertaining to the prohibition of insider training pursuant to the Company's internal regulations and the Securities and Exchange Act. These codes are incorporated in the Company's internal	

Assessment items	Actual governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
			regulations, and uploaded as an electronic copy to the Company's electronic bulletin board for the benefit of all managerial officers and staff members.	
3. The makeup and duties of the Board (1) Has the Board of Directors devised a plan for a more diverse composition of the Board? If so, has the plan been implemented?	Yes		(1) The Company's Corporate Governance Guidelines and Practices already includes clear guidelines for diversifying the Board of Directors. When the Company re-elected its Board members in 2015, it followed this principle of diversity and elected not shareholders, but also industry elites and financial as well as accounting experts. In order to promote and realize gender equality, increase the number of women who participate in the decision-making process, as well as to strengthen the composition of the Board of Directors, we also have female Directors on our Board of Directors.	In line with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
(2) In addition to establishing a Compensation Committee and an Audit Committee, which are required by law, is the Company willing to also voluntarily establish other types of functional committees?	Yes		(2) On September 27, 2011, the Company established a Compensation Committee and drew up the Regulations Governing the Organization of the Compensation Committee. The Compensation Committee, composed of two independent directors and one professional expert, is aimed at helping the Board to establish and periodically review the performance review of Directors, Supervisors and managers, and the remuneration policy, system, standards, and structure, as well as to periodically review and determine the remuneration for Directors, Supervisors and managers. The Company plans to establish an Audit Committee in 2017. To ensure the smooth operations of the 2017 Audit Committee, the Company received approval at the 11th meeting of the 17th Board of Directors to establish a Temporary Audit Committee, composed of Independent Directors and Supervisors, between April 1, 2016 and March 31, 2017, to begin the process of establishing such a committee and lay out how it will eventually operate so that when the formal Audit Committee is established in 2017, it will be able to fully serve its purpose as well as reach its full effectiveness.	
(3) Has the Company established methods for assessing the performance of the Board of Directors as well as actual procedures for executing the assessments? If so, has the Company executed assessments of the performance of the Board of Directors annually?	Yes		(3) To strengthen our corporate governance system, the Company reviewed the amendment proposed by the Compensation Committee at the 10th meeting of the 17th Board of Directors held on October 28, 2015. The amendment involved revising the "Board of Directors (Including the Functional Committee) Performance Evaluation and Compensation Management Regulations" to "Board of Directors Performance Evaluation Regulations" and "Regulations for Compensation to Directors, Supervisors, and Functional Committee." In addition, in accordance with the amendment (i.e., addition of a Sample Template of "Self-Evaluation or Peer Evaluation of the Board of Directors of XX Co., Ltd.") to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies as per Letter No. Taiwan-Stock-Governance-1032201564 of the Taiwan Stock Exchange Corporation, the Company's "Board of Directors Performance Evaluation Regulations" was	

Assessment items	Actual governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
(4) Does the Company periodically evaluate the level of independence of the CPA?	Yes		revised. Starting in 2015, the Company adopted the revised "Board of Directors Performance Evaluation Regulations" and its attachment. In accordance with the latest regulations, members of the Board in December of each year evaluate their own performance based on established indicators in an effort to improve shareholders' long-term value. (4) Before the Board of Directors appoints CPAs, they will first conduct a review on whether or not the CPAs are truly independent. The CPAs will be asked to sign an "Impartiality and Independence Statement." Our Company will only hire CPAs that have been confirmed to have no common financial interests or business relationships with us other than the fees that we pay them for their services. Family members of the CPAs must also meet independence requirements.	
4. Has the Company established channels for communicating with stakeholders, set up a dedicated stakeholder area on the Company website, as well as appropriately responded to important corporate and social responsibility issues that stakeholders are concerned about?	Yes		1. The Company has been maintaining open communication channels with interested parties that include customers, shareholders, banks it has business dealings with, employees, suppliers, communities, competent authorities, or are otherwise connected with the Company. Communication channels can be found on the Company's internal and external websites as well as in its annual reports, to facilitate understanding towards the Company's corporate social responsibility issues that stakeholders are concerned about, so that appropriate responses can be made. 2. The Company has established the "Procedures for Stakeholder Complaints and Recommendations for the Supervising Department," through which stakeholders can communicate with company supervisory units directly, propose constructive advice, and file complaints. The Company has a contact channel on its website designated to stakeholders; a mailbox also exists on the employee portal site, thus providing internal and external personnel with a means to make suggestions and file complaints to the Company. Information received shall be handled by the Auditing Office.	In line with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
5. Has the Company hired a professional agency to handle tasks and issues related to holding the shareholder’s meeting?	Yes		The Company has handled these affairs itself since March of 1993.	In line with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
6. Information disclosure (1) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance statuses? (2) Does the Company adopt other ways to disclose information (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting	Yes Yes		(1) Please visit Walsin Lihwa Corporation's Chinese/English website: www.walsin.com www.walsin.com (2) Our Company has a dedicated department for collecting Company information and periodically updating our Company website. Our Company has implemented a spokesperson policy, with one or more appointed spokespersons. We have also established the "Procedures for major internal information processing operations" requiring management as well as employees to	In line with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Assessment items	Actual governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
investors conference)?			properly keep financial as well as business secrets. We also require that personnel follow the "Corporate Governance Principles and Practices." When a company spokesperson or deputy spokesperson leaves their position or is newly appointed, relevant information should immediately be made public. The Company's website regularly discloses major announcements, trading with key stakeholders, and investor conferences at: http://www.walsin.com/walsin/page.do?menuId=65	
7. Does the Company have other important information to facilitate better understanding of the its corporate governance practices (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	Yes		1. Please read "(5) Implementation of Corporate Social Responsibility" of this year's Annual Report for information concerning the Company's systems, measures, implementation of employee rights and interests, investor relations, supplier relations, and rights of interested parties. 2. Please read "3. Corporate Governance Report-Status of Corporate Governance (8)," "Financial Condition and Review and Analysis of Financial Performance and Risks 6" and "3. Corporate Governance Report-(6) The status of the Company fulfilling its honest operation promise and the measures it has taken" of this year's Annual Report for Directors and Supervisors seeking further education, risk management policies, and risk evaluation standards, implementation of customer policies, and liability insurance taken out for Directors and Supervisors.	In line with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
8. Does the Company has a corporate governance self-assessment report or has it hired other professional institutions to produce corporate governance assessment reports for it? (If so, please describe the opinion of the Board, the results of self or outside evaluation, major deficiencies found, suggestions, or improvement actions taken) (Note 2)	Yes		The Board of Directors takes seriously the "Corporate Governance Ratings" rated by the "Corporate Governance Center" of the Taiwan Stock Exchange (TWSE). This is manifested in its discussion on updates to corporate governance evaluation issues and formulation of improvement plans with which managements are requested to follow. The Company scored 90.18 points on its "1st Annual Corporate Governance Ratings" as announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation on April 30, 2015, ranking in the top 20% of 1,393 participating listed and OTC companies. Moreover, on June 29 of the same year, the Company won entry to the TWSE Corporate Governance 100 Index; this achievement fully manifests the Company's integrity management and persistent belief in sustainable development. The Company also aims to complete the self-evaluation operation for the 2nd Corporate Governance Ratings before the end of January 2017.	In line with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Note 1: Always provide explanations in the summary description column, regardless of whether actual governance is ticked "Yes" or "No."

Note 2: The corporate governance self-evaluation report mentioned here refers to the corporate governance evaluation conducted and explained by the company itself, and is a report on how the company enforces corporate governance.

(4) Makeup, duties, and operation of the Compensation Committee:

On September 27, 2011, the Company established a Compensation Committee and drew up the Regulations Governing the Organization of the Compensation Committee. The Compensation Committee is comprised of three members, which currently includes two independent Directors and one independent individual. The Compensation Committee comprises three members, in 2015 it comprised two independent directors and one independent person. The Committee is aimed at helping the Board to establish and periodically review the performance review of Directors, Supervisors and managers, and the remuneration policy, system, standards, and structure, as well as to periodically review and determine the remuneration for Directors, Supervisors and managers.

1. Profile of Compensation Committee members

Position	Criteria / Name	Has at least 5 years of work experience and meet one of the following professional qualifications			Meets the independence criteria (Note)								Number of other public companies in which the member also serves as a member of their compensation committee	Remarks
		An instructor or higher position in the department of commerce, law, finance, accounting or other department related to the business needs of the Company in a public or private junior college or university	A judge, public prosecutor, attorney, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate therefore	Having work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company	1	2	3	4	5	6	7	8		
Independent Directors	King-Ling Du	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Directors	Shiang-Chung Chen	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	1	
Others	Chen, Yi-Min	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note: If the member meets any of the following criteria in the two years before being elected or during the term of office, please check "✓" in the corresponding boxes.

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

(2) Not a director or supervisor of the Company or any of its affiliates (the same does not apply if the person is an independent director of the Company or its parent company, or any subsidiary in which the Company holds, directly and indirectly, more than 50% of the voting shares).

(3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.

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

(5) Not a director, supervisor or employee of a juristic-person shareholder that holds directly 5% or more of the total number of outstanding shares of the Company or ranks in the top five shareholders.

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

(7) Not a professional or an owner, partner, director, supervisor, manager or a spouse of the abovementioned who provides commercial, legal, financial, accounting services or consultation to the Company or an affiliate of the Company.

(8) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.

2. Operation of the Compensation Committee

(1) The Company's Compensation Committee consists of 3 members.

(2) Terms for the current committee members: August 13, 2014 to the end of the term of the 17th Board of Directors (June 10, 2017).

(3) The Compensation Committee met three times in 2015 and the titles and attendance records of the committee members are as follows:

Title	Name	Number of meetings attended	By proxy	Attendance rate (%)	Remarks
Convener	King-Ling Du	3	0	100%	
Member	Shiang-Chung Chen	3	0	100%	
Member	Chen, Yi-Min	3	0	100%	
Other details that need to be recorded in meeting minutes: 1. Recommendations by the Compensation Committee that the Board of Directors did not pass or chose to adjust: None. 2. Decisions made by the Compensation Committee for which certain committee members were against or had reservations that were recorded or expressed via written statements: None.					

(5) Fulfillment of social responsibility

Assessment items	Implementation status: Yes	Implementation status: No	Implementation status: Summary	Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
1. Implementation of corporate governance (1) Has the Company established a corporate social responsibility policy or system and examination of implementation results?	Yes		(1) In order to fulfill our corporate social responsibilities as well as promote balance and sustainable development in the economy, society, and the ecological environment, we established the Walsin Lihwa Corporate Social Responsibilities Policy in October 2014: Insisting on honesty and integrity to increase operational performance Enhance corporate governance to achieve sustainable corporate development Create a friendly environment and build an organization that always continues to learn and improve Provide a high-quality environment and ensure safety through sound management Implement environmental protection and energy conservation, leading the way towards greener production Fulfill our role as a corporate citizen and engage in efforts that benefit society In addition, we also released our "Practical Guidelines for Corporate and Social Responsibilities," having the Board of Directors supervise the fulfillment of our social responsibilities, as well as continually reviewing our progress and results.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Does the company provide educational training on corporate social responsibility on a regular basis?	Yes		(2) Since the assembly of a CSR Committee, the Company has regularly held CSR-related training, with a total of four training sessions held in 2015.	
(3) Has the Company established a dedicated department (or have another department be responsible for related efforts) for fulfilling corporate social responsibilities, with the Board of Directors authorizing high-level managers to handle such efforts, and having relevant progress be reported to the Board of Directors?	Yes		(3) The Company's assembly of a CSR promotion unit and organization was approved at the 7th meeting of the 17th Board of Directors on April 29, 2015. The unit regularly reports to the Board of Directors every year regarding the implementation status of the promotion.	
(4) Has the Company established reasonable salary and compensation policies, integrated employee performance evaluation policies with corporate social responsibility policies, and established clear and effective reward as well as disciplinary policies?	Yes		(4) 1.Our company has established policies and regulations for determining the salaries and compensations for our managers and personnel. We pay and compensate our employees based on market pay levels as well as individual performance. 2.To implement CSR, our managers have annual goals that include goals for environmental protection, work safety, supplier management, as well as operational management. These same goals have also been applied to sales-related departments. At the end of the year, performance evaluations will be performed based on the progress and results of these	

Assessment items	Implementation status			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
	Yes	No	Summary	
			efforts. 3.The Company has established reward and punishment policies for employee conduct.	
2. Developing a sustainable environment (1) Has the Company made efforts to improve the efficiency of resource utilization and use recycled materials which have a low impact on the environment?	Yes		(1) Our various facilities set their annual goals and directions in terms of energy conservation at the beginning of each year. We also increase our energy utilization rates through saving water and reducing waste. In addition, we also actively promote energy conservation and carbon reduction in the office, as well as the recycling and reuse of resources. Furthermore, we also make efforts to strengthen employee education in these areas.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Has the Company established a proper environmental management system based on the characteristics of the industry?	Yes		(2) Head offices and various plants have complied with government environment management regulations. The Company's Xinzhuang, Yangmei, Taichung, and Yanshui plants have been ISO14000-certified for many years.	
(3) Has the Company taken note of any impacts climate change has had on its operations and engaged in measuring greenhouse gas emissions, establishing a corporate energy conservation and carbon reduction strategy, as well as establishing a greenhouse gas reduction strategy?	Yes		(3) We continually monitor any direct or indirect effects climate change may have on our operations. With regards to our products, our 600V PVC electric wire products obtained SGS carbon footprint certification, making us Taiwan's first company whose 600V PVC wire products have obtained carbon footprint certification. Beginning in 2012, our various plants have implemented plans to conserve energy, reduce carbon footprints, as well as reduce carbon dioxide emissions through two major measures: engineering control and administrative management. At the beginning of each year, each of our facilities device goals and directions for energy conservation, thereby increasing energy usage rates via water conservation and waste reduction, and reducing greenhouse gas emissions by means of the recycling and reuse of resources.	
3. Safeguarding public welfare (1) Has the Company established its management policies and procedures in accordance with relevant laws, regulations, as well as international conventions regarding human rights?	Yes		(1) Our Company complies with international human right conventions and abides by all relevant laws and regulations, including those related to gender equality, the right to work, and prohibiting discrimination, thereby protecting the rights of our employees. We have also established relevant management guidelines.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Has the Company established employee complaint channels as well as appropriately dealt with any such issues?	Yes		(2) The Company has established the "Procedures for Stakeholder Complaints and Recommendations for the Supervising Department" and set up a designated stakeholder page on the Company's website so that stakeholders can communicate with company supervisory units directly, propose constructive advice, and file complaints. We train new employees on the employee code of conduct and rules for executing their	

Assessment items	Implementation status: Yes	Implementation status: No	Implementation status: Summary	Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
			tasks so that employees understand the company's principles of integrity management. Additionally, we also introduce employees to a Suggestion Box, which serves as a communication channel aimed at encouraging employees or stakeholders to report any suspicious activities or misconducts within the organization or between transacting parties, thereby damages caused by unlawful or irregular behavior including the following aspects: 1.Employee complaints; 2.Sexual harassment; 3.Violation of environmental, safety, and health regulations; 4.Violation of business confidentiality; and 5. Violation of business ethics.	
(3) Has the Company provided a safe and healthy work environment for employees, and organized training on safety and health for employees on a regular basis?	Yes		(3)The Company has a safety management organization and management personnel, has established safety work guidelines, standards for the safe operation of machinery and equipment and periodically inspects various machines and relevant training in an effort to provide employees with safety training and health examinations. In addition, workshops are held periodically to share safety knowledge with employees.	
(4) Has the Company established mechanisms for regular communications with employees and keeping employees informed in a reasonable manner changes in Company operations that might have significant impact on employees?	Yes		(4) 1.Our company has a labor union and holds meetings to communicate with employees on labor issues periodically. 2.We have a portal website (intranet communication platform) for our employees, which is used for announcing major announcements and information regarding Company events. The portal website is updated twice each month. 3.The Company has a corporate mailbox that provides a channel of communication between employees and the Company.	
(5) Has the Company established an effective career development and capability training program for employees?	Yes		(5) Each year, the Company provides appropriate training courses and budgets according to the current job requirements and career development needs of employees.	
(6) Has the Company established consumer protection policies as well as complaint procedures with regards to R&D, procurement, production, operations, and service flows?	Yes		(6) The products that our Company produces are not end-user products, therefore, we do not directly come into contact with the average consumer. However, if our suppliers or customers have issues regarding the protection of consumer interests, they can submit their complaints or recommendations through the stakeholder communication channel.	
(7) In terms of the marketing and labeling of products and services, has the Company followed relevant laws, regulations, and international norms?	Yes		(7) The marketing and labeling of our Company's products and services comply with domestic laws and regulations, the laws and regulations of the location where our products or services are sold, as well as international norms.	

Assessment items	Implementation status			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
	Yes	No	Summary	
(8) Before doing business with suppliers, does the Company assess whether or not the suppliers have had previous records of negatively affecting the environment or society?	Yes		(8) Our Company has established evaluation mechanisms for the selection of our suppliers. We have also established plans for implementing corporate social responsibility measures. Past records of the impact our potential suppliers have had on society and the environment are taken into consideration during these evaluations, which allows for an even more comprehensive supplier evaluation mechanism.	
(9) Does the Company's contracts with major suppliers include a clause that states that if the supplier violates our corporate social responsibility policies, resulting in significant impacts to the environment and society, we have the right to terminate the contracts at any time?	Yes		(9) Our Company has included a clause into our contract templates that states that if a supplier violates our corporate social responsibility policies, resulting in significant impacts on the environment or society, we have the right to terminate our contracts or cancel order forms with them at any time. In addition, we have already begun adding this clause to our new contracts as well as when we renew our existing contracts. In addition, we request our key suppliers to sign and submit a "Statement of Commitment to Supplier Management" so as to realize our commitment to encouraging our suppliers to implement CSR with us.	
4. Improved information disclosure (1) Has the Company disclosed relevant and reliable corporate social responsibility information on its website as well as on the Market Observation Post System (M.O.P.S.)?	Yes		As of June 2015, we have regularly published corporate social responsibility report, which we disclose on our website as well as on the Market Observation Post System (M.O.P.S.).	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
5. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any difference between the principles and their implementation: no differences.				
6. Other key information useful for explaining status of corporate social responsibility practices: 1. With regard to developing a sustainable environment, please refer to "Operating Status, Environmental Protection Expenditure Status" of the Annual Report. 2. With regard to the Company observing relevant labor regulations and safeguarding the lawful rights and interests of its employees, please refer to "Operating Status, Labor-Management Relations" of the Annual Report.				
7. If the corporate social responsibility reports have received assurance from external institutions, they should state so below: None As of the publication date, the Company has consigned Deloitte Taiwan to conduct third-party verification on the Company's 2015 CSR Report, and verification of this report is expected in 2016.				

(6) The status of the Company fulfilling its honest operation promise and the measures it has taken:

Assessment items	Implementation status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
1. Establishment of integrity policies and solutions (1) Does the company state ethical corporate management policies and practices in its internal rules and external documents, as well as the commitment of the Board of Directors and management to actively implement management polices? (2) Has the Company established plans for prevention dishonest behavior? Has it clearly stated relevant operational procedures and behavioral guidelines within each plan? Has it implemented and executed these plans? (3) Has the Company established measures to prevent the behaviors listed in Article 7 Item 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or other business activities with higher risk of dishonest behavior?	Yes Yes Yes		(1) Our Company has always insisted on honest business practices. We abide by the laws set forth by the government, implement our corporate government principles, and make our utmost effort to fulfill our corporate responsibilities. Our Board passed our "Principles for Honest Business Practices" and our "Behavioral Guidelines and Operation Procedures for Honest Practices." Our managers are also committed to implementing honest business practices as well as to ensuring that honest business principles are followed. (2)1. In accordance with the Company's Principles for Honest Business Practices and Behavioral Guidelines and Operation Procedures for Honest Practices, the Company has established punishment policies for employees who violate relevant regulations as well as a complaint and violation reporting mechanism, which are integrated with employee performance evaluation mechanisms. 2. The Company has devised Director and Supervisor Code of Ethical Conduct and Employee Code of Ethical Conduct, which mandate that stakeholders must adhere to principles of honesty and integrity in order to ensure a sound corporate governance. 3. The Company has drafted the "Regulations Governing the Handling of Business by Employees," stipulating that when performing their duties, employees shall not accept bribes or other inadequate benefits from companies, customers, competitors, and suppliers, or bribe others. 4. We also communicate our collective values through the Company's internal communications platform, thereby encouraging and strengthening the self-regulating attitudes and behaviors of our employees. (3) The provision and scope of Article 6 of the Company's Principles for Honest Business Practices have already encompassed the behaviors listed in Article 7 Item 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or other business activities with higher risk of dishonest behavior. The Company has reinforced relevant preventive measures by implementing internal regulations, establishing operating procedures, providing training, engaging in daily promotions, and linking contract agreements with employee performance evaluations.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
2. Ensuring honest business practice (1) Does the Company evaluate the honest business practices records of the companies it does business with as well as explicitly include honestly business practices clauses in contracts?	Yes		(1) 1. The Company prevents transacting with companies with dishonest business practice records by adopting the following approaches: (1) When selecting a business partner, its past trading history and credit record shall be reviewed. When inviting bids, suppliers shall be informed of the principle of a fair,	In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Assessment items	Implementation status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			open and transparent supplier selection policy. (2) Entity we are selling to: Except for procurement projects from the government, the Company shall track the long-term credit information of distributors, with the reputation of new distributors obtained through credit reference agencies and other companies in the industry. 2. Including honest practice provisions in contracts: (1) Procurement contracts: We have either had honest business practices clauses added to the contracts or have the supplier sign an honest business practices statement. (2) Sales contracts: Honest business practices clauses have been added to all such contracts.	
(2) Has the Company established a dedicated department (or have another department be responsible for related efforts) under the Board of Directors to ensure honest business practices (and does this department periodically report their status and progress to the Board of Directors)?	Yes		(2) The Company complied with Article 16 of its Principles for Honest Business Practices in setting up an Honest Business Practice Committee, which was approved by the Board of Directors in 2015. The Committee is responsible for establishing the policies of integrity management and prevention programs and supervising the implementation thereof, and periodically reporting their status and progress to the Board of Directors.	
(3) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	Yes		(3) Our Company has established "Principles for Honest Business Practices" and "Behavioral Guidelines and Operation Procedures for Honest Practices" to regulate Directors, Supervisors, managers and employees in terms of obligations to the Company, external business activities, cash transactions, avoiding conflicts of interests, and the management of classified information. The Company has a contact channel on its website that provides a means for filing complaints about violation of honest business practice, a mailbox also exists on the employee portal site, thus providing internal and external personnel with a means to make suggestions to the Company. Information received shall be handled by the Auditing Office.	
(4) Has the Company established effective accounting policies and internal control policies in order to ensure honest business practices, and does it have its internal auditing department periodically perform audits or have its CPA conduct audits?	Yes		(4) The Company actively works to ensure honest business practices. The Auditing Office (or hired CPA, when necessary) shall regularly audit relevant compliance statuses according to accounting policies, internal control policies, as well as other relevant regulations. The Auditing Office will periodically report its auditing results during Board meetings.	
(5) Does the Company periodically hold internal and external training on honest business practices?	Yes		(5) During new-employee training, the Company periodically states its principles towards honest business practices. It also periodically holds courses on corporate governance as well as honest business practices and asks employees to participate. Our Company's Procurement Department also informs suppliers of our honest business practices principles in order to prevent dishonest business practices.	

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>3. Status of the Company's reporting mechanism
(1) Has the Company established clear reporting and rewards systems, set up convenient reporting channels, and appoint the appropriate staff based on the person who has been reported?</td><td>Yes</td><td></td><td>(1) The Company's website provides a "Reporting Violations of Honest Business Practices" area, which allows people to file complaints about violations of honest business practices. There is also a mailbox on the employee portal site, providing internal and external personnel with a means to file complaints. The Auditing Office is responsible for handling relative recommendations and violations. If the violations are verified, disciplinary action shall be taken.</td><td rowspan="3">In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</td></tr>
<tr><td>(2) Has the Company established standard operating procedures as well as relative classified information policies for handling reports?</td><td>Yes</td><td></td><td>(2) The Company has established the "Procedures for Stakeholder Complaints and Recommendations for the Supervising Department," thereby protecting the identity as well as data of those who provide suggestions or feedback.</td></tr>
<tr><td>(3) Does the Company protect the person who reported the situation to prevent them from being inappropriately treated?</td><td>Yes</td><td></td><td>(3) All reported cases are filed under the classified category, with a case opened to handle the issue. In addition, dedicated personnel are appointed to handling related tasks and issues in order to ensure the privacy of reporter and avoid unfair revenge or treatment.</td></tr>
<tr><td>4. Improved information disclosure
(1) Has the Company disclosed the contents or its Principles for Honest Business Practices as well as relative implementation results on its website and on the Market Observation Post System (M.O.P.S.)?</td><td>Yes</td><td></td><td>The Company has established a Corporate Governance page on its website to disclose honest business practice related information; it also discloses the implementation status of its honest business practice in the CSR report, as well as the Company's "Principles for Honest Business Practices," "Behavioral Guidelines and Operation Procedures for Honest Practices," "Director and Supervisor Code of Ethical Conduct," and "Employee Code of Ethical Conduct" on the MOPS.</td><td>In line with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</td></tr>
<tr><td colspan="5">5. If the company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", describe difference with the principles and implementation status: In line with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."</td></tr>
<tr><td colspan="5">6. Other key information useful for explaining the status of the implementation of honest business practices: (Such as the status of the Company's efforts to review and correct its Principles for Honest Business Practices):
In February of 2015, our company passed amendments to our Principles for Honest Business Practices in order to comply with the spirit of the newest Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
The Company assembled an Honest Business Practice Committee, which was approved by the Board of Directors in April 2015. The Committee is responsible for establishing the policies of integrity management and prevention programs and supervising the implementation thereof, and periodically reporting their status and progress to the Board of Directors.</td></tr>
</table>

(7) If the Company has established corporate governance principles as well as other relative regulations, it should disclose how they can be looked up: Our Company's corporate governance principles as well as relative regulations can be looked up on our Company website.

(8) Important information helpful for improving understanding of the governance of the Company:

1. Further education on corporate governance Directors and Supervisors have received in the most recent year:

December 31, 2015

Title	Name	Date		Organizer	Course name	Hours	
		Start Date	End Date			On this date	Annual total
Chairman	Yu-Lon Chiao	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	12 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Vice Chairman	Yu-Cheng Chiao	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	9 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
Director	Cheng, Hui-Ming	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	12 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Director	Wu-Shung Hong	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	9 hr
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
Director	Wei-Shin Ma	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	9 hr
		2015/05/27	2015/05/27	Securities and Futures Institute	Public Listed Company Corporate Ethics and Leadership Forum	3 hr	
Independent Director	Ming-Ling Hsueh	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	20 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
		2015/07/28	2015/07/28	Taiwan Corporate Governance Association	2015 Taiwan Institute of Directors Summary Report of White Paper Research	1 hr	
		2015/07/28	2015/07/28	Taiwan Institute of Directors	Overturning the Future of Business With Innovative Changes	3 hr	
		2015/06/30	2015/06/30	Securities and Futures Institute	How to Use Financial Information to Make Good Business Decisions	1 hr	
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
		2015/04/28	2015/04/28	Securities and Futures Institute	Practical workshop for directors and supervisors (including independent directors)	1 hr	
		2015/04/21	2015/04/21	Securities and Futures Institute	How to Take Full Advantage of the Capabilities of Functional Committees under the Board of Directors	1 hr	
		2015/03/03	2015/03/03	Taiwan Corporate Governance Association	Study of Precedent Judgments on Infringements and Director Responsibilities	1 hr	

Title	Name	Date		Organizer	Course name	Hours	
		Start Date	End Date			On this date	Annual total
Independent Director	King-Ling Du	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	12 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Independent Director	Shiang-Chung Chen	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	3 hr
Supervisor	Wen-Yuan Chu	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	3 hr
Institutional Supervisor Representative	Yeu-Yuh Chu	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	15 hr
		2015/08/27	2015/08/27	Securities and Futures Institute	TWSE/TPEX Listed Company Directors and Supervisors Forum - Corporate Integrity Risk Management and Corporate Responsibility Vision Seminar	3 hr	
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
		2015/06/09	2015/06/09	Taiwan Corporate Governance Association	What Directors and Supervisors need to Know about investing in derivatives	3 hr	
Supervisor	In-Shek Hsu	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	15 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
		2015/01/22	2015/01/22	Securities and Futures Institute	Corporate Social Responsibility Report - Value of Sustainable Business Management	3 hr	

2. For the attendance of Board meetings by Directors and Supervisors, please refer to "Corporate Governance Report. 4. Status of Corporate Governance (1), (2)."
3. Further education in corporate governance participated by the Company's managers (including President, Vice President, Accounting supervisor, financial head, etc.) in 2015:

December 31, 2015

Title	Name	Date		Organizer	Course name	Hours	
		Start Date	End Date			On this date	Annual total
CEO	Yu-Lon Chiao	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	12 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
President	Cheng, Hui-Ming	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	12 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
President of Wire & Cable BG	Yu-Hwei Chiao	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	12 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	

Title	Name	Date		Organizer	Course name	Hours	
		Start Date	End Date			On this date	Annual total
Specialty Steel BG President	Wen-Chung Chang	2015/12/24	2015/12/24	Taiwan Corporate Governance Association	Challenges in Taiwan and China's Capital Markets; Economic Prospect for 2016	6 hr	9 hr
		2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	
Vice GM of Commerce & Real Estate BG	Pan, Wen-Hu	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	6 hr
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Vice President of the Metals Division	Tung-Ben Lin	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	6 hr
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Vice GM of Wire & Cable BG	Chin-Jen Lu	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	6 hr
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Vice GM of Wire & Cable BG	Chih-Cheng Liao	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	6 hr
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Specialty Steel BG Vice President	Tien-Rong Chen	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	6 hr
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Specialty Steel BG Vice President	Juei-Lung Chen	2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	3 hr
Specialty Steel BG Vice President	Cheng-Chiang Chen	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	6 hr
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Head of Accounting Dept.	Shu-Ting Lin	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	6 hr
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	
Head of Financial Dept.	Si-Ru Pan	2015/07/29	2015/07/29	Taiwan Corporate Governance Association	Legal Liability of Directors and Supervisors arising in Mergers and Acquisitions	3 hr	6 hr
		2015/04/29	2015/04/29	Securities and Futures Institute	The Present and Future Corporate Social Responsibility	3 hr	

(9) Status of implementation of the internal control system

1. Statement on Internal Control

Walsin Lihwa Corporation

Statement on Internal Control

Date: February 26, 2016

In 2015 the Company conducted an internal audit in accordance with its Internal Control Regulation and hereby declares as follows:

1. The Company is aware that it is the Board and managers' responsibility to establish, implement, and maintain an internal control system and the Company has set up such a system. The purpose of the system is to ensure the effectiveness and efficiency (including profitability, performance, and protection of assets) of the Company's operations, compliance with relevant laws and regulations, and that its financial statements are reliable, up to date, and easily accessible.
2. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. The internal control system of the Company features a self-monitoring mechanism. Once identified, any deficiency will be rectified immediately.
3. The Company determines whether the design and implementation of its internal control system is effective by referring to the criteria stated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter the "Regulations"). There are five components of an internal control system as specified in the Regulations which are broken down based on the management control process, namely: (1) Control Environment, (2) Risk Evaluation, (3) Control Operation, (4) Information and Communication, and (5) Monitoring. Each of the elements in turn contains certain audit items. Refer to the Regulations for details.
4. The Company uses the above criteria to determine whether the design and implementation of its internal control system is effective.
5. After a evaluation of the Company's internal control system based on the above criteria, the Company is of the opinion that, as of December 31, 2015, its internal control system (including supervision and management of subsidiaries) is effective and therefore can reasonably ensure achievement of the above objectives, which include awareness of the degree to which operating results and goals are achieved, compliance with the law, and that its financial reporting is reliable, up to date, and easily accessible.
6. This statement shall become a principal part of the Company's annual report and prospectus and be made available to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement has been approved on February 26, 2016 by the Board, with none of the 9 Directors present opposing it.

Walsin Lihwa Corporation

Chairman : Yu-Lon Chiao Signature

President : Cheng, Hui-Ming Signature

2. If CPAs are engaged to review the internal control system, their report shall be disclosed: None.

(10) In the most recent year, as of the day the annual report was prepared, the Company and its personnel had been penalized according to the law, penalties had been handed out to the Company's personnel for having violated the internal control system, major deficiencies and corrective action: None.

(11) In the most recent year, resolutions passed at the AGM and Board meetings as of the day the annual report was prepared.

Our Company's 2015 Shareholder's Meeting was held on May 27, 2015 at the Grand Victoria Hotel in Taipei (in the Grand Ballroom on the first floor), with the agenda and their implementation status as follows:

Motion No. 1	
Description:	To accept the Company's 2014 Business Report, Balance Sheet, Consolidated Profit & Loss Statement, Changes in Equity and Cash Flow Statement.
Resolution:	After a vote was held, the number of votes exceeded the legal threshold, and the motion was passed.
Implementation Status:	This was announced as an important resolution on the day of the shareholder's meeting.

Motion No. 2	
Description:	To accept the Company's 2014 Profit Distribution Statement.
Resolution:	After a vote was held, the number of votes exceeded the legal threshold, and the motion was passed.
Implementation Status:	This was announced as an important resolution on the day of the shareholder's meeting.

Motion No. 3	
Description:	Partial amendments to the Company's Articles of Incorporation.
Resolution:	After a vote was held, the number of votes exceeded the legal threshold, and the motion was passed.
Implementation Status:	Company registration was changed by law and was approved by the Ministry of Economic Affairs on June 16, 2015 under reference number 10401115370.

Motion No. 4	
Description:	Lifting the non-competition ban on directors imposed by Article 209 of the Company Act.
Resolution:	After a vote was held, the number of votes exceeded the legal threshold, and the motion was passed.
Implementation Status:	This was announced as an important resolution on the day of the shareholder's meeting.

Important resolutions passed at 2015 Board meetings as of the day the annual reports were prepared

2015.1.14 (17th Session, 4th Meeting)	
Important Resolutions:	Lifting the non-competition ban on managers.
Results:	Proposal passed. (Except for the discussion and resolution on lifting the non-competition ban on Chief Executive Officer and the President, Chairman Yu-Lon Chiao and Director Cheng, Hui-Ming abstained from the discussion and voting on the motion to avoid conflicts of interest; Acting Chairman Yu-Cheng Chiao asked opinions from the remaining directors, no directors opposed this motion.)

Important Resolutions:	In 2015, Walsin Lihwa Holdings Ltd. plans to borrow a total of US$103.5 million from its subsidiaries.
Results:	Proposal passed.
Important Resolutions:	The Company would like to acquire all ○10,500 shares of Walsin Lippo Industries that are owned by Walsin Lihwa Holdings Ltd..
Results:	Proposal passed.

2015.2.17 (17th Session, 5th Meeting)

Important Resolutions:	Holding the 2015 AGM on a designated date.
Results:	Proposal passed.
Important Resolutions:	Proposal to draft the disposition of net earnings for 2014.
Results:	Proposal passed.

2015.4.1 (17th Session, 6th Meeting)

Important Resolutions:	Partial amendments to the Company's Articles of Incorporation.
Results:	Except for the revision with regards to having at least three independent directors, the remaining proposals were passed. In addition, this proposal was included as a matter for discussion in the 2015 annual shareholders' meeting.
Important Resolutions:	Proposal to raise capital amounting to US$420 million for Walsin Lihwa Holdings Ltd., a subsidiary 100% owned by the Company.
Results:	Proposal passed.

2015.06.17 (17th Session, 8th Meeting)

Important Resolutions:	Proposal to buy back 40 million Company shares and retire them and transfer their ownership within 6 months.
Results:	Revised the purpose of buy back to transfer the ownership of the shares to employees.
Important Resolutions:	Proposal to dispose the land, plant, and machineries of Xi'an Walsin United Technology Co., Ltd.
Results:	Except for the revision with regards to buyer and seller both assuming the cost of disposal tax in accordance with law, the remaining proposals were passed.

2015.7.29 (17th Session, 9th Meeting)

Important Resolutions:	Proposal to reduce the capital of subsidiary Concord Industries Ltd.
Results:	Proposal passed.
Important Resolutions:	Proposal to reduce capital of no more than US$32 million for Shanghai Baihe Walsin Lihwa Specialty Steel Products Co., Ltd. to make up for the losses and effectively utilize resources.
Results:	Proposal passed.

2015.10.28 (17th Session, 10th Meeting)

Important Resolutions:	Dismissal of the Company's accounting supervisor and the remuneration to the newly appointed accounting supervisor.
Results:	Proposal passed.
Important	Proposal to change the 5-foot rolling machine at the Taichung Steel Roll Production Facility to a 5-

Resolutions:	foot rolling machine and No. 2 rolling steel preparation wire, and adjust the total investment to NT$3.6 billion.
Results:	Due to a shortage of time, discussion on this proposal will be continued on November 16, 2015 as decided by the attending directors. Continuation of the discussion on November 16, 2015. Results: Proposal passed.

2016.1.15 (17th Session, 11th Meeting)

Important Resolutions:	Partial amendments to the Company's Articles of Incorporation.
Results:	Amendment of Item 1 of Article 25-1: No less than 1% of any profit made by the Company in a year shall be allocated as employee bonus; addition of Item 2 to Article 25-1: Employee bonus may be distributed by way of stock/cash dividend, and the Company may issue bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors. The Board of Directors shall be authorized to determine the method of distribution.
Important Resolutions:	Proposal to lend money to subsidiaries for one year to support the aforementioned lending operation, while increasing and decreasing the capital for related subsidiaries.
Results:	Proposal passed.
Important Resolutions:	Proposal to dispose the land and plant of Nanjing Walsin Metal Co., Ltd.
Results:	Except for the revision with regards to extending the deadline to April 30, 2016, the remaining proposals were passed.
Important Resolutions:	Proposal to transfer 19% of the shares of Shanxi Tianhong Silicon Industrial Co., Ltd. held by Xi'an Lv Jing Technology Co., Ltd., a subsidiary 100% owned by the Company, to Jiangyin Walsin Specialty Alloy Materials Co., Ltd., for a total of RMB228 million.
Results:	Proposal passed.
Important Resolutions:	Proposal to sell 9.707% of the shares of Hangzhou Walsin Power Cable & Wire Co., Ltd. through the subsidiary Ace Result Global Limited.
Results:	Proposal passed.
Important Resolutions:	Lifting the non-competition ban on managers.
Results:	Proposal passed.
Important Resolutions:	Proposal to change the total authorized expense for disposal of the land, plant, and machineries of Xi'an Walsin United Technology Co., Ltd.
Results:	Proposal passed.

2016.2.26 (17th Session, 12th Meeting)

Important Resolutions:	Distribution of remuneration to employees, directors, and supervisors for 2015.
Results:	Proposal passed.
Important Resolutions:	Proposal to draft the disposition of net earnings for 2015.
Results:	Proposal passed.
Important Resolutions:	Holding the 2016 AGM on a designated date.
Results:	Proposal passed.

2016.3.8 (17th Session, 13th Meeting)	
Important Resolutions:	Proposal to re-elect a director.
Results:	Proposal passed.
Important Resolutions:	Proposal to add an agenda for the 2016 AGM.
Results:	Proposal passed.

(12) In the most recent year, as of the day the annual report was prepared, Directors or Supervisors holding different opinions about important resolutions passed at Board meetings that have been written down: None.

(13) In the most recent year, as of the day the annual report was prepared, any Chairman, President, Accounting supervisor, finance head, internal audit head, and R&D head who has resigned or been discharged:

March 30, 2016

Title	Name	Date of appointment	Date of dismissal	Reason for resignation or dismissal
Specialty Steel BG President	Wen-Chung Chang	2002.06.10	2016.02.28	Retired
Accounting supervisor	Chin-Sheng Wu	2010.05.01	2015.10.31	Reassignment

5. Information on Auditor fees

(1) Auditor Fee Schedule

Name of CPA firm	CPA		Period of the Audit	Remark
Deloitte Touche Tohmatsu Limited	Hong-Bin Yu	Guo-Tian Hong	Jan. 1, 2015 to Dec. 31, 2015	

Unit: NT$ thousand

Fee Schedule \ Item		Audit fees	Non-audit fees	Total
1	Less than NT$2,000,000		150	150
2	NT$2,000 to NT$4,000			
3	NT$4,000 to NT$6,000			
4	NT$6,000 to NT$8,000			
5	NT$8,000 to NT$10,000	9,640		9,640
6	NT$10,000 and over			

(2) Paying at least one-fourth of non-audit fees to the certifying auditor, the certifying audit firm and its affiliates：

Unit: NT$ thousand

Name of CPA firm	Accountants Name	Audit fees	Non-audit fees					CPA audit period	Remark
			System design	Business registration	Human Resources	Other	Subtotal		
Deloitte Touche Tohmatsu Limited	Hong-Bin Yu Guo-Tian Hong	9,640	-	-	-	150	150	104.01.01~104.12.31	The rest are for various review reports and shareholders' attendance fees.

(3) Change of audit firm and the audit fees paid in the year of the change are less than those paid in the previous year: Not applicable

(4) Audit fees paid in the current year are at least 15% less than those paid in the previous year: Not applicable

6. Information on the Replacement of CPAs: None

7. Chairman, President or Managers Responsible for Financial or Accounting Affairs who Assumed Work at the Certifying CPA Firm or its Affiliate in the Past Year: None

8. Transfer and Pledge of Shares of the Chairman, Supervisors, Managers and Shareholders Holding more than 10% of the Company's Shares

(1) Changes to the shares of the Chairman, Supervisors, managers and shareholders holding more than 10% of the Company's shares:

Position	Name	2015		Current Year up to March 27, 2016	
		Shares Held Increase/ (Decrease)	Shares Pledged Increase/ (Decrease)	Shares Held Increase/ (Decrease)	Shares Pledged Increase/ (Decrease)
Chairman (CEO)	Yu-Lon Chiao	0	0	0	0
Vice Chairman	Yu-Cheng Chiao	0	0	0	0
Director	Yu-Heng Chiao	(320,000)	0	0	0
Director (GM)	Hui-Ming Zheng	300,000	0	0	0
Director	Jih-Chang Yang	0	0	0	0
Directors (GM of Stainless Steel BG)	Wen-Chung Chang (Note 4)	686,000	0	600,000	0
Director	Wu-Shung Hong	0	0	0	0
Director	Wei-Shin Ma	0	0	0	0
Independent Director	Ming-Ling Hsueh	0	0	0	0
Independent Director	King-Ling Du	0	0	0	0
Independent Director	Hsiang-Chung Chen	0	0	0	0
Supervisors	Wen-Yuan Chu	80,058	0	0	0
Supervisors	Walsin Technology Corporation	12,487,000	0	13,311,000	0
	Representative: Yeu-Yuh Chu	0	0	0	0
Supervisors	In-Shek Hsu	0	0	0	0
President of Wire & Cable BG	Yu-Hwei Chiao	27,750,000	0	11,950,000	0
Vice President of Stainless Steel BG	Cheng-Chiang Chen	0	0	0	0
Vice President of Stainless Steel BG	Juei-Lung Chen	0	0	0	0
Vice President of Stainless Steel BG	Tien-Rong Chen	3,000 (79,000)	0	0	0
Vice President of Critical Materials Management	Tung-Ben Lin	0	0	0	0
Vice GM of Wire & Cable BG	Jin-Ren Lu	0	0	0	0
Vice GM of Wire & Cable BG	Chih-Cheng Liao	0	0	0	0
Vice GM of Commerce & Real Estate BG	Wen-Hu Pan	0	0	0	0
Head of Financial Dept.	Shu-Tin Lin (Note 1)	0	0	0	0
Head of Financial Dept.	Si-Ru Pan (Note 2)	0	0	0	0
Head of Accounting Dept.	Chin-Sheng Wu (Note 3)	0	0	0	0
Head of Accounting Dept.	Shu-Tin Lin (Note 1)	0	0	0	0
Shareholders who retain at least 10% of outstanding shares	None	-	-	-	-

Note 1: Transferred to become the Head of Accounting Department on November 1, 2015.

Note 2: Newly appointed on November 1, 2015. Changes in shares will be computed starting from the appointment date.

Note 3: Appointment ended November 1, 2015. Changes in shares will stop being computed on that day.

Note 4: Director appointment ended on March 1, 2016 and term as GM of Stainless Steel BG ended on February 28, 2016. Changes in shares in 2016 will stop being computed on that day.

(2) Information on Changes in Number of Shares retained:

March 27, 2016

Name	Reason For Transfer	Transaction Date	Counterparty	Relationship between Counterparty and the Company, the Directors, Supervisors and shareholders who hold more than 10% of all shares	Number of Shares	Transaction Price
Yu-Heng Chiao	Disposal: Gift	June 9, 2015	Zi-Rui Chiao	Son	170,000	6.87
Yu-Heng Chiao	Disposal: Gift	June 9, 2015	Zi-Yun Chiao	Son	150,000	6.87

(3) Information on Pledge of Stock Rights: None

9. Information on the Top Ten Shareholders Being a Related Party, as stated in Financial Accounting Standard No. 6

March 27, 2016

Name	Shares held by themselves		Shares held by spouse and underage children Shares held by children		Shares held in the name of others Combined shares held		Names or family name and relationship of top ten shareholders where their relationship is that of kinship related party, as stated in Financial Accounting Standard No. 6.		Remark
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Title	Relationship	
LGT Bank (Singapore) Investment Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	213,204,000	5.96%	-	-	-	-	-	-	Note 2
Winbond Electronics Corporation	200,000,000	5.59%	-	-	-	-	Chin-Xin Investment Co., Ltd.	Same person as the chairman of the said institutional shareholder	
							Yu-Heng Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Yu-Hwei Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Yu-Chi Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Pai-Yung Hong	First degree of kinship with the chairman of the said institutional shareholder	
Winbond Electronics Corporation Representative: Yu-Cheng Chiao	39,508,661	1.10%	19,032,428	0.53%	0	0.00%	Chin-Xin Investment Co., Ltd.	Same person as the chairman of the said institutional shareholder	
							Yu-Heng Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Yu-Hwei Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Yu-Chi Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Pai-Yung Hong	First degree of kinship with the chairman of the said institutional shareholder	

Name	Shares held by themselves		Shares held by spouse and underage children Shares held by children		Shares held in the name of others Combined shares held		Names or family name and relationship of top ten shareholders where their relationship is that of kinship related party, as stated in Financial Accounting Standard No. 6.		Remark
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Title	Relationship	
Chin-Xin Investment Co., Ltd	178,002,000	4.98%	-	-	-	-	Winbond Electronics Corporation	Same person as the chairman of the said institutional shareholder	
							Yu-Heng Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Yu-Hwei Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Yu-Chi Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Pai-Yung Hong	First degree of kinship with the chairman of the said institutional shareholder	
Chin-Xin Investment Co., Ltd. Representative: Yu-Cheng Chiao	39,508,661	1.10%	19,032,428	0.53%	0	0.00%	Winbond Electronics Corporation	Same person as the chairman of the said institutional shareholder	
							Yu-Heng Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Yu-Hwei Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Yu-Chi Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Pai-Yung Hong	First degree of kinship with the chairman of the said institutional shareholder	
Yu-Hwei Chiao	92,229,006	2.58%	0	0.00%	0	0.00%	Chin-Xin Investment Co., Ltd	Chairman of the institutional shareholder and the said shareholder are within second degree of kinship	
							Winbond Electronics Corporation	Chairman of the institutional shareholder and the said shareholder are within second degree of kinship	
							Yu-Heng Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Yu-Chi Chiao	Second degree of kinship with the chairman of the said institutional shareholder	
							Pai-Yung Hong	First degree of kinship with the chairman of the said institutional shareholder	
Vanguard Emerging Markets Stock Index Fund under the custody of Standard Chartered	59,670,770	1.67%	-	-	-	-	-	-	Note 2

Name	Shares held by themselves		Shares held by spouse and underage children Shares held by children		Shares held in the name of others Combined shares held		Names or family name and relationship of top ten shareholders where their relationship is that of kinship related party, as stated in Financial Accounting Standard No. 6.		Remark
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Title	Relationship	
Pai-Yung Hong	59,605,717	1.67%	5,572,890	0.16%	0	0.00%	Chin-Xin Investment Co., Ltd	Chairman of the institutional shareholder and the said shareholder are within first degree of kinship	
							Winbond Electronics Corporation	Chairman of the institutional shareholder and the said shareholder are within first degree of kinship	
							Yu-Heng Chiao	First degree of kinship	
							Yu-Hwei Chiao	First degree of kinship	
							Yu-Chi Chiao	First degree of kinship	
Yu-Heng Chiao	58,392,197	1.63%	13,255,828	0.37%	0	0.00%	Chin-Xin Investment Co., Ltd	Chairman of the institutional shareholder and the said shareholder are within second degree of kinship	
							Winbond Electronics Corporation	Chairman of the institutional shareholder and the said shareholder are within second degree of kinship	
							Yu-Hwei Chiao	Second degree of kinship	
							Yu-Chi Chiao	Second degree of kinship	
							Pai-Yung Hong	First degree of kinship	
Yu-Chi Chiao	51,525,470	1.44%	10,915,785	0.31%	0	0.00%	Chin-Xin Investment Co., Ltd	Chairman of the institutional shareholder and the said shareholder are within second degree of kinship	
							Winbond Electronics Corporation	Chairman of the institutional shareholder and the said shareholder are within second degree of kinship	
							Yu-Heng Chiao	Second degree of kinship	
							Yu-Hwei Chiao	Second degree of kinship	
							Pai-Yung Hong	First degree of kinship	
Walsin Lihwa Employee Welfare Committee	47,981,637	1.34%	-	-	-	-	-	-	
Walsin Lihwa Employee Welfare Committee Chairman: Cheng-Chung Hsieh	0	0.00%	0	0.00%	0	0.00%	-	-	
Dimensional Emerging Market Evaluation Fund under the custody of Citibank (Taiwan)	46,785,412	1.31%	-	-	-	-	-	-	Note 2

Note 1: When calculating percentage of shares held, the 70,000,000 shares the Company has bought back but not yet transferred or written off as of the date on which transfer of shares is suspended due to the holding of the AGM up to and including 2016.

Note 2: The shareholder was a foreign fund account and inquiries have been made of its representative with relevant information requested: None.

10. The Shareholdings and Joint Shareholding Held by the Company, its Directors, its Supervisors, its Managers and Affiliates Controlled Directly or Indirectly by the Company in the Same Invested Businesses

December 31, 2015

Unit: Shares, %

Investees (Note)	Shareholdings by the Company		Sharingholding by Directors, Supervisors, Managers, and Affiliates Directly or Indirectly Controlled the Company		Joint Shareholding	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
Walsin Lihwa Holdings Limited	521,147,848	100.00	-	-	521,147,848	100.00
Walsin Specialty Steel Holdings Co., Ltd.	469,203,187	100.00	-	-	469,203,187	100.00
Energy Pilot Limited	20,670,001	100.00	-	-	20,670,001	100.00
ACE RESULT GLOBAL LIMITED	53,000,001	100.00	-	-	53,000,001	100.00
Market Pilot Limited	100,000,000	100.00	-	-	100,000,000	100.00
Touch Micro-System Technology Co., Ltd.	2,100,000	100.00	-	-	2,100,000	100.00
Min Maw Precision Industry Corp.	24,150,000	100.00	-	-	24,150,000	100.00
Walsin-IEI Co., Ltd.	23,728,623	98.87	-	-	23,728,623	98.87
Jincheng Construction Co., Ltd.	277,256,940	99.22	211,163	0.08	277,468,103	99.30
Joint Success Enterprises Limited	38,020,000	49.05	39,500,000	50.95	77,520,000	100,00
Chin-Xin Investment Co., Ltd	179,468,270	37.00	58,345,373	12.02	237,813,643	49.02
Concord Venture Capital Group	21,248,000	43.24	-	-	21,248,000	43.24
HannStar Color Co. Ltd.	47,114,093	33.97	41,953,881	30.25	89,067,974	64.22
Concord Venture Capital Co., Ltd.	26,670,699	26.67	175,859	0.18	26,846,558	26.85
Winbond Electronics Corporation	811,327,531	22.66	123,820,125	3.46	935,147,656	26.12
Walton Advanced Engineering, Inc.	109,628,376	22.70	43,672,121	9.04	153,300,497	31.74
Walsin Technology Corporation	102,481,049	18.30	26,580,036	4.75	129,061,085	23.05

Note: Equity method is employed

IV Capital Overview

1. Capital and Shares

(1) Sources of capital

1. Historical Sources of Capital

Year/month	Issued by Price	Authorized capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Subscriptions paid with property other than cash	Other
91/11	10	6,500,000,000	65,000,000,000	3,512,976,276	35,129,762,760	Treasury stock capital decreased by 100,000,000 shares	None	Note 1
92/06	10	6,500,000,000	65,000,000,000	3,412,976,276	34,129,762,760	Treasury stock capital decreased by 100,000,000 shares	None	Note 2
92/11	10	6,500,000,000	65,000,000,000	3,366,067,276	33,660,672,760	Treasury stock capital decreased by 46,909,000 shares	None	Note 3
93/01	10	6,500,000,000	65,000,000,000	3,266,067,276	32,660,672,760	Treasury stock capital decreased by 100,000,000 shares	None	Note 4
93/04	10	6,500,000,000	65,000,000,000	3,174,491,276	31,744,912,760	Treasury stock capital decreased by 91,576,000 shares	None	Note 5
93/07	10	6,500,000,000	65,000,000,000	3,078,236,276	30,782,362,760	Treasury stock capital decreased by 96,255,000 shares	None	Note 6
93/08	10	6,500,000,000	65,000,000,000	3,079,012 601	30,790,126,010	Bond conversion entitlement certificates converted to common shares	None	None
94/05	10	6,500,000,000	65,000,000,000	3,006,294,601	30,062,946,010	Treasury stock capital decreased by 72,718,000 shares	None	Note 7
94/08	10	6,500,000,000	65,000,000,000	3,310,913,261	33,109,132,610	Capital increased by earnings recapitalization	None	Note 8
95/04	10	6,500,000,000	65,000,000,000	3,244,314,261	32,443,142,610	Treasury stock capital decreased by 66,599,000 shares	None	Note 9
97/11	10	6,500,000,000	65,000,000,000	3,194,314,261	31,943,142,610	Treasury stock capital decreased by 50,000,000 shares	None	Note 10
98/02	10	6,500,000,000	65,000,000,000	3,179,200,422	31,792,004,220	Treasury stock capital decreased by 27,124,000 shares and overseas convertible bonds converted to 12,010,161 common shares	None	Note 11
98/09	10	6,500,000,000	65,000,000,000	3,119,200,422	31,192,004,220	Treasury stock capital decreased by 60,000,000 shares	None	Note 12
98/11	10	6,500,000,000	65,000,000,000	3,069,200,422	30,692,004,220	Treasury stock capital decreased by 50,000,000 shares	None	Note 13
99/12	10	6,500,000,000	65,000,000,000	3,609,200,422	36,092,004,220	Cash capital increased by 540,000,000 shares	None	Note 14
100/01	10	6,500,000,000	65,000,000,000	3,614,890,804	36,148,908,040	Overseas convertible bonds converted to 5,690,382 shares	None	None
100/04	10	6,500,000,000	65,000,000,000	3,616,000,258	36,160,002,580	Overseas convertible bonds converted to 1,109,454 shares	None	None
102/06	10	6,500,000,000	65,000,000,000	3,576,000,258	35,760,002,580	Treasury stock capital decreased by 40,000,000 shares	None	Note 15

Note 1: Approval letter Tai-Cai-Zheng (3) No. 0910155823, dated 2002.10.16
Note 2: Approval letter Tai-Cai-Zheng (3) No. 0920110106, dated 2003.03.25
Note 3: Approval letter (2001) Tai-Cai-Zheng (3) No. 101196, dated 2001.02.08
Note 4: Approval letter Tai-Cai-Zheng (3) No. 0920159026, dated 2003.12.15
Note 5: Approval letter Tai-Cai-Zheng (3) No. 0930110000, dated 2004.03.24
Note 6: Approval letter Tai-Cai-Zheng (3) No. 0930125152, dated 2004.06.03
Note 7: Approval letter Jin-Guan-Zheng (3) No. 0940110778, dated 2005.03.30
Note 8: Approval letter Jin-Guan-Zheng (1) No. 0940124111, dated 2005.06.16
Note 9: Approval letter Jin-Guan-Zheng (3) No. 0950105881, dated 2006.02.20
Note 10: Letter Jin-Guan-Zheng (3) No. 09700511511, dated 2008.09.24
Note 11: Letter Jin-Guan-Zheng (3) No. 0970065169, dated 2008.11.28
Note 12: Letter Jin-Guan-Zheng (Jiao) No. 0980027679, dated 2009.06.06
Note 13: Letter Jin-Guan-Zheng (Jiao) No. 0980050862, dated 2009.09.21
Note 14: Letter Jin-Guan-Zheng (Fa) No. 0990051578, dated 2010.09.28
Note 15: Letter Jin-Guan-Zheng (Jiao) No. 0990025440, dated 2010.05.12

2. Type of Stock

March 27, 2016

Shares Type	Authorized capital			Remark
	Shares issued and outstanding (Note 1)	Unissued shares	Total	
Ordinary shares	3,576,000,258	2,923,999,742	6,500,000,000	(Note 2)

Note 1: Contains public shares: contains 70,000,000 shares re-purchased by the holding company, but these shares have not been transferred or cancelled

Note 2: The Company can issue, insofar as they do not exceed NT$8 Billion, share warrants, corporate bond with warrant or preferred shares with warrants for up to eight hundred million shares at a par value of NT$10 per share. They may be issued in separate tranches.

3. Information on shelf registration: None

(2) Shareholders

March 27, 2016

Shareholders / Quantity	Government institutions	Financial institutions	Other institutions	Individuals	Foreign institutions and foreigners	Total
Head Count	3	53	183	151,801	226	152,266
Shares held	4,985,054	58,460,456	766,187,535	1,952,745,702	793,621,511	3,576,000,258
Shareholding	0.14%	1.63%	21.43%	54.61%	22.19%	100%

Note 1: Including 70,000,000 shares repurchased and held by the Company but not yet transferred or cancelled, as of the book closure date for the 2016 Annual Shareholders' Meeting.

Note 2: Ratio of shares held by investors in China: 0%.

(3) Dispersion of Shareholdings

1. Dispersion of Shareholdings (common shares):

March 27, 2016

Shareholding Range	Number of Shareholders	Shares Held (Note)	Shareholding
1 ~ 999	59,257	16,471,774	0.46%
1,000 ~ 5,000	53,316	127,877,981	3.58%
5,001 ~ 10,000	17,133	131,394,546	3.67%
10,001 ~ 15,000	6,398	80,044,437	2.24%
15,001 ~ 20,000	4,334	79,878,271	2.24%
20,001 ~ 30,000	3,950	100,177,755	2.80%
30,001 ~ 40,000	1,907	67,999,408	1.90%
40,001 ~ 50,000	1,330	62,013,347	1.73%
50,001 ~ 100,000	2,487	180,296,449	5.04%
100,001 ~ 200,000	1,114	157,399,562	4.40%
200,001 ~ 400,000	598	167,639,489	4.69%
400,001 ~ 600,000	125	61,136,421	1.71%
600,001 ~ 800,000	67	46,788,408	1.31%
800,001 ~ 1,000,000	38	34,604,910	0.97%
≥ 1,000,001	212	2,262,277,500	63.26%
Total	152,266	3,576,000,258	100%

Note: Including 70,000,000 shares repurchased and held by the Company but not yet transferred or cancelled, as of the book closure date for the 2016 Annual Shareholders' Meeting.

2. Dispersion of equity ownership (preferred shares): None

(4) List of Major Shareholders

March 27, 2016

Shares / Major Shareholders	No. of shares held	Shareholding (Note)
LGT Bank (Singapore) Investment Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	213,204,000	5.96%
Winbond Electronics Corporation	200,000,000	5.59%
Chin-Xin Investment Co., Ltd	178,002,000	4.98%
Yu-Hwei Chiao	92,229,006	2.58%
Vanguard Emerging Markets Stock Index Fund under the custodianship of Standard Chartered	59,670,770	1.67%
Pai-Yung Hong	59,605,717	1.67%
Yu-Heng Chiao	58,392,197	1.63%
Yu-Chi Chiao	51,525,470	1.44%
Walsin Lihwa Employee Welfare Committee	47,981,637	1.34%
Dimensional Emerging Market Evaluation Fund under the custodianship of Citibank (Taiwan)	46,785,412	1.31%

Note: When calculating percentage of shares held, the 70,000,000 shares the Company has bought back but not yet transferred or written off as of the date on which transfer of shares is suspended due to the holding of the 2016 Annual Shareholders' Meeting.

(5) Stock price, net worth, earnings, dividends and related information

Item		Year	2014	2015
Dividends per share Market price (Note 1)	High		11.80	10.20
	Low		8.80	6.02
	Average		10.15	8.09
Net worth per share (Note 2)	Basic		17.76	17.25
	Diluted		17.76	17.05
Earnings per share	Weighted average shares		3,553,297,381	3,524,913,814
	Earnings per share		0.64	0.45
Dividends per share	Cash dividend (Note 3)		-	0.2
Dividend payments	Stock dividend	Earnings	-	-
		Capital Surplus	-	-
	Accumulated unpaid dividend (Note 4)		-	-
Return analysis	Price-earnings ratio (Note 5)		15.86	17.98
	Price-dividend ratio (Note 6)		-	40.25
	Cash dividend yield (Note 7)		-	0.02

＊If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: The year's high and low market prices of common stock are provided, and the average price for the year is computed based on the year's transaction amount and volume.

Note 2: Using the number of the outstanding issued shares at year end as the basis and fill in the details based on the resolution passed by the shareholders' meeting regarding distribution in the following year.

Note 3: If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

Note 4: If the conditions of the equity issuance require that dividends not yet distributed for the year be accumulated and paid out in a later year with positive earnings, the dividends that have been accumulated up to the current year and not yet distributed shall be disclosed separately.

Note 5: Price-earnings ratio＝Year's average per share closing price / earnings per share.

Note 6: Price-dividend ratio＝Year's average per share closing price / cash dividend per share.

Note 7: Cash dividend yield＝Cash dividend per share / year's average per share closing price.

(6) Dividend policy and implementation status

1. Dividend policy specified in the Company's Articles of Association

   The Company's share dividend policies are pursuant to the Company Act and the Company's Articles of Association, with consideration being taken with respect to the Company's capital, financial structure, profitability, share dividends obtained from investment returns, future development of the Company and industry and environmental factors. In principle share dividends should be declared on a stable basis, with profit available for distribution being retained or distributed in the form of cash share dividend or combination of shares and cash dividends, etc. in order to foster the Company's sustainable operations.

   The Company offers a diverse range of products, which are at different growth stages. In order to ensure the sustainable development of the Company, its share dividend policy is one of stability. Apart from the retained profit, the distribution of available profit should be pursuant to planning for future capital expenditure and operating funds, preferably in the form of cash dividends. The Company may also declare dividends in the form of shares, provided always that the percentage of such dividends shall not exceed 70% of total dividends.

   The amount of profit to be retained and the conditions, timing, amount and type of share dividends to be declared shall be pursuant to changes to economic and industry outlook. Consideration should also be given to the Company's future development needs and profitability such that they may be adjusted at the appropriate time.

2. Dividend distribution to be proposed to the shareholders' meeting:

   Pursuant to the resolution at the 12th Board of Directors meeting of the 17th Board of Directors term, NT$701,200,052 is proposed to be distributed to shareholders as dividends, with each share receiving NT$0.2. (Calculated in accordance to the Company's 3,506,000,258 issued and outstanding common shares, which results from 3,576,000,258 issued shares less 70,000,000 treasury shares.)

   This proposal is pending approval by the shareholders at the 2016 annual general meeting, whereby the Board of Directors shall then determine the ex-dividend date, the distribution date and other matters related to the dividend distribution.

   Subsequently, if the Company buys back stock, if overseas convertible bondholders applies for conversion of such bonds pursuant to the issuance and conversion procedures or if other similar situations occurs where the number of issued and outstanding shares is affected and the per share dividend distribution is, as a result, changed, it is proposed that the shareholders authorize the Board of Directors to make the necessary adjustments based on the actual issued and outstanding shares as of the ex-dividend date.

   Cash dividends shall be calculated to the nearest whole NT Dollar by rounding.

3. Explanation regarding expected major changes to dividend policy: None

(7) Effect of the proposed stock dividends (to be adopted by the Shareholders' Meeting) on the operating performance and earnings per share: Not applicable

(8) Employee bonus and remuneration to Directors and Supervisors:

1. Percentages and ranges of employee bonus and remuneration to Directors and Supervisors, as specified in the Company's Articles of Association

   Article 25-1 of the Company's Articles of Association:

   If the Company has profit in a given year, it shall distribute no less than 1% as employee bonus and no more than 1% as director and supervisor bonus, with the actual amount distributed decided by a resolution approved by a majority vote of at least two-thirds of all directors and subsequently reported to the shareholders meeting. However, if the Company has accumulated losses, such profit shall first go towards offsetting such accumulated losses.

   Employee bonus shall be distributed as stock or cash. The target of distribution include the Company’s employees who fulfill certain criteria, with the Board of Directors authorized to determine other criteria and the distribution method.

2. Basis for estimating the amount of employee bonus and Directors/Supervisors bonus, basis for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

   (1) Basis for estimating the amount of employee bonus and Directors/Supervisors bonus: Estimated based on the pre-tax net profit of the period and within the ranges established in the Articles of Incorporation.

   (2) Basis for calculating the number of shares to be distributed as stock bonuses: Not Applicable

   (3) Accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: For the relevant accounting treatments adopted, refer to the explanation in "Financial Overview—Section 4 Financial Statements for the Past Year—22. Equity—(3)".

3. Information on employee bonus as approved by the Board of Directors

   (1) Amount of Cash or Stock to be distributed as Employee Bonus and Director/Supervisor Bonus: The Board of Directors approved a distribution of employee bonus in the amount of NT$21,962,000 and has proposed a distribution of Director/Supervisor bonus in the amount of NT$16,335,000.

   (2) Difference with the estimated employee bonus and Director/Supervisor bonus for current period, reason for difference and handling status: No difference

   (3) Amount of employee stock bonus and the percentage of such amount to the aggregate of the individual entity’s after-tax net profit and employee bonus during the current period: Not Applicable

4. The actual distribution of employee bonus and Director/Supervisor compensation for the previous fiscal year (with an indication of the number, value, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee bonuses and Director/Supervisor compensation, additionally the discrepancy, cause, and how it is treated

   (1) Amount of employee cash bonus, stock bonus and Directors' and Supervisors' remuneration: There were no dividends to distribute in 2014.

   (2) Discrepancies in recognizing employee bonus and Directors' and Supervisors' remuneration, their causes and measures taken to address the problems: Not applicable.

   (3) For the relevant accounting principles adopted refer to "22. Equity (3)" under Section 4 of the Financial Overview.

(9) Stock Buyback

March 30, 2016

Treasury stock in batches	21st batch
Purpose of repurchase	For transfer to employees
Period of Repurchase	June 18, 2015 to August 17, 2015 (Repurchase was completed in its entirety on June 29, 2015 ahead of schedule)
Repurchase price range	NT$7-10 per share
Type and quantity of shares repurchased	Common stocks: 40,000,000 shares
Amount of shares repurchased	NT$315,917,540
Shares cancelled/transferred	0 shares
Accumulated number of Company shares held	70,000,000 shares
Accumulated number of Company shares held as a percentage of total shares issued	1.96%

(10) Impact of mass transfer of equity by or change of Directors, Supervisors, or shareholders holding a more than 10% interest in the Company, associated risks and response measures: Not applicable

2. Issuance of Corporate Bonds: None.

3. Issuance of Preferred Stocks: None.

4. Issuance of Global Depositary Receipts (GDR)

<table>
<tr><th colspan="2">Date of issuance / Item</th><th colspan="2">October 3, 1995</th><th>November 9, 2010</th></tr>
<tr><td colspan="2">Place of issue and trading</td><td colspan="3">Issued globally and traded on the Luxembourg Stock Exchange, Portal and London Stock Exchange</td></tr>
<tr><td colspan="2">Total amount</td><td colspan="2">US$121,800,000</td><td>US$290,313,085</td></tr>
<tr><td colspan="2">Offer price per unit</td><td colspan="2">US$12.18</td><td>US$5.38</td></tr>
<tr><td colspan="2">Total units issued</td><td colspan="2">10,000,000 units</td><td>53,961,540 units</td></tr>
<tr><td colspan="2">Source of underlying security</td><td colspan="2">Issuance of new common shares for cash capital increase</td><td>Issuance of new common shares for cash capital increase</td></tr>
<tr><td colspan="2">Underlying security</td><td colspan="2">Common stocks: 100,000,000 shares</td><td>Common stocks: 539,615,400 shares</td></tr>
<tr><td colspan="2">Rights and obligations of depositary receipt holder</td><td colspan="3">Conducted in accordance with the laws of the Republic of China and with the provisions of the Depository Agreement. Refer to the Covenants of Depository Agreement for the key terms and conditions.</td></tr>
<tr><td colspan="2">Trustee</td><td colspan="2">None</td><td>None</td></tr>
<tr><td colspan="2">Depository institution:</td><td colspan="2">Deutsche Bank</td><td>Citibank</td></tr>
<tr><td colspan="2">Custodial bank</td><td colspan="2">Mega International Commercial Bank</td><td>Citibank (Taiwan)</td></tr>
<tr><td colspan="2">Balance outstanding</td><td colspan="3">79,925 units of global depositary receipts, and 799,248 shares of securities represented.</td></tr>
<tr><td colspan="2">Distribution of fees incurred from issuance and the outstanding period of the GDRs</td><td colspan="3">1. Issuance fees: The issuing company will be responsible for the entirety of this fee.
2. Fees during outstanding period: The issuing company will be responsible for this fee.</td></tr>
<tr><td colspan="2">Covenants of Depository Agreement and Custodial agreement</td><td colspan="3">Omitted</td></tr>
<tr><td rowspan="6">Market price per unit (Unit: USD)</td><td rowspan="3">2015</td><td>High</td><td colspan="2">3.20</td></tr>
<tr><td>Low</td><td colspan="2">1.88</td></tr>
<tr><td>Average</td><td colspan="2">2.58</td></tr>
<tr><td rowspan="3">Current year up to March 14, 2016</td><td>High</td><td colspan="2">2.75</td></tr>
<tr><td>Low</td><td colspan="2">2.04</td></tr>
<tr><td>Average</td><td colspan="2">2.29</td></tr>
</table>

5. Exercise of Employee Stock Option Plan (ESOP): None.

6. Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of other Companies: None.

7. Implementation of Capital Allocation Plan: None.

V. Business Overview

1. Business activities

(1) Scope of Business

1. Primary business content, primary products and revenue ratio.

Business activities	Products	Revenue Ratio	
		The Company and its merged subsidiaries	
		Amount: (NT$ million)	%
Manufacture and sale of copper conductors, various electrical wires, cables, and related connection materials and accessories.	Bare copper strips, copper wires, copper cables, power lines, and high-voltage power line accessories.	96,731	64.8%
Forging, processing, and selling of stainless steel, stainless steel seamless pipe, and nickel pipe.	Billets, slabs, hot-rolled plates, hot-rolled steel coils, cold-rolled coils, wire rod, hot-rolled bars, cold-finish bars, pierced billet, stainless steel foil, boiler tubes, heat exchanger tubes, instrument tubes, and fluid pipes.	43,045	28.8%
Production site	Housing sale, rental building sale, rent, and operating revenue	882	0.6%

2. New products under development

Business unit	New products under development
Wire and Cable Business	1. Heavy machinery / crane cable and TPU-coated cable 2. Robot cable modules 3. Tool machinery cable modules 4. Offshore wind turbine cable 5. Multi-head wire harness 6. Integration of copper alloy, drawing, and stranding technologies.
Stainless Steel Business	Billet/wire rod/plate material 1. 17-4H and XM19 (20910) high-strength stainless steel 2. Heat-resistant stainless steel 314, 310 3. Heat-resistant copper/nickel steel rod ER309, ER312 4. Super austenitic stainless steel 904L 5. High-strength/elastic steel 17-7H 6. Heat/corrosion resistant N8825-12＆11in stainless steel ingot, 321H-20in stainless steel ingot, and 347HFG steel 7. S15500, S40976-M150, and S42010-12in slab 8. S40500-12in stainless steel ingot 9. High-strength/corrosion-resistant 2205 and 2507 stainless steel ingot 10. Heat-resistant T91 steel Stainless steel foil 1. SUS304 steel grade needle tube Stainless steel seamless pipe 1. N10276, N08028, N06625, and N06617 nickel alloy tube 2. 3.175 mm nuclear energy meter tube 3. Nuclear energy CFI system 2205
Real Estate Business	1.Residential and office buildings that provide commercial, cultural, entertainment and leisure functions. 2. A one-stop shop for urban living.

(2) Industry overview

1. Industry current trends and future outlook

(1) Wire and Cable Business

- Copper wire materials

The Company's copper wire materials primarily supply the copper cable demand from Taiwan, Southeast Asia, and China. Taiwan's market operations are mature with stable supply and demand. Exports to Southeast Asia have steadily increased. China's GDP growth in 2016 is expected to fall below 7%. Industry structure in the market will be adjusted, making high-speed rail, electric vehicles, charging piles, and electrical equipment the focus of development.

- Wire and cable

Taiwan's Market: Because power transmission projects implemented in the public sector have been completed, the demand for high-pressure electric cable has slowed down and the sales volume for electric cable has declined. Use of cable in civilian construction projects reached its peak in 2015, and in 2016, the expected demand slowed and the remaining market segments also exhibited a declining demand trend.

Export: Wire and cable demand in Southeast Asia increased due to expansion in infrastructure construction but the development of wires and cables is hindered by tariff barriers in the region.

Chinese Market: According to the 13th Five-Year Plan, China will invest heavily in the establishment of clean energies such as nuclear, hydroelectric power, and solar energy. In the private sector, the upgrade and transformation of target strategic industries are promoted. However, industrial growth increased quickly within a short period while public demand remains at a slow pace.

(2) Stainless Steel Business

Material: In 2015, the commodity price index dropped 20%, in which LME nickel price declined from a maximum of 15,531 USD/MT to a minimum of 8,205 USD/MT, dropping almost by 50%, below the historic low since the 2008 financial crisis. As LME nickel price plunges, laterite nickel ore, nickel-related metal, dropped almost 50% and nickel iron dropped almost 35%.

Supply: Based on ISSF estimations, global production volume of stainless steel and crude steel in 2015 amounted to 42.2 million tons, a growth of 1.2% from 2014; the production volume in China reached an all-time low of 22.15 million tons, an increase of 2.1%. However, the global stainless steel market was affected by China selling its products at a low cost due to excessive production, which consequently resulted in the implementation of international trade protection, prompting China to promote a series of production reduction measures. The production volume in 2016 is expected to present a negative growth of approximately -0.81%.

Demand: The global stainless steel industry has experienced multiple problems such as slowing downstream demand, excessive production, decline in market prices, and profit squeezes among competitors. The stainless steel industries are deteriorating, and a pessimistic attitude is observed in the market. In particular, the stagnating Chinese economy has threatened the growth of stainless steel consumption. In 2015, sales volume of stainless steel in China was approximately 17.3 million tons. which, although exhibited an annual growth of 7.22%, exhibited a significant decline compared with the 8.4% growth in 2014. Furthermore, despite the recovery of the US economy, economic growth in European and other emerging countries remains the same. Although related construction investment policies have been proposed, the terminal demand is still weak and excessive supply over demand remains evident.

Outlook for 2016:

In the Commodity Markets Outlook, the World Bank lowered its forecast for commodity price because of the deterioration of the economy caused by excessive supply over demand and growth of new markets. Nevertheless, the global economy is still challenged by the stagnation of new economies such as China and falls in commodity prices. Because there is still greater supply than demand in the steel market and the demand is low, each nation is employing anti-dumping, anti-subsidies, and higher tariffs to protect themselves. Therefore, maintaining the current market and opening up new markets will be difficult. The slowdown of the Chinese market, intense price competition among steel manufacturers, and export products have influenced the stability of global stainless steel market. The implementation of the production reduction policy is slow and thus a significant effect is unlikely this year. In addition, multiple countries have adopted a more relaxed monetary policy, leading to weakening currencies. Rises in import costs also suppressed the intention of overseas stainless steel purchases in various markets.

(3) Real Estate Business

- Walsin Real Estate Procurements

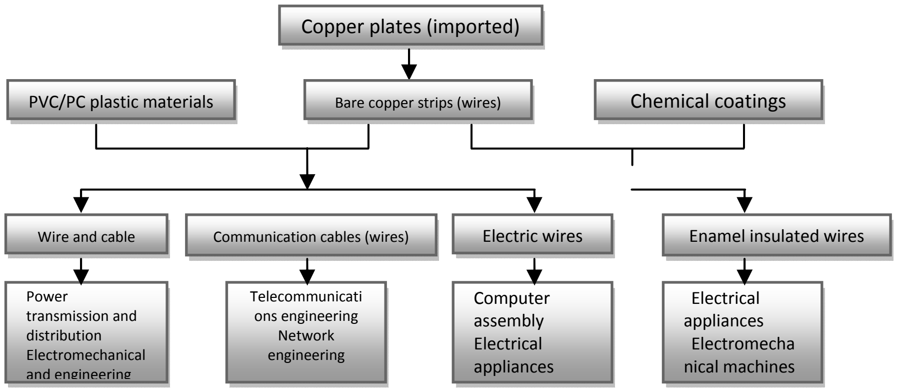
The economic growth rate in Nanjing City was 9.3% in 2015, with the disposable income per capita exceeding RMB40,000 at a growth rate of 8.3%. Although the economy did not develop as fast as it used to, its growth remains relatively stable. In addition, investment in Nanjing real estate development in 2015 totaled NT$142.9 billion, an annual growth of 27% and accounting for 26% of investment in the whole society. The full-year commodity housing sales surface area was 15.43 million square meter, an annual growth of 27.8%, with 14.29 million square meter of residential houses sold at a growth rate of 27.1%.

The Nanjing Walsin Centro is a real estate development project of the Company in Nanjing, China. The project includes office, residential, and commercial buildings. The area of construction is one million square meters located at the number 1 and 2 metro intersection in the Hexi area. The site is located in an excellent location and has significant development potential.

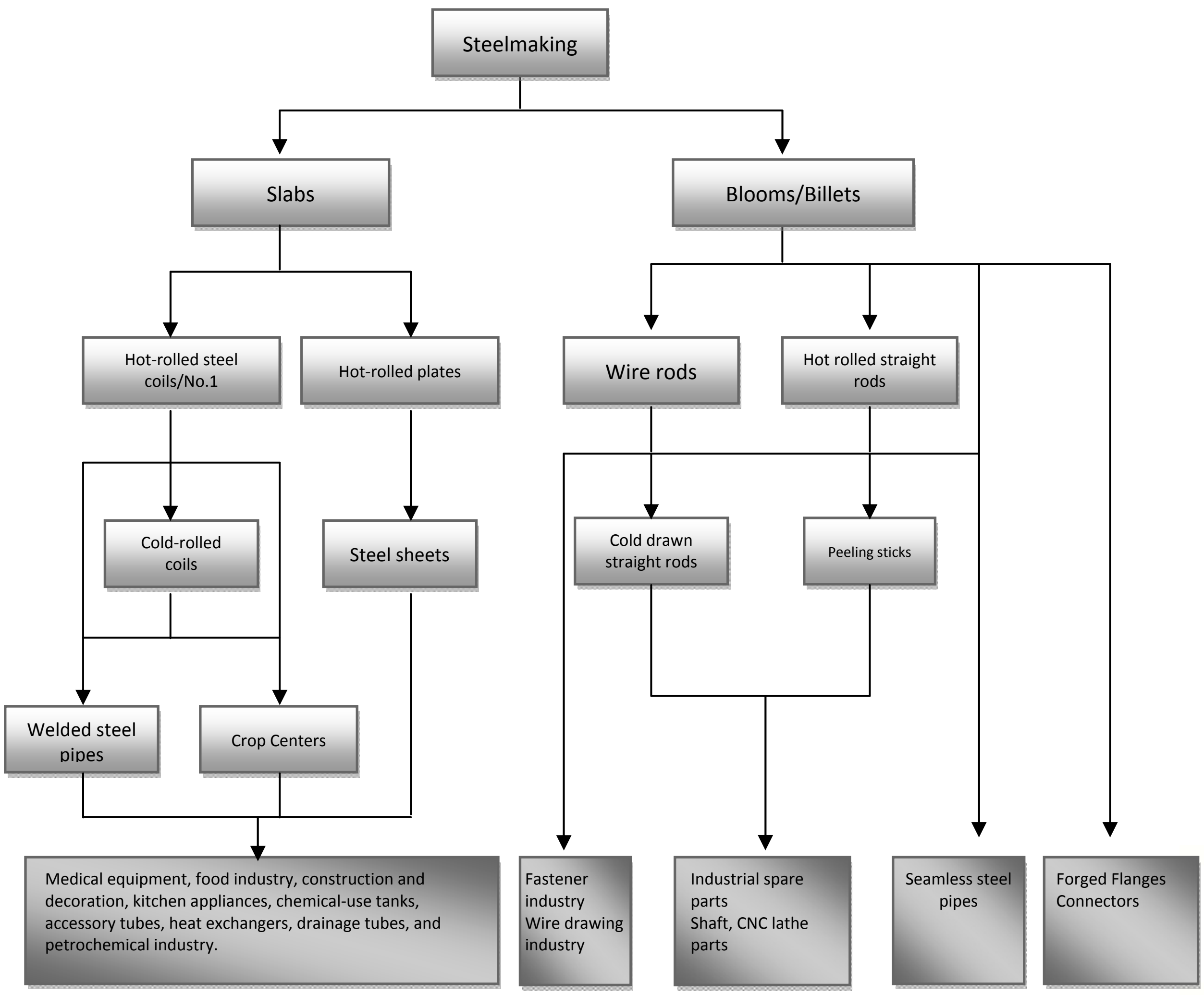
Looking toward the future, the Company expects an upward growth in housing supply and demand in Nanjing's real estate market as the Chinese government implements a series of profitable real estate policies and fully executes the two-child policy. Because overall demand will maintain long-term growth stable, construction quality and product innovation will grow in importance, thus highlighting the importance of the market position of large real estate development companies that specialize in urban commercial real estates and their accompanying residential developments.

2. Relationships with suppliers in the industry's supply chain:

(1) Wire and Cable Business



(2) Stainless Steel Business



3. The state of the economy, industrial trends, and commodity competitions

(1) Wire and Cable Business

● Copper Material

Following the gradual recovery of the U.S. economy in 2015, demand for electromechanical and light industrial products from overseas and Taiwan markets still exists. Demand for copper strips from southern China remains unchanged. The Company's market share remains on top in both domestic (Taiwan) and export (southern China) markets. Despite the decrease in China's economic growth in 2015, the Company's operation in the Chinese market remains competitively advantaged due to factors such as industrial structural adjustment and controls in the real estate industry.

● Wire and cable

In recent years, the continual decrease in public constructions and market demand in the private sector, excessive supply over demand, and the low utilization rate of production capacity among the industry have resulted in market expansion and development of niche products in an effort to increase the availability and competitiveness of power cable plants. In addition, global energy conservation, carbon reduction, and environmental protection have influenced product applications. Power cable demands in green energy-related industries (e.g., solar energy and wind power) gradually increased. Furthermore, amendment to domestic construction laws and regulations have caused an increase in the demand for fire-resistant building materials.

With regards to the Chinese market, China's GDP is expected to fall below 7% in 2016. Although the industrial and construction markets improved but their growth will be incomparable to that before. Future demands will rely on promoting target strategic industries and industrial modernization. It is expected that the "one belt one road" opportunities will gradually advance from the planning phase to implementation.

● Pre-stressed/Stainless Steel Wires

Despite the fact that market demand was pushed up by extra investment in fundamental infrastructure from countries with large pre-stressing steel consumption in late 2014, supply still exceeds demand at present. Steel strands are facing fierce competition from upstream suppliers at public procurement. The open tendering procedure fuels price competition, making low price offer crucial to the winning of bids. Galvanized wires use raw materials (mainly from China) with enhanced strength, torsional elasticity and excellent corrosion resistance that can be used in longer bridge spans. However, under the pressure of market competition and financial strain, price is likely to slip in the near future. At present, the primary stainless steel wire products are used for automobile manufacturing and container welding materials, engineering materials and fasteners, as well as raw materials for living consumables. Furthermore, they tended to be more affected by the government's domestic policy and climate changes.

(2) Stainless Steel Business

● Billet/wire rod/plate material

Global growth for stainless steel wire rods showed a gradual plateauing trend. Due to the growing complexity of factors that have interfered with the market in recent years, consumption fluctuations are significant and there is a high degree of difficulty in making accurate predictions. Wire rod demand growth mostly originated in China, India, and Southeast Asia. Overall growth prospects in Europe and North America are limited and capacity expansion is concentrated in Asia. Oversupply and price competition are the primary trends of the market in recent years. In particular, the Chinese market declined due to the overall demand. Although export decreased, export prices are low, which influenced market stability. The capacity of long whole strip category stainless steel in China is oversupplied. Japan and South Korea have adopted monetary policies to regulate their respective economies, giving them exchange rate fluctuations that offer greater room for manipulating export quotations, which influence the stability of market volume and price. After POSCO merged with SeAH group, the business strategy adopted was based on consolidating market demand in South Korea. This strategy diminished the room for survival among foreign steel companies in South Korea.

The production capacity of China in the steel sheet market continues to increase. Oversupply in No. 1 cold-rolled steel market is evident. In addition, China's excessive production and low-cost export to other countries have caused the implementation of international trade protection measures. Affected by environmental protection policies and dramatic drop in LME nickel price, production profits have been reduced, leading to generally low production rate. In addition, due to a series of incidences of business bankruptcy, related large firms have proposed joint production reduction measures in response to excessive production problems. In China, steel companies such as TISCO continue to hold economic advantages in which it suppresses price increase by making large quantity orders, thereby maintaining its competitiveness. Several other large steel companies such as Baosteel and Ansteel have turned toward procuring cheaper steel blanks from Tsingshan Holding Group, rendering market price competitions more intense. Moreover, given the oversupply situation, the Tsingshan Holding Group announced increased production of stainless steel, further aggravating the intense competition in the market.

The overall price in the stainless steel market exhibited a declining trend in 2015. Production and oversupply in mid-to-low end markets have been severely in excess. The policy to eliminate outdated capacity could not be completed implemented, exerting minimal influence on special steel industry. As a result, the market is oriented toward price competition. High-end markets focus on the certification market or special steel of a specific industry. Competition over 316/316L and 321 steel grades, originally belonging to the mid/high-end markets, has intensified; however, compared with materials used in the mid/low-end market, these steel grades remain profitable. The certification market still maintained its brand effect, shifting mainly toward niche and new markets such as special steel and nickel alloy steel. Viraj Profiles Limited steered toward downstream development, extending its global presence by selling straight bars worldwide at a low price, which impacted customers' demand for the Company's products. However, the Company remains at an advantage over product delivery and quality; therefore, our sales still increased in 2015 compared with 2014. Considering the intense competition in general bars, the Company will strive toward developing precision and specialty steel such as 17-4, S303, 316F2, and 416 in the future.

Stainless steel foil were mainly involved in price competition in 2015. Nickel price dropped on a monthly basis, causing reduced customer purchase intention. In Europe and North America, 2 to 3 precision steel sheet cold-rolling plants have successively closed down after a period of industrial integration and elimination, prompting a balance between supply and demand. By contrast, Asian Pacific regions have experienced deteriorating product price competition due to China's excessive production and oversupply problems.

● Stainless steel seamless pipe

The slowdown of China's economic growth in 2015 has caused the overall demand of the stainless steel industry to decline compared with that in 2014. The diminishing market demand in the stainless steel market has lowered the production capacity of various large steel pipe manufacturers. To quickly fill this capacity gap, short delivery times and low prices have become the mainstream in market competition.

(3) Real Estate Business

● Walsin Real Estate Procurements

At present, the main trends of the real estate development are scaling, urban centralization, and gradual shifting away from retail. The scale of the city center development projects continues to expend, and whole-integrated products have become the mainstream. Department store and retail sales ratio remained low. The ratios of catering, leisure, entertainment, and experiential consumption have all increased. Residential housings have oriented toward high-end development.

In terms of competition, since city centers are focused with high-end real estate market and low-density projects, land supply has always been sparse. Therefore, the number of projects launched is relatively small and the price elasticity is low. The real estate industry has also centralized toward large enterprises with financial strength and development capability. Developers in Nanjing have gradually reduced their development products or no longer independently engage in such projects. Firms of a specific size will gradually acquire better competitive environments, increasing market order. The Company's Walsin Centro is located at the heart of a new city where two metro lanes intersect, and its location and position are unique. In the future, the Company will continue to develop the surrounding areas, which would increase the demand for commercial and office buildings.

(3) Overview of Technology and R&D

1. R&D Expenses and Results

R&D Expenses		From Thursday, January 1, 2015 to the publication date of this annual report, R&D expenses were approximately NT$70 million.
R&D Profile	Wire and Cable Business	1. Heavy Equipment and Green Industry: Through continual trials and testing, continue to further develop techniques and innovation in cable structures received standing orders and trials from both domestic and overseas clients. 2. Develop key materials for cables and green environmental friendly materials for enhancement of competitiveness. Thus far, more than ten types of materials made with special formulas have been developed. 3. Conduct in-depth research on flexible cables structures, invest in dynamic life-cycle test equipment, establish a reliable test database, solidify the technical foundation, and control the core techniques of high dynamic life cycle electric cables. 4. Develop cable related accessories, modules, and secondary system to provide a one-stop power cable service.
R&D Profile	Stainless Steel Business	1. Test make 17-4 H11.11 mm hexagon bars 2. Trial produced S310S R20~42 mm peeling bars / R16~19 mm cold-drawn grinding bar 3. Trial produced XM-19 R27.0 mm hot-rolled bar 4. Optimization of new steel development process a.Cooperated with National Chung-Shan Institute of Science and Technology (NCSIST) in the development of ER309/631 vacuum induction melting (VIM) process and VIM block casting technique b.Cooperated with San Yuan Yu Iron Works in the development of ER309 forging process c. Researched and developed post-weld rolling techniques for steel billets 5. ER308/ER309 non-soaking/reduced-soaking project 6. Succeeded in block casting of N8825 7. Succeeded in the production of S40500/S15500 and improvement of S42010 oil pipe performance 8. Improve low-hydrogen steel grade 9. Succeeded in the development of R260 large slabs 10. Mass produced 2205 steel slab and rolled bars 11. Mass produced 400 steel grade 12. SUS304, 0.15 mm USB connector 13. Trial produced a small batch order of C276 product 14. Researched, developed, and trial produced N06625 large-opening pipe samples (168.28*10.97) 15. Trial produced N06617 pipe samples

2. Present and future R&D projects, as well as the estimated R&D investment expenditure

Business unit	Plan for the most recent year	Current progress	More R&D expenditure to be invested	Mass production completion time Date and Time	Primary factors for future R&D to be successful
Wire and cables	Development of wire sets used by industrial/service-oriented robots	Predominant operators in Taiwan currently in the progress of introducing new models	NT$1 million to NT$2 million	2016	Structural designs for flexible cable materials, key material development, connector selection/designs, and assembly technique and dynamic lifespan testing
	Flexible cables for heavy equipment	1. Continual new product development: Electric cables used in mines, optical cable, and large-diameter rubber cables 2. Continue to improve/optimize the lifespan of existing power cable products	NT$4 million to NT$5 million	2017	Cable design, materials, production equipment, and art techniques
	TT certification for shipboard cables	Evaluating time required to meet customer demand	NT$1 million to NT$2 million	2016	Cable design, materials, and art techniques
Stainless Steel Business	Development of 17-4 R25.4 mm hexagon bars	In preparation for testing	NT$8 million	End of 2016	Adjustment to dies and lubricants
	Development of large 17-4 98 mm bars	1. Installing straight bar equipment 2. Consigning cogging and rolling tests	NT$6.5 million	End of 2016	Renovation and installation of straight bar equipment
	Development of large XM-19 140 mm bars	1. Installing straight bar equipment 2. Consigning cogging and rolling tests	NT$12 million	End of 2016	Renovation and installation of straight bar equipment
	Development of large 310s 140 mm bars	1. Installing straight bar equipment 2. Consigning cogging and rolling tests	NT$8 million	End of 2016	Renovation and installation of straight bar equipment
	Improvement of 310s ROD scratches	Test to be conducted in February–March	NT$11 million	End of 2016	Adjustment to steel rolling process
	Optimization of new steel development process	1. Consigned VIM, forging, and post-weld rolling tests and tests were successful 2. Completed evaluation of frequency furnace and bottom casting systems	NT$14.1 million	End of 2017	Establishment of frequency furnace and bottom casting system
	ER308/ER309 non-soaking/reduced-soaking project	Soaking tests revealed that 30882 did not soak; soaking test of ER309 will be conducted next	NT$5 million	End of 2017	1. Enlarging HRM aperture 2. Increasing the number of KOCKS rolling station
	Large ingot development 22/24/32 inch	Purchased ingot dies	NT$2 million	End of 2016	Quality stability and meeting market demand
	T91 steel development (for furnace)	Testing and control in March	NT$500,000	Q3 2016	Steelmaking composition control and hot rolling parameter setting
	Improving 2205 ingot quality	Completed trial testing, open for orders, and trial mass production	NT$500,000	Q4 2016	Hot rod quality, duplex proportions, and welding quality (inclusions, subsurface cracks, etc.)
	2507 development	Testing in March	NT$2.5 million	Q4 2016	Hot rod quality, duplex proportions, and welding quality (inclusions, subsurface cracks, etc.)
	347HFG steel development (for furnace)	Finished product tested in high temperature for the first time	NT$1.5 million	Q4 2016	Steelmaking composition control and hot rolling parameter setting
	SUS304, SOFT, 0.17 mm & 0.2 mm needle tube	Under evaluation	NT$800,000	Trial production scheduled in Q2 2016	1. Steel characteristics (deep drawing performance) 2. Component slitting technique (slit cutter clearance and burr control)
	Development of S31254 super-large opening pipes	Awaiting orders for trial production	NT$4 million	End of 2016	Hot extrusion process
	Development of EP collecting pipes for the electronic industry	Market survey in progress	NT$1 million	End of 2016	Cold machine technology and quality improvement
	Development of thick-walled pipe for automobiles	Trial production of sample pipes	NT$2.5 million	End of 2016	Cold machine technology and quality improvement
	Development of nuclear energy	Development documents	NT$5 million	End of 2017	Hot extrusion process, cold

Business unit	Plan for the most recent year	Current progress	More R&D expenditure to be invested	Mass production completion time Date and Time	Primary factors for future R&D to be successful
	CFI system 2205	under review			machine technology, hot process technology, and quality improvement
	800LC finned pipe development	Evaluation and trial production of sample pipes	NT$5 million	End of 2016	Hot extrusion process, cold machine technology, and quality improvement

(4) Business plan - long-term and short-term

(1) Wire and Cable Business

- Copper Material

The objectives of short-term business development are to grasp the customer growth trends and market demand changes, further stabilize the quality of copper wires, strive to effectively enhance profitability and strengthen the work order and production scheduling integration for the cross-strait operation bases. The long-term plan is to maintain competitiveness and the strength to face the market and conduct sales restructure adjustments for high value-added high-temperature wires and fine wires.

- Wire and cable

Taiwan's Market: Get a clear picture of customer demand, adapt a more flexible supply approach to prepare for market competition and to provide excellent product quality, delivery schedule and services in order to enhance customer satisfaction and become a leading brand in the industry.

Export: Cultivating the Japanese market, business planning in underdeveloped countries in the Association of Southeast Asian Nations, aggressive development of electrical wires for industrial applications, and seeking strategic partners.

Chinese Market: Cultivating markets with geographical advantages within a radius of roughly 400 km, identifying primary customers within the area, focusing on large-scale and international development and forming strategic alliance with international customers to build a brand, and fostering local, capable Chinese distributors in regions outside of east China.

(2) Stainless Steel Business

- Billet/wire rod/plate material

Business plan - short-term:

Arranging flexible schedules for refining and ladle furnace refining of steel billets and ingots according to customer demands and prices of accessible raw materials to ensure stable product delivery and price competitiveness, and developing high-end steel to boost the selling of large-opening oil pipes. Adjusting product portfolio of wire rods according to market situations such that it facilitates increasing steel orders and order volumes and maintaining plant production capacity. Developing plate materials for primary customers with high demands to reduce our reliance on a single customer group. With regards to steel bars, engaging in aggressive promotion of niche steel based on the goal of maintaining production capacity and extending presence in the furnace market. Promoting sales of stainless steel foils in China, Hong Kong, and Taiwan, maintaining sales volume in European and American markets, and enhancing the target quantity in Southeast Asia regions.

Business plan - long-term:

Optimizing the input ratios of raw materials for steel billets and ingots to afford competitive stainless steel products and integrating production/sales plans to raise the timeliness of billet delivery and mitigate inventory risks. Expanding new steel types and development new applications for wire rods and optimizing product portfolios. Aiming to replace plate materials with imported materials and increasing the quantity that can be supplied in the future after investing in 5-feet equipment. Broadening product coverage for rod materials with the goal of supplying a full range of rod sizes. Boosting the sales of ultra-thin sheets (< 0.1 mm) and super-hard films (T/S > 1500N/mm²).

- Stainless steel seamless pipe

  Consolidating existing market share, maintaining and stabilizing existing customers, and continuing to find new markets.

(3) Real Estate Business

- Walsin Real Estate Procurements

  Business plan - short-term:

  The Company will complete selling its residential complex in C2 and accelerate construction completion and delivery while ensuring comprehensive quality control. Meanwhile, the Company will expedite the design and development of commercial and office buildings, increase product added value, and create a stable source of income.

  Through successful selling and high-performance operations of different product categories such as office buildings, commercial boutique streets, and international renovated houses, the Company will afford advantageous services while continuously increasing its popularity and reputation, so as to draw public attention to Walsin Centro.

  Business plan - long-term:

  During the marketing and promotion process, using the Nanjing Walsin Centro complex as a vehicle to integrate residential, commercial, and office products, as well as establish brand image. Meanwhile, we have maintained good relationships with suppliers and up-, middle-, and down-stream industries to establish a competitive advantage, strengthened operational and management efficiency of large urban complexes, and created a brand value based on high efficiency, high quality, and reliable management.

2. Market Analysis and Sales Overview

(1) Market Analysis

1. Sales region(s) and market share of main products

Business unit	The main production categories	Product types	Place of production	Sales region		Market share
Wire and Cable Business	Copper Material	Copper tubes, copper wires	Taiwan	Domestic sales	Taiwan	45.0%
				Exports	China, Hong Kong, Southeast Asia	For estimation purposes, market share is incorporated into the Chinese region.
			China	Domestic sales	China	6.0%
				Exports	Export zone in southern China and eastern China (carrying over export costs)	30.0%
	Wire and cable	Wire and cable	Taiwan	Domestic sales	Taiwan	23%
		High voltage cables 66kV-220kV	China	Domestic sales	China	N.A
		Low voltage cables 35 kV or lower	China	Domestic sales	China	0.3%
Stainless Steel Business	Billet/wire rod/plate material	Stainless steel wire rod	Taiwan	Domestic sales	Taiwan	59.2%
				Exports	China, other Asian countries, and European and North American regions	6.1%
		Hot-rolled stainless steel white coil	Taiwan	Domestic sales	Taiwan	56.6%
				Exports	Korea, Southeast Asia	7.3%
		Cold-rolled stainless steel coil	Taiwan	Domestic sales	Taiwan	33.8%
	Stainless steel bar material	Stainless steel cold finishing rods	Taiwan	Domestic sales	Taiwan	38%
				Exports	Asia, Europe, and North America	8.5%
		Stainless steel hot rods	China	Domestic sales	China	6%
	Stainless steel pipe	Stainless steel seamless pipe	China	Domestic sales	China	5%
				Exports	South Korea, Europe, and North America	2.4%
	Stainless steel foil	Stainless steel foil	Malaysia	Exports	China, Hong Kong, and Taiwan	2%
				Import and export	Southeast Asia	30%
				Exports	Europe and North America	5%

2. Overview of supply and demand and projected growth

(1) Wire and Cable Business

- Copper Material

Market sales in Taiwan will be affected by the economic recovery timeline, which might further reduce market demand. China is expected to continue adjusting its industrial structure in 2016, lowering economic growth to below 7%. Copper sales will decline and the whole-year production of copper for wires and cables is expected to be 4.6 million tons.

- Wire and cable

Taiwan's Market: Following 2015, the demand in the construction market will slow down. There are no plans to update the domestic public constructions. Demands for mid/high-voltage cables remain low. Excessive supply over demand will become increasingly evident.

Chinese Market: In spite of an intensely competitive market in terms of production and sales, the Company has maintained double-digit sales growth in China since 2010. Looking toward the future, the Company will target exploring large customer groups (electrical power, large construction companies, and large distributors outside of east China) to promote strategic alliance, strengthen market share, and maintain growth in the future.

International market: The wire and cable market remains in an oversupply state. Demand in China has slowed. No growth was observed in infrastructure construction in developed countries or investment in new facilities. The emerging ASEAN market is the only region that consistently reports definite growth but is subject to varying degrees of country risk.

(2) Stainless Steel Business

- Billet/wire rod/plate material

With cost-effective billets, the Company has gradually increased the demand for billets among customers requiring steel rods and boosted the sales of pipe billets and flanges.

Wire rods were affected by drops in nickel prices. Although customers lowered the risks of price loss by decreasing their inventory and suppressed market demand, the Company still maintained stable sales growth in the target markets because the price of nickel iron became non-competitive in China due to nickel price drops.

Regarding plate materials, the Company will prepare the slabs according to market demand and develop the potentially profitable forging industry. In particular, the No. 1 domestic and anti-dumping tariff-free export zones exhibit highest development potential; therefore, steel types and specifications will be improved further to expand market breadth. For 2D and 2B, the domestic and foreign pipe manufacturing and cutting industry will be the main target. In response to the implementation of anti-dumping tariffs in China and South Korea, domestically, the Company will actively vie for market share of imports and internationally, strengthen development in regions with no anti-dumping tariffs. After the amount of products that can be supplied is increased, this will benefit the competitiveness of cold-rolled products.

Price competition involving straight bars in Taiwan is intensifying day-by-day. Competitors in South Korea have been lowering their prices to vie for orders, and this has hindered market demand. Southeast Asia and Middle East markets are oriented toward low-cost Indian raw materials. Product price in Australia and New Zealand is the primary factor governing sales growth. Although Europe and North America are optimistic toward market demand, they rely mainly on local materials, leaving little room for imported materials. Shipment in the hot rolling market is expected to increase slightly in 2016, focusing primarily on product structure adjustment to boost sales of niche steel products. Cold-finish bars will be re-enter the market.

Overall demand for stainless steel foil products is expected to exhibit a growing trend. China, Hong Kong, and Taiwan will still face price competition within a short period due to states of oversupply and in the long term, their outcomes are dependent on industrial elimination and integration in China. Due to young population structure and strong consumption potential in the Southeast Asian market, various industry demands will increase quickly, providing a positive prospect for industry growth. Outlook for market in Europe and North America is optimistic.

After the industrial integration and elimination in 2014–2015, supply and demand presented a balanced state.

- Stainless steel seamless pipe

Given the lack of growth in demand in the petrochemical industry and the substantial increase in the production volume of US shale oil, China's large petrochemical companies have reduced their new construction projects in the boiler station market. Therefore, although it can be expected that launching nuclear power projects in Taiwan can boost market demand, overall, the demand for stainless steel seamless pipe in 2016 is expected to remain the same as that in 2015. However, growth of pipes for vehicles and nickel alloy will continue to elevate.

(3) Real Estate Business

- Walsin Real Estate Procurements

The volume of land transactions in Nanjing reached 3.65 million square meters in 2015, a 44.7% decrease from 2014, but the total amount of transactions was NT$77.2 billion, a rise of 9.06% over 2014. This indicates that land transaction price in Nanjing doubled in 2015, which also promoted rapid increase in housing price.

As a city that embraces many higher education institutions and attracts an inflow of people, Nanjing will contribute to the stable development of real estate markets under the dual effect of economic growth and population growth.

3. Competitive niche, favorable and unfavorable factors for long-term growth and response measures

(1) Wire and Cable Business

- Copper tubes, copper wires

➢ Competitive niche

1. Create scalable advantages by providing high quality products and excellent after sales services to customers.
2. Have stable raw material supply relationships and perfect hedging mechanism.
3. Have the integration and operation capacity for production, sales, purchase, and financial resources.

➢ Favorable factors

1. External: China continues to move toward its urbanization, high-speed rail, and electric power facility improvement objectives, and its demand for copper wires will continue to grow steadily.
2. Internal: We have established long-term, solid foundations with our customers and integrated the advantages of the Company's tri-factory production base to generate optimized sales portfolios.

➢ Unfavorable factors

1. Taiwan and China's copper strip production capacity has exceeded demand, and competition is intense.
2. Price fluctuations of raw materials have increased operating risks.

➢ Response measures

1. Respond to the nation's governmental policies and changes in the market in order to take full advantage of business opportunities.
2. Develop new customers, adjust and optimize customer structure, and increase the emerging cable business and regional sales.
3. Comprehensively enhance the operational efficiency, practically implement cost reduction management, and continue to strengthen financial operations.

- Wire and cable

Taiwan's Market

➢ Competitive niche

1. The Company has the advantage of providing critical copper raw material supply internally and stably in order to fully exert the benefits of upstream and downstream integration.

2. In the long-term, provide products and services related to project engineering as well as accumulate greater knowledge and experience on the supply side of the industry and utilize brand advantages.

➢ Favorable factors

1. The government has continued to promote the expansion of public construction projects.
2. Public awareness on the need for urban renewal has gradually increased.

➢ Unfavorable factors

1. The public sector is not showing signs of recovery.
2. The private sector is in an oversupply state and price competition is intense.

➢ Response measures

1. Grasp the market demand forecast and implement price hedging for critical metal raw materials in order to reduce transaction risks.
2. Develop new products according to the international market industry trends as well as develop new markets and customers.
3. Establish long-term cooperative relationships with the main customers as well as expend the scale of products and services.

Chinese Market

➢ Competitive niche

1. The brand manufacturers have moderate to low pressure delivery performances.
2. The effectiveness of optimization has manifested the competitive advantage in cost.

➢ Favorable factors

1. Development of one bane one road opportunities has presented domestic markets with a substantial room for expansion.
2. The country has increased its grid quality awareness regarding low- and medium-voltage products and the bidding qualification as well as the inspection efforts have become increasingly more strict, which forms a separating the wheat from the chaff effect.

➢ Unfavorable factors

1. Taiwanese and foreign businesses are making less investment in the economic slowdown.
2. Well known Chinese brands are breaking into Taiwanese or foreign funded projects to create more competition.

➢ Response measures

1. Expand new markets such as exports, power supply bureaus, and state-owned enterprises.
2. Intensive farming two rivers one city, 400 km radius market.

(2) Stainless Steel Business

● Wire rod/straight bar/plate material

➢ Competitive niche

1. Wire rods are manufactured using well-developed mature technologies. With the mass production by the Taichung plant, production of wire rods can be maximized and quickly reflect price fluctuations to provide customers with the best service and satisfy their needs in real time.
2. After straight bar production is introduced in the Yanshui plant, long whole strip products are produced and sold in a single plant region. In addition, with a rolling cycle that facilitates achieving the shortest delivery time and a mechanism reflecting price fluctuations enabled achieving up- and downstream resource integration to render optimal services to customers.
3. Production combination (plates and strips) can be adjusted depending on market situations to increase product variety.
4. Mass production in Taichung plant has maximized the steelmaking capacity of Yanshui plant and created economies of scale. Cold rolling process in Taichung plant exhibited stable production and contributed to lowering costs.

➢ Favorable factors

1. Long whole strip products exhibit stable economies of scale and fast delivery time; compared with imported products, flat panel materials also have an advantage in short delivery time.

2. China's advantage in nickel iron is not as good as before. Low-price sales to countries across the world have increased prevalence of anti-dumping cases but this pose niche advantage for Taiwan's market.
3. Products are chiefly sold to direct users. If traders are the target, then information on final-end users can be acquired.
4. Teamwork and technological capability are comparable to those of a world-class first-rated steel manufacturers. Possessing the ability to develop high-quality products with customers and offering professional customer service have gained customer trust.
5. Organizational flexibility and rapid response enabled immediate response to market changes. Flat panel materials still have the potential to be developed in market segments such as SMEs and export markets.

➢ Unfavorable factors

1. Japan, South Korea, and China are member states of ASEAN. If Taiwan is to enter the ASEAN, some of its steel products must be subjected to tariffs. In the long run, if Taiwan cannot sign the ASEAN FTA, this imposes limitations on developing trade relations with the countries of ASEAN. Fortunately, the Company's customers are centralized in Southeast Asian regions. The effects will be limited within a short period.
2. Due to excessive production, China has sold its product across the world at a low price targeting mostly the Southeast Asian markets, price wars for SUS304 steel are escalating.
3. As the quality and delivery time of competitors improve, product prices become more flexible and competitive. The Company's brand advantage is being challenged.
4. India has expanded its production capacity orienting toward exports. In particular, India has built a warehouse in its target market competing directly with the Company's downstream fastener customers. Replacement of 304 steel is increasing in prominence.
5. China's state-owned steel mills have alloy raw material price and supply advantages and access to national resources. This diminishes the Company's competitiveness in indirectly exporting Taiwan's finished products to China.

➢ Response measures

1. Enhance product differentiation and diversity and increase low-nickel, nickel-free, and 316 steel sales to increase production capacity and reduce cost.
2. Produce and sell long whole strip products on full-scale to prepare for selling and marketing of finished products of different sizes to meet market demand at any time, increase inventory turnover, and elevate customer satisfaction.
3. Stably improve team management capacities as well as respond to market changes through sales strategy, product combinations, and appropriate inventory adjustments.
4. Stably enhance technological capabilities, strengthen the industry supply chain and technical cooperation, and strengthen market segmentation.

● Steel billet/ingot

➢ Competitive niche

Steel billets and ingots are available in all sizes.

➢ Favorable factors

Online production of large ingots can increase the sales of large-opening oil pipes.

➢ Unfavorable factors

Ingot cost is higher than that of competitors. Visibility in the market is low.

➢ Response measures

Motivate customers to make small orders. Once customer trust is established, increase sales volume step-by-step.

● Hot-rolled

➢ Competitive niche

Rolling costs are reduced and ratio of rolling surface to shrinkage cavity in the center is reduced (large compression ratio).

➢ Favorable factors

Range of product size can be adjusted according to manufacturer cost difference to increase orders from customers requiring small-sized products.

- ➢ Unfavorable factors

  The rolling cycle and delivery time of OEM plants cannot be met.
- ➢ Response measures

  Complete receiving orders in advance to facilitate order scheduling. Strengthen bidirectional communication with OEM plants to avoid missing orders.

● Cold finish

- ➢ Competitive niche

  Brand is familiar to the market and quality is stable.
- ➢ Favorable factors
  1. Walsin-designated materials are used, product certification is mandatory, customer brand loyalty is high, and reflux ratio is high.
  2. Regional wholesalers with production capacity are integrated to collectively identify customer base, maintain the market, and flexibly adjust products and services to customers.
- ➢ Unfavorable factors
  1. Some equipment is lacking, which may influence the range of product size that can be supplied to customers and negatively affect the orders received.
  2. Some products cannot be developed independently and thus OEM is required. OEMs are associated with high cost and unstable delivery time and quality.
  3. Several rod competitors have also started supplying cold-finish bars, further intensifying market competition and lowering profits.
- ➢ Response measures
  1. Persuade customers to adopt Walsin's raw materials and determine the needs of customers who designate use of Walsin's materials and who require product certification.
  2. Accelerate equipment installation, reduce the use of OEMs to stability delivery time and quality, lower costs to increase profits.

● Stainless steel foil

- ➢ Competitive niche
  1. Foil thickness is thinner than 0.1 mm.
  2. High tensile strength of 2.301 (T/S > 1500N/mm²)
- ➢ Favorable factors

  Products have been accepted by the European and North American market. Orders received for steel foils and high tensile strength steel are growing steadily.
- ➢ Unfavorable factors

  1. Various countries have formulated a series of anti-dumping provisions.

  a. Vietnam has implemented them

  b. Indonesia is entering the evaluation phase

  c. Europe has implemented them
- ➢ Response measures

  1. Steadily boost sales volume of niche products targeting at 150 tons/month or more

  a. Manufacture steel foils thinner than 0.1 mm

  b. Aim to produce high tensile strength 301 steel

  2. Maintain sales volume at an average of 500 tons/month or more and develop markets in Australia, Turkey, and Germany.

● Stainless steel seamless pipe

- ➢ Competitive niche
  1. Products are all certified.
  2. Comprehensive steel sizes.
  3. Brand name is well known.
  4. Products are sold and supplied to a variety of industries.
- ➢ Favorable factors
  1. Nuclear power demand is recovering. Project items that were originally on hold are granted the opportunity to be re-activated.
  2. Automobile tubes have a high certification threshold with long cycles. The Company has entered the field earlier than others. Its outlook is promising.

➢ Unfavorable factors
1. Delivery time is longer than competitors in Taiwan.
2. Costs are high and price competitiveness is weak.

➢ Response measures
1. Safeguard existing market share and continue to develop new markets.
2. Expand high unit price markets and increase the market share of niche products.
3. Appropriately adjust machine ratios to respond to market requirements.
4. Shorten WIP and improve the ability to meet order demands.

(3) Real Estate Business

● Walsin Real Estate Procurements

➢ Competitive niche
1. Location advantage: Walsin Centro is located at the core area of the Nanjing Hexi Newtown central business district and at the intersection of the number 1 and 10 metro lines. It is located in the center of downtown Newtown. The core area no longer has new comprehensive projects, making it an advantageous location.
2. Business climate advantages: Walsin Centro was designated as an international multi-use complex during development and will comprise numerous product categories such as office buildings, commercial centers, and high quality housing, which will give it a competitive edge in the real estate market.
3. Scale advantage: The development scale for this urban development project is 1 million square meters. The various industry functions can complement each other and be superimposed on top of each other to enable this development project to become a landmark business center in Nanjing.
4. Quality advantage: To meet new trends in market demand, we have adopted new energy saving materials and technologies extensively, focused on user-friendly design as well as product durability and maintainability in every detail, enabling the product to gain a competitive advantage, and allowed the Company to rapidly gain market share and establish its brand name.
5. Indicator advantage: The Walsin Centro plot is square, and has an advantage regarding planning indicators. Take D plot's residential buildings as an example, their floor area ratio was merely 1.6, far lower than the floor area ratio of 2.7 or higher for other new entrants in the market, thus giving these residential buildings a high level of quality and comfort.
6. Reputation advantage: Offices and stores have moved into the office buildings and commercial streets of C1 complex of Walsin Centro and residents are now residing in the C2 residential houses. In addition, sample houses in complex D are open to the public. The Company's emphasis on the importance of living and the principles of "good housing" have gained recognition from customers and gained a positive word of mouth in the industry.

➢ Favorable factors
1. Due to the scarcity of land and economic development, real estate has the ability to hold and increase its value. The economy, promoted by the Chinese government, has continued to develop over the years.
2. The economy, promoted by the Chinese government, has continued to develop over the years. The government's effort in economic development and controlling powers will stimulate the real estate market in the long term.
3. In 2015, the population around Walsin Centro, industrial environment, and dramatic increase in business market demand have accelerated market maturity. Land scarcity and consistency have helped projects gain maximal benefit and profiting prospect.
4. The establishment of the Jiangbei National New Development District will drive Nanjing into a new round of sustainable development and bring steady growth and prosperity to the real estate market (especially the high-end real estate market). Walsin Centro is located where Jiangbei New Development District and the Nanjing old city center meet, and will be able to enjoy the benefits of growth from both areas.

➢ Unfavorable factors
Continual increase in land price, construction costs, and housing prices may accumulate market risks in mid-long term.

➢ Response measures
1. Optimize layout of urban complexes, and increase the per-unit area turnover value and profits for the commercial center of the region.
2. Optimize design drawings and reduce building construction costs through structural optimization under the premise of maintaining product compliance with national standards.
3. Optimize the development process; enhance quality of drawings, contract work, and procurement by improving internal processes; and save on project development costs.
4. Maintain good product planning and design, and develop products that satisfy market demand by accurately understanding market needs and enhancing marketing ability.
5. Strengthen brand advertising and product marketing to promote Walsin Centro's advantages in location, product quality, and services in the market to establish a reputation and a brand image.

(2) Major applications of primary products and production processes

(1) Wire and Cable Business

● Copper Material

Product application: Wire and cable conductors
Production process: Refined copper (raw material) → melting → rolling → copper strip (semi-finished product) → pull and stretch → copper wire (finished product)

● Wire and cable

Product application: Primarily used for power plants, power transmission and distribution, plant facilities, transportation construction, construction of power transmission lines, etc.
Production process: Refined copper (raw material) → drawing → stranding → extrusion → coating → power line (finished product)

● Pre-stressed/Stainless Steel Wires

Pre-stressed Concrete Steel Strands
Product application: For large-span concrete structures such as large bridges and buildings
Production process: Acid wash → drawing→ stranding → heat treatment → shunt winding→ packaging (inspect the first item of each process)

Hot galvanized steel wires and steel strands for bridge cables
Product application: Large-span suspension bridges, inhaul cable for cable-stayed bridges, and inhaul cable for large span structures
Production process: Acid wash → drawing → galvanization → single flange → packaging

Stainless steel wires
Product application: Stainless steel wire used as welding material, springs, or screws.
Production process: Wire rod (raw material) → film → roughing → fine pumping → annealing → coiling → packaging

(2) Stainless Steel Business

● Billet/wire rod/plate material

Steel Billets
Product application: Hot rolled wire rods, hot rolled straight rods, flanges, seamless steel pipes, etc.
Production process: Melt the scraps and alloy iron to refine and cast it into round or square billets

Flat Billet
Product application: Hot-rolled steel coils, Hot-rolled plates, heavy forgings, etc.
Production process: Melt the scraps and alloy iron to refine and cast it into slab billets

Wire Rod

Product application: Various fasteners, shafts, stainless steel thin wires, cold-finish straight rods, etc.
Production process: Billet (raw material) → roughing → finishing → solutionizing/heat treatment → acid washing → wire rod (finished product)

Cold-rolled coils (flat panel category)
Product application: Building decoration, kitchen utensils, appliances, medical equipment, electronic communications, chemical tanks, and steel pipes
Production process: Take flat billets produced by Yanshui plant and commission outside plants to hot roll them into hot-rolled steel coils and then commission Taichung plant to cold roll them, and provide them to customers.

- Stainless steel bar material

Peeled Straight Bar
Product application: Forging materials, turning parts, electric machine accessories, etc.
Production process: Hot-rolled bars or straight white wire rod (raw material) → straightening/set the length → cutting → inspection and packaging (finished product)

Cold Finish Straight Rods
Product application: Shafts, medical equipment, furniture decoration items, turning parts, electric machine accessories, etc.
Production process: Hot-rolled acid washed rod /peeled rod or white wire rod (raw material) → straightening/set the length → cold drawing/grinding → cutting → straightening → calendar/polishing → inspection and packaging (finished product)

- Stainless steel seamless pipe

Seamless steel pipes
Product application: oil chemical heat exchanger; fluid pipe and instrument pipe boiler station pipe; nuclear power station pipe; shipboard fluid pipe and instrument pipe; turning pipe.
Production process: Round billet → Hot extrusion (or hot piercing) → cold machine (cold drawing, cold-rolled) → heat treatment (solutionizing/annealing) → Acid wash → Inspection → Packaging

- Stainless steel foil

Ultra-thin stainless steel sheets
Product application: 3C parts, mobile phone keyboards, built-in touch switch component, gasket, protective film, coil spring, and electric heat sheet.
Production process: Steel coil (2B/2D) → slitting → finishing → washing and annealing→ finishing → low temperature tempering → finishing → slitting → property inspection → packaging (finished product)

(3) Real Estate Business

- Walsin Real Estate Procurements

Product application: Residence/office/mall/hotel
Production process: Access to land → market positioning → scale design → building construction → product marketing → building completion and delivery → operation management and post-sales services

(3) Supply status of primary raw materials

Business unit	Primary raw material	Description of supply status
Wire and Cable Business	Copper plates	Primarily based on long-term annual contracts signed with suppliers and supplemented by spot purchases. Procurement must be coordinated with the finished product sales volume.
	Aluminum ingots	Adopts monthly price point and monthly average methods.
	Polyethylene	Adopts monthly/quarterly quantity bargaining method, and includes imported and local supplies.
	Other chemical materials	Adopts monthly/quarterly quantity bargaining method, and raw materials should mainly be locally sourced.
	Optical fiber	Optic fiber raw material should primarily be optic fiber imported by foreign manufacturers.
Stainless Steel Business	Pure nickel, high carbon nickel iron, high carbon ferrochrome, stainless steel scraps, grade 1 steel scraps, and molybdenum iron.	The primary metal raw materials used by the Company to produce stainless steel are pure nickel, high carbon nickel iron, high carbon ferrochrome, stainless steel scraps, carbon steel scraps, and molybdenum iron. In addition to those from Taiwan, raw materials are also imported from South Africa, Japan, the United States, Australia, Europe, China, etc.
Real Estate Business	Land	Implement land reserves based on real estate companies' development strategies and participate in government land auction tenders.
	Construction Projects and Materials	The Company has selected good quality construction companies and material as well as equipment suppliers through tenders.

(4) The names, procurement (sales) amounts, and ratio for suppliers whose total procurement (sales) for any year in the last two years has reached 10%.

1. Major supplier information for the last two years

Unit: NT$1,000

Year	2014				2015			
Event type	Name	Amount	Percentage of total purchase (%)	Relationship with issuer Relation	Name	Amount	Percentage of total purchase (%)	Relationship with issuer Relation
	Net purchases	151,281,433	100	-	Net purchases	143,458,497	100	-

Note: Suppliers accounting for less than 10% of the total purchase amount.

2. Major sales customer information for the last two years

Unit: NT$1,000

Year	2014				2015			
Event type	Name	Amount	Percentage of net sales %	Relationship with issuer Relation	Name	Amount	Percentage of net sales %	Relationship with issuer Relation
	Net sales	162,987,384	100	-	Net sales	149,338,115	100	-

Note: Customers accounting for less than 10% of the total sales amount.

(5) Output volume and value for the last two years

Currency unit: NT$1,000
Volume unit: Tons

Year	2014			2015		
Production value/main product	Production capacity	Production volume	Value	Production capacity	Production volume	Value
Bare copper wire	552,000	503,274	87,738,167	550,000	541,866	91,287,829
Wire and cables	62,920	45,199	11,917,236	52,920	45,819	9,633,874
Steel strands	130,000	100,364	1,967,221	140,100	113,246	2,301,990
Stainless steel strips and bars	420,000	380,812	24,079,179	440,000	361,803	19,383,621
Stainless steel coils	200,000	157,642	11,084,461	258,000	229,346	12,619,489
Seamless steel pipes	27,600	22,330	4,218,732	27,600	16,828	3,720,569
Total			141,004,996			138,947,372

Note 1: Product capacity means the quantity that can be produced under normal operation with the existing production equipment while taking into account factors such as work stoppage and holidays.

(6) Sales volume and value for the last two years

Currency unit: NT$1,000
Volume unit: Tons

Year	2014				2015			
Value of Main Products/ Sales volume and value	Domestic sales		Exports		Domestic sales		Exports	
Product	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Bare copper wire	355,336	56,818,358	148,785	32,179,862	359,543	50,519,916	157,965	29,303,038
Wire and cables	43,801	12,322,986	4,091	1,105,722	46,567	11,801,139	3,179	759,782
Steel strands	93,851	2,165,339	7,341	171,015	108,898	2,166,898	11,857	245,747
Stainless steel strips and bars	310,201	18,976,223	60,429	6,028,447	252,535	14,267,433	96,258	7,239,944
Stainless steel coils	122,275	9,369,962	47,281	3,555,041	242,833	15,402,669	34,426	2,106,509
Seamless steel pipes	7,838	1,557,170	14,439	3,007,952	6,430	1,297,732	9,781	2,068,251
Other (note)	-	14,400,957	-	1,328,350	-	11,584,472	-	574,585
Total		115,610,995		47,376,389		107,040,259		42,297,856

Note 1: "Other" shall include sales of non-core business products as well as real estate business, rental, and product income revenues.

3. Employee Data

(1) Employees of Walsin Lihwa Holdings Limited:

March 30, 2016

Year		2014	2015	Current fiscal year up to March 30, 2016
Number of employees		5,255	4,898	4,890
Average age		38.1	38.7	38.9
Average years of service		8.6	9.2	9.3
Education background	Ph.D.	0.2%	0.1%	0.1%
	Master's	5.7%	5.8%	5.7%
	University/College	36.4%	37.5%	37.2%
	High school	36.7%	37.3%	37.3%
	Below high school	21.0%	19.3%	19.6%

Note: Walsin Lihwa Holdings Limited includes its subsidiaries.

(2) Employees of Walsin Lihwa Corp.:

March 30, 2016

Year		2014	2015	Current fiscal year up to March 30, 2016
Number of employees		2,158	2,217	2,247
Average age		38.6	38.8	39.9
Average years of service		9.7	10.0	10.0
Education background	Ph.D.	0.5%	0.2%	0.3%
	Master's	12.9%	12.3%	12.1%
	University/College	44.4%	44.4%	44.0%
	High school	28.7%	29.8%	29.8%
	Below high school	13.5%	13.3%	13.9%

4. Environmental Protection Expenditure Information

(1) Penalties imposed by the competent authority on the Company for environmental pollution, product safety, or other material breach of corporate social responsibility from the most recent year and up to publication date of the annual report:

1. Total penalty amount for 2015: NT$1.41 million; RMB90,000.

(1) Yanshui stainless steel plant:

- Period: November 11, 2014, Tainan City Government Environmental Protection Agency's factory inspection.
- Content of inspection: The application for delegates of the wastewater processing staff was not fulfilled by the deadline.

- In violation of: Article 21 of the Water Pollution Control Act.
- Penalty: Fined NT$10,000.

(2) Yanshui stainless steel plant:

- Period: February 27, 2014, Tainan City Government Environmental Protection Agency's factory inspection.
- Content of inspection: The air pollution control fee for the new construction project that started on February 27, 2014 was not filed until January 23, 2015, making it overdue for more than 30 days.
- In violation of: Article 16, Paragraph 2 of the Air Pollution Control Act.
- Penalty: Fined NT$100,000.

(3) Stainless steel plant in Taichung:

- Period: November 24, 2014, Central Branch, Bureau of Environmental Inspection
- Content of inspection: Central Branch of Bureau of Environmental Inspection conducted an inspection of the Company's sludge transport vehicle, during which inspectors collected sludge samples from the vehicle and conducted tests on them in accordance with the toxicity characteristic leaching procedure (TCLP) announced by the Environmental Protection Administration. The results indicated presence of hazardous industrial waste.
- In violation of: Article 31, Paragraph 1, Subparagraph 2 of the Waste Disposal Act; Article 36 of the Waste Disposal Act and Article 7 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste; and Article 28, Paragraph 1, Subparagraph 3 of the Waste Disposal Act.
- Penalty: Fined NT$1.16 million.

(4) Stainless steel plant in Taichung:

- Period: November 6 and 24, 2014, Inspection by Central Branch, Bureau of Environmental Inspection.
- Content of inspection: Wastewater from pickling process contained heavy metals (chromium, nickel, copper, zinc and lead) that were not listed on and inconsistent with those documented in the approval documents.
- In violation of: Article 14, Paragraph 2 of the Water Pollution Control Act.
- Penalty: Fined NT$10,000.

(5) Yanshui stainless steel plant:

- Period: June 5, 2015, Tainan City Government Environmental Protection Agency's factory inspection.
- Content of inspection: Filter bag in the dust collector was not listed in the waste disposal book, nor was it reported online. No permit was applied for furnace self-recycle of flue dust.
- In violation of: Article 31, Paragraph 1, Subparagraph 1 of the Waste Disposal Act.
- Penalty: Fined NT$120,000.

(6) Changshu plant:

- Period: March 13, 2015, Tainan City Government Environmental Protection Agency's factory inspection.
- Content of inspection: The Company neutralized the alkaline liquid (used for scaling purposes) produced from pickling without receiving permission from environmental protection administration supervisory department. The waste liquid generated from the neutralization process was processed in an iron remover to separate iron scraps from the liquid before it was discharged into the wastewater facility for processing.
- In violation of: Article 31, Paragraph 1 of the Law of the People's Republic of China on Appraising of Environment Impacts and Article 28 of the Regulations on the Administration of Construction Project Environmental Protection.
- Penalty: Fined RMB70,000.

(7) Changshu plant:

- Period: March 26, 2015, Changshu City Government Environmental Protection Agency's factory inspection.
- Content of inspection: Fire tail water for fire prevention during pickling process leaked into the rainwater pipe in the plant.
- In violation of: Article 68, Paragraph 1 of the Water Pollution Prevention and Control Law of the People's Republic of China.
- Penalty: Fined RMB20,000.

2. Total penalty amount for January - March 2016: NT$10,000.

(1) Yanshui stainless steel plant:

- Period: December 21, 2015, Inspection by Southern Branch, Bureau of Environmental Inspection.
- Content of inspection: The waste output declared exceeded the maximum 10% approved by the waste disposal plan; the inspection revealed that the reducing slag produced is stored on the rooftop where no facilities or measures are in place to prevent infiltration of groundwater or rainwater.
- In violation of: Articles 31 and 36 of the Waste Disposal Act.
- Penalty: Fined NT$10,000.

In 2015, a total of five environmental violation fines were received for a total penalty amount of NT$1.41 million. Twenty letters of notice for improvement were received from government agencies and the statistics of violation are as follows: 4 cases of air pollution; 4 cases of water pollution; 7 cases regarding wastewater; 5 cases regarding wastes; for overseas plants, 10 cases of violation were received (1 environmental assessment; 4 air pollution; 3 wastewater; 1 waste; and 1 noise pollution), for a total fine of RMB90,000. These violations have all been improved for both plants overseas and in Taiwan.

(2) Future response measures (including improvement measures) and possible expenses:

Despite the large amount of manpower, materials, and funding invested in environmental protection to comply with international benchmarks over the years, Walsin Holdings was still fined for pollution. To keep pollution under adequate control, the Company requires factories in Taiwan and overseas to step up self-regulation to avoid human errors and to implement economically feasible environmental management projects. Internal audit should be used as a means to assist in reinforcing self-regulation and horizontal development. Environmental investment plans and management measures are as follows:

1. Obtained ISO-14001 environmental management certification:

In conformance with international environmental conventions, plants in Taiwan (the Xinzhuang plants 1 and 2, Yangmei copper wire plant, Taichung plant, and Yanshui plant) and in China (Shanghai power plant, Nanjing plant, Jiangyin plant, Yantai plant and Changshu plant) have obtained ISO 14001:2004 environmental management certification. In addition, the plants continued to make improvements and progressively enhance their environmental management performance.

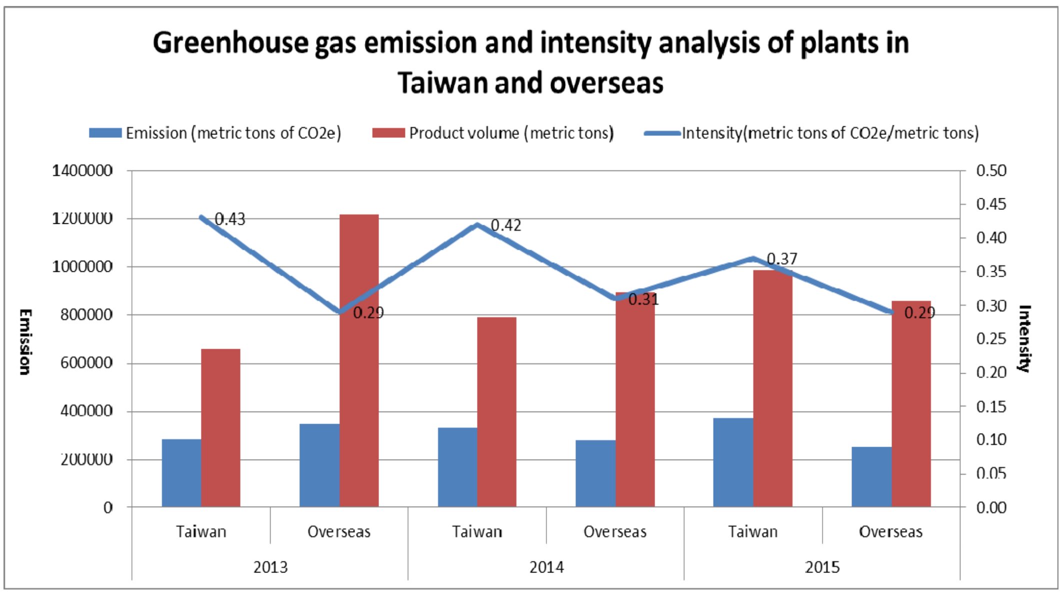
2. Air pollution management:

Comply with the air pollution control laws in Taiwan and in China and apply for permits for fixed (atmospheric) pollution source ranges that are successively announced. The various plants in Taiwan and in China have obtained operating permits for processes and facilities, reducing atmospheric emissions.

3. Greenhouse gas emission and campaign for reduction:

As the global economy orients toward low-carbon development, enterprises will inevitably play an integral part in environmental risk management. To implement carbon management, the Company's Headquarters regularly collect emission information of business plants and periodically announce information of plants overseas and in Taiwan on its internal environmental safety platform, so as to acquire greenhouse gas emissions of each plant at any time. The Headquarters also ensure that the Company continues to improve its energy efficiency and global footprint. In particular, the Company's Yanshui plant completed greenhouse gas inventory, internal auditing, and external auditing in 2015 (in accordance with ISO14064 regulations). The emission of Yanshui plant accounted for approximately 74.76% of the total emission of the plants in Taiwan.

The Company's plants in Taiwan and overseas began inventorying their greenhouse gas emissions in 2013 and have promoted energy conservation and carbon reduction measures as well as carbon dioxide reduction programs every year. The Company expects to lower energy consumption by 5% in 5 years (to 2018). In 2013, greenhouse gas emissions (metric tons of CO2e/product volume) were 0.43 in Taiwan and 0.29 overseas (excluding local production). In 2014, each plant started implementing energy saving plans; after two years, the total emissions were 0.37 in Taiwan and 0.29 overseas in 2015, respectively reducing emission by 11.90% and 6.54% (based on those in 2014).



4. Wastewater Treatment:

The Company's plants treat their wastewater through appropriate wastewater facilities until it conforms to water discharge standards before discharging it into designated rivers or transferring it to local designated wastewater treatment plants. In 2015, wastewater-producing plants (Xinzhuang plants 1 and 2, Yangmei copper wire plant, Taichung plant, and Yanshui plant) discharge their wastewater independently into Dahan River, Shezi River, and Jishui River (all of which are Type-C water bodies), except for the Taichung plant, which is under management (by Export Processing Zone Administration, Ministry of Economic Affairs, Chung Gang branch).

Plants overseas (Shanghai power plant, Nanjing plant, Dongguan plant, Jiangyin plant, Changshu plant, Yantai plant, and Walsin Precision) have their wastewater processed by local designated wastewater treatment plants.

To ensure effective utilization of limited water resource, factories modify their production processes to reduce water consumption and improve wastewater recycling systems as part of the effort to increase the production wastewater recycling rate. Average pollutant concentration in wastewater discharged by the factories in 2015 met the effluent criteria.

5. Strict control of industrial waste:

   Industrial wastes produced by the Company's plants are subjected to management under the ISO14001 environmental management system. Waste management includes strict external evaluations and auditing protocols, in which legitimacy and handling of secondary pollution risk are considered in commissioning qualified companies to handle the Company's wastes. Internally, the Company reduces wasting of resources starting at the source of waste production according to the principles of material flow cost. The plants' wastes are divided into industrial waste, hazardous waste, and general waste, all of which are transported and processed by professional environmental protection waste disposal companies.

6. Improve energy use efficiency:

   Walsin upholds the business philosophy of green manufacturing, happiness enterprise, and sustainable management. In addition to committing to quality management, pollution prevention, and environmental protection, safety, and health, the Company adopts "enhancing energy efficiency and promoting clean energy" as its energy management goals to fulfill its social responsibility in energy conservation and carbon reduction. We aggressively incorporate energy equipment, efficient technologies, environmentally friendly facilities, and environmental protection designs and green process into promoting improvement of energy efficiency at the source of emissions. We support government energy policies and measures, educate our employees about energy conservation, and inventorize energy consumed by equipment and facilities to seek opportunities for improving our energy performance. Furthermore, the Company also effectively implement energy saving plans.

7. Energy conservation and carbon reduction

   To effectively reduce environmental pollution and decrease greenhouse gas emissions, energy should be efficiently and adequately utilized. The Company's plants have assembled an energy conservation and carbon reduction management organization, with the person in charge of the plant serving as the convener, and members of the Safety and Health Office and energy management personnel as executive secretaries. In addition, employees from main departments such as labor affairs, management, electromechanical, manufacturing, and transportation departments were elected as promotional committee members and members responsible for promoting effective energy utilization in their respective unit. Meanwhile, the Company ensures that each plant has effectively undertaken energy conservation and carbon reduction, holds bimonthly meetings to review the two-month effectiveness of energy conservation and carbon reduction, as well as energy consumption evaluations. Moreover, energy conservation requirements are also improved further.

   The Company formulates its energy conservation goals by referring to energy conservation policies implemented in Taiwan and China. The Company has implemented plans to conserve energy, reduce carbon footprints, as well as reduce carbon dioxide emissions through two major measures: engineering control and administrative management. Our plants also increases energy usage rates via water conservation and waste reduction, and reduces greenhouse gas emissions by means of recycling and reuse of resources. The plants in Taiwan and overseas have implemented 63 carbon reduction programs in 2015, and these efforts have reduced a total of 6,204.13 (tons of CO2e/year) in carbon dioxide emissions, saving approximately NT$13.51 million for plants in Taiwan and RMB2.18 million for plants overseas.

(1) Plants in Taiwan

Unit: tons (T-CO2)

Plant area	Energy Saving Plans	Carbon reduction
Xinzhuang plant	1. Adjustment of the operation of mercury-vapor lamp in Section 2 of Plant 1. 2. Adjustment of the operation of mercury-vapor lamp in Section 1 of Plant 1. 3. Adjustment of the electric heating operation of thermo-plastic machine in Plant 2. 4. Improvement of collective telecommunication wire tension clutch in Plant 2. 5. Replacement of air compressor cooling pump in Plant 2 (reasonable requirement). 6. Adjustment of furnace room ventilator operation in Plant 1. 7. Addition of air dryer in Plant 1. 8. Setting of air pressure calculation for Plant 2 (125HP-1). 9. Adjustment of furnace room mercury-vapor lamp operation in Plant 1. 10. Prevention of air leakage from water coolant 1 11. Prevention of air leakage from water coolant 2	174.96
Plant area	Energy Saving Plans	Carbon reduction
	12. Setting of air pressure calculation for Plant 2 (125HP-2). 13. Setting of air pressure calculation for Plant 2 (150HP-2). 14. Setting of air pressure calculation for Plant 2 (175HP). 15. Replacement of HCV65 high-pressure pump in Plant 1. 16. Replacement of HCV90 high-pressure pump in Plant 1. 17. Replacement of 250KV and 350KV lightings in shielding rooms with high efficiency lighting in Plant 1. 18. Replacement of A13 cooling pump in Plant 1. 19. Improvement of extruder cooling system in Section 2 of Plant 1. 20. Replacement of M85 cooling water tower in Plant 1. 21. Addition of circulating fan in office area of the production department in Plant 1. Adjustment of air conditioning operation in the laboratory of Plant 1.	
Yangmei plant	1. Improvement of deficiencies of ED1 harmonic protection equipment. 2. Management of air compressor use (changing 100HP to variable frequency) 3. Improvement of gas consumption of copper plate melting. 4. Improvement of 300HP air blower failure. 5. Addition of light shield on plant rooftops to reduce the frequency of switching on lights. 6. Replacing lighting of SCR plant with non-polar lighting. 7. Improvement of air condition in employee canteen	600.42
Taichung plant	1. Addition of hot-rolled coils to annealing and pickling lines (APLs). 2. Remove usage of crusher and dryer (due to their production of CR). 3. Replacement of mercury-vapor projector light used in APL processes with LED lights.	280.94
Yanshui plant	1. Improvement of oil gas in peeler. 2. Using fuel oil blowing injector to lower power consumption per use of electrical furnace by 10 KWH. 3. Improvement of dust collection during sample cutting. 4. Modification of biomass fuel used in CB furnace equipment. 5. Raising LD life. 6. Replacement of conventional preheater with oxygen preheater to reduce gas consumption.	512.29
Total	In Taiwan, 38 energy saving plans were implemented.	

(2) Plants overseas

Unit: tons (T-CO2)

Plant area	Energy Saving Plans	Carbon reduction
Shanghai	1. Modification of cooling water pump in drawing wire zone. 2. Improvement of plant lighting. 3. Improvement of cooling water tower in plastic compressing zone.	37.16
Jiangyin	1. Replacement of energy-saving LED lighting. 2. Merging of plant equipment to reduce transportation frequency.	64.2
Nanjing	1. Management of substation frequency.	457.35
Dongguan	1. Implementation of office energy-saving system. 2. Adjustment of process power usage. 3. Strengthening of primary production processes and regulation and optimization of resource allocation to reduce energy and resource wastage. 4. Enhancement of equipment management and repairing of leaking equipment.	442.69
White crane	1. Addition of variable frequency drive in air compressor. 2. Optimization of rolling process scheduling. 3. Reduction of equipment failure rate and warm-up time. 4. Control of office and dormitory air conditioning.	34.45

Plant area	Energy Saving Plans	Carbon reduction
Changshu	1. Improvement of substation power factor. 2. Energy-saving modification of 20m3 air compressor. 3. Modification of 6T solid furnace combustion system. 4. Modification of 8T solid furnace combustion system. 5. Replacement of plant lighting with LED lights.	1,914.97
Yantai	1. Reduction of forging power consumption. 2. Reduction of dynamic power consumption. 3. Adjustment of process machineries. 4. Strengthening patrol tasks to prevent water leakage. 5. Strict implementation of standard single work shift, offline production, and flooding operations. 6. Reinforcement of pump packing maintenance and prevent water leakage from exceeding standard.	1,684.70
Total	Plants overseas implemented 25 energy saving plans.	

8. Promoting green manufacturing

(1) Green manufacturing development

Refining basic oxygen furnace (BOF) process: Extend lifespan of fire-resistant materials, reduce material usage, and achieve resource and energy conservation and carbon reduction.

Simplifying heat treatment process: Increase heat treatment capacity, reduce fuel consumption, and achieve energy conservation and carbon reduction.

Reducing pickling process: Use mechanical descaling method to reduce use of acidic solution, mitigate environmental pollution, and conserve resources.

Adjusting acidic solution in pickling process: Reduce NOx content in gas emissions and nitrate content in discharges to mitigate environmental pollution.

Refining straight bar manufacturing process: Adjust cooling process for straight bars, thereby lowering the frequency of annealing during the process. This reduces frequency of use of dies and annealing fuels and achieves energy conservation and carbon reduction.

■ Patented slag recycling technology

Slag is a side product of billet production at the Yanshui plant in Taiwan during the stainless steel making process and classified as No. 14 electric arc furnace slag under the Regulations

Governing Administration of Reuse of Enterprise Waste. The authority has announced that such material can be used as part of the raw materials for cement and cement products. To recover valuable metal in furnace slags, thereby facilitating slag reutilization, the Company investigated the process of recycling and reusing slags since 2003. We continuously repeated the processes of breaking, sieving, jaw-crushing, and screening slags produced during stainless steel making; extracted valuable metals, slags, and ballast soil from furnace slags; and then categorized the extractions to recycle and reuse them. In 2015, 6,558 tons of valuable metals were recycled and reused. Patent application for this classification and processing technology for electric arc furnace slag was submitted on April 22, 2004. The application was approved and the patent details are as follows.

■ Spent acid regeneration plant and wastewater recycling equipment (ARP+ZEMAP)

In an effort to achieve effective acid recycling and emission-free clean production process, Taichung plant commenced its construction of the ARP+ZEMAP facility in May 2015, which is expected to be completed in 2016. The ARP+ZEMAP facility recycles spent acid produced from pickling processes through ARP processing. This facility can achieve 98% recycling rate of hydrogen fluoride (HF) and 70% hydrogen nitrate ($HNO3$), thereby reducing approximately 100 tons of HF every month, eliminating the need to process roughly 1,500 tons of spent acid, and lowering the production of approximately 400 tons of sludge on a monthly basis. With ZEMAP processing, 90% of process wastewater can be recycled for reuse, reducing approximately 10,800 tons of wastewater discharge every month.

■ Acid purification unit (APU)

Taichung plant had set up an acid purification unit (APU) for spent acid in 2011 that uses resin exchange method to treat spent acid by recovering 85% of acidic solution from spent acid. The recycled acid is reused, thereby achieving the goal of waste reduction. It is estimated that the recycled amount for 2014 should be 3,150M3 and 3,780M3 for 2015 in order to prevent impact on water resources and the environment caused by improper treatment of spent acid.

■ Recycling and reuse of flue dust

In the Yanshui plant, waste iron, waste steel, and alloy iron are melted in an electric arc furnace under high temperature to form steel. During the production process, suspended particles and gas are emitted and collected to form "flue dust." Flue dust contains valuable metals such as chromium, iron, and nickel; if improperly processed, these metals cause environmental pollution. Adhering to the principles of sustainable management and environmental protection, the Yanshui plant inputs BOF "flue dusts" as raw materials into electric arc furnace to melt them and recover valuable metals. Based on estimations, approximately 100 tons of nickel, 2,300 tons of iron, and 690 tons of chromium were recovered in 2015. For flue dusts that cannot be recycled back to the electric arc furnace, as of 2014, the Company commissions legal resource recycling and reuse companies instead of solid waste treatment companies to process flue dusts by melting them at high temperature to recover valuable metals, which are then produced into alloy iron. Thereafter, Yanshui plant purchase these alloy irons and input them into the electric arc furnace as raw materials. In 2015, the plant purchased 2,773 tons of nickel, chromium, and alloy iron.

(2) Green products

■ Stainless steel

Stainless steel is a type of green product: Stainless steel has a long lifespan due to its superior corrosion resistant property. It is 100% recyclable and reusable and does not become waste that causes environmental burden. Therefore, stainless steel can be deemed as a type of green, environmentally friendly product. Approximately more than 50% of raw materials in stainless steel are recycled waste stainless steel.

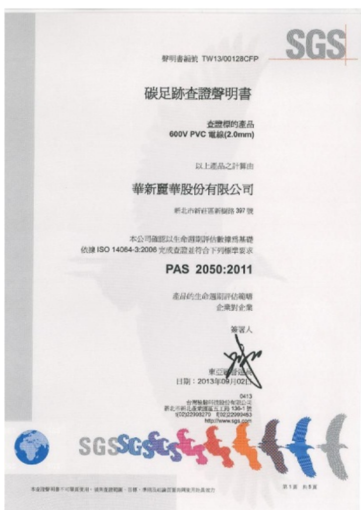
Stainless steel has low life cycle cost: Stainless steel contains previous metals such as chromium and nickel. Although stainless steel is more expensive to produce compared with general steel, its life cycle cost is lower than that of general steel because stainless steel has better anti-corrosion property and longer lifespan. For example: Soya sauce storage tanks used in the food industry are made of super stainless steel because soya sauce is highly corrosive to general steel materials. Tanks made of super stainless steel exhibited no signs of corrosion after storing soya sauce for a period of time, thus eliminating the need for maintenance and substantially prolonged the lifespan of the tank. Thereafter, the recyclability and low life cycle cost of stainless steel will attract the attention of related industrial operators.

Yanshui plant has endeavored to develop high-performance stainless steel: Global warming has caused extreme climates and deteriorated earth environment, making energy conservation and carbon reduction critical. In response, governments and corporations around the world have been committed to formulating a variety of measures, such as, reducing waste gas emissions from vehicles and power plants; improving the performance of engines and power generators; and developing lightweight cars, machines, and structures. These approaches have also necessitated improving the performance of stainless steel in corrosion and heat resistance as well as increasing the strength of stainless steel. The Company's Yanshui plant serves as the primary supplier of stainless steel. Inevitable, the plant is responsible for contributing to global sustainability by developing corrosion-resistant, heat-resistant, high-strength stainless steel that can be subjected to turning and forming processes.

■ Wire and cables

600V PVC electric wire products obtained SGS carbon footprint certification in September 2013 and Taiwan Electrical and Electronic Manufacturers' Association's (TEEMA) carbon footprint label in December 2013, making the Company Taiwan's first company whose 600V PVC wire products had obtained carbon footprint certification and carbon footprint label. Subsequently, the Company applied for eco-label certification from EPA in 2014 and obtained eco-label certification for environmentally friendly wire and cable products, 600V PVC, in January 2015; this product is recyclable and exerts minimal environmental impact. Furthermore, the wastes generated when manufacturing this product or the waste power cables disposed of by consumers can recycled and reused. This product provides a new green product option for power cable consumers. The Company is also the first supplier of fire and heat resistant electric wires certified by the National Fire Agency. The Company also invests in developing low smoke, toxin free, and other types of green electric wires and cables and establishes new benchmarks for green companies.


600V 環保電線 (EM-IE)


碳足跡查證聲明書

PAS 2050:2011


環保標章使用證書

Certificate for the Use of Green Mark

9. Primary pollution control equipment purchased in recent years as well as possible applications and benefits: (Listing only those valued at NT$100,000/RMB20,000 or higher)

In 2015, the plants in Taiwan invested a total of NT$680.24 million in primary pollution control equipment; and plants overseas invested a total of RMB2.82 million in primary pollution control equipment.

(1) Plants in Taiwan Currency: NT$1,000

Equipment name (Taiwan)	Quantity	Investment cost	Anticipated benefits
Yangmei plant wastewater treatment facility: wastewater site embankment restoration project	1	395	Compliance with legal requirements
Yanshui plant - Improvement of B C BAY 17 charging conduit	1	180	Improvement of dust scattering problem in feeding systems
Yanshui plant - Improvement of scattering dust problem in TB02 feeding room	1	500	Improvement of dust scattering problem caused by TB02 conveyor belt
Yanshui plant - Improvement of VOD atmospheric feeding dust collection	1	330	Improvement of VOD atmospheric feeding dust scattering problem
Yanshui plant - Addition of variable frequency control in VOD whirlwind dust collector	1	905	Energy conservation and carbon reduction
Yanshui plant - Non-light transmitting continuous monitoring equipment	1	1,028	Addition of legal requirement for dust collector
Yanshui plant - heating furnace recuperator (equipment purchase)	1	5,350	Equipment purchase
Yanshui plant - Renewing recuperator for temperature-holding furnace	1	1,500	Reducing heat loss and saving use of natural gas
Yanshui plant - oxygen preheater	2	16,778	Energy conservation and carbon reduction
Yanshui plant - Replacement of main dust collector filter in electric furnace	1	760	Changing filter bag to prevent air pollution
Yanshui plant - Renovation of laboratory water pipelines	1	27	Renovation of water discharge pipelines
Yanshui plant - Acid A/B line	2	895	Repair pickling line B229 temporary waste sulfuric acid storage tank/ repair acid-resistant floor on the B4 west side of acid A line B107 gas shield/acid A line compartment
Yanshui plant - Acid A line	4	3,510	Repair the floor in the acid storage area Repair the B40 temporary storage tank for recycled acid Renewal of B142 tank/ renewal of acidic B line receiver plate Repair the floor in B50/B33/B36 (including the surrounding daughter walls)
Yanshui plant - Acid B line	4	2,961	Renewal of tank gas shield Eliminate the use of sulfuric acid pickling test Repair rupture in the fire prevention pipe on Acid B line
Yanshui plant - Acid C line	1	823	Repair the damage on the B129.3 pickling line waste sulfuric acid storage tank
Yanshui plant - Addition of waste heat recycling system	1	6,241	Energy conservation and carbon reduction
Yanshui plant - Wastewater plant	4	997	Repair water cooling tower Improvement of WB4.1 and WB5.1 channel in the second wastewater neutralization tank Improvement of water pump and wastewater yellow smoke in flood prevention zone
Yanshui plant - Filter press	1	50,000	Sludge treatment
Yanshui plant - Salt bath line	2	126	Repair D102 door Repair salt bath line B101 insulation cotton
Taichung plant - ARP+ZEMAP equipment	1	586,939	Taichung plant commenced the establishment of waste and emission reduction process (ARP+ZEMAP) in May 2015 and this is expected to complete in 2016. ARP+ZEMAP recycles spent acid produced from pickling processes through ARP processing. This facility can achieve 98% recycling rate of hydrogen fluoride (HF) and 70% hydrogen nitrate (HNO3). ARP reduces approximately 100 tons of HF every month, eliminates the need to process roughly 1500 tons of spent acid, and lowers the production of approximately 400 tons of sludge on a monthly basis. With ZEMAP processing, 90% of process wastewater can be recycled for reuse, reducing approximately 10800 tons of wastewater discharge every month.
Subtotal	32	680,245	

(2) Plants overseas Currency: RMB1,000

Equipment name (China)	Quantity	Investment cost	Anticipated benefits
Dongguan plant - water pollution expenses (wastewater treatment facility)	1	280	Annual processing of 37440 tons of wastewater
Nanjing plant - Addition of wastewater treatment system	1	378	Increasing amount of wastewater treated
White Crane plant - Addition of soundproof wall on north side of the plant	1	511	Effectively block off process noise
White Crane plant - Changing unloading slide to parallel chain platform	1	98	Reduction of noise
White Crane plant - Improvement of loading shelf and cold bed feeding noise	1	231	Reduction of noise
Yantai plant - Slag site dust remover equipment	1	53	Collection of slag site dusts and prevention of dust scattering
Changshu plant - Modification of pickling phase-1 waste gas treatment equipment	1	735	Reduction of waste gas emission and reduction of visible yellow smoke
Changshu plant - Addition of a set of spraying system to pickling phase-1 acid mist tower	1	21	Reduction of waste gas emission and reduction of visible yellow smoke
Changshu plant - Modification of pickling phase-2 waste gas equipment	1	495	Reduction of waste gas emission and reduction of visible yellow smoke
Changshu plant - Addition of a set of spraying system to pickling phase-1 and phase-2 degreaser acid mist tower	1	21	Reduction of waste gas emission and reduction of visible yellow smoke
Subtotal	10	2,823	

5. Employee-employer relations

(1) Worker-Management Relations and Welfare

The pursuit of excellence, innovation and learning, and friendly environment form the basis of sustainable development at Walsin Lihwa. Its respect and attention to "people" is reflected in its human resources management systems and various worker-management relations mechanisms, which are described as follows:

1. Smooth worker-management communication channels
   - In 1976 the Company established an industry union to advocate suitable policies, and the voice and proposals of workers are communicated using an employer and employee dual-channel communication method.
   - Union meetings are held each quarter. Union representative conferences are held every year to establish a good bridge of communication between employers and employees.
   - The company publishes the "Walsin People Digital Newsletter" to share information on critical business operations. The company has also established an international communication platform to hold online events and opinion surveys.
2. The Company's remuneration is established on the principle of being able to attract and retain talent as follows:
   - Salary: Regularly participate in external salary survey activities to understand external salary levels to serve as a reference for the Company's salary setting as well as adjustments and to ensure competitive salaries.

- Bonuses and remunerations: Bonuses and remunerations are issued annually as part of employee compensation based on the operating performance of each department and the performance results of individuals and groups, while taking into account the objectives of talent retention and motivation.

3. Provide a diverse welfare system that includes the following:
   - Group insurance plan (including term life insurance, accident insurance, inpatient health insurance, cancer insurance, and dependent pension)
   - Self-contributed insurance plan for employees and their dependents
   - Regular health check-ups for all employees
   - Cash bonuses for the three traditional festivals
   - Birthday bonus
   - Wedding and funeral subsidies
   - Scholarships for children
   - Travel subsidies
   - Community activity subsidies
   - Emergency interest-free loans
   - Hospital condolence fund
   - Staff restaurant

4. Under the "Walsin Lihwa Employee Learning and Development System," each employee is incorporated into the Company's operating strategies, policies and target objectives based on his/her capabilities, job performance and career development. This enables employees, job performance, and the organization to be fully integrated and to achieve synergies in employee learning and development. The content of the system includes the following:
   - Professional talent training in all sectors
   - Management talent training
   - New hire orientation
   - Employee general education courses
   - Self-motivation course
   - Quality and safety awareness course

   In 2015, the Company spent a total of NT$7,583,074 on employee education and training. Details are as follows:

Total training participation	Total training hours	Average training hours per employee
118,996	175,708	36

   - Training statistics above include data from Taiwan and the subsidiaries in China.

5. Retirement system:

   To provide job security to employees, the Company has established a retirement system pursuant to regulatory requirements with specific measures as follow:
   - Established a "Pension Oversight Committee" in 1986, whereby a workers' pension funds are deposited monthly into a pension account at the Bank of Taiwan.
   - The Company has commissioned external consultants to prepare a pension fund actuarial report annually since 1994, and set aside a pension reserve fund each month based on the actuarial report in order to satisfy pension applications made by employees eligible for retirement.
   - In line with the implementation of the new pension system in 2005, the company has continued the issuance of the pension fund to retired employees who have elected to receive the pension under the old system. For those who have selected the new system, pension funds equal to 6% of an employee's monthly salary are deposited into the employee's personal account in the Bureau of

Labor Insurance. Employees could also voluntarily pay pension funds within the 6% range depending on their personal needs to allow employees to prepare for retirement.

- In addition to compliance with the aforementioned retirement regulations and in recognition of the contributions made by retired employees, the company also issues commemorative medals and awards to retired employees. Meanwhile, the Employee Welfare Committee as well as the industry union have also issued retirement souvenirs to fully reflect the company's gratitude towards retired employees.
- For employees in China, the subsidiaries enroll their employees in pension plans as required by law, and make monthly contributions to the pension plans according to the local regulations in order to provide adequate retirement protection for the employees.

6. Employee Code of Conduct:

To ensure that employees comply with obligations to the Company, customers, competitors and suppliers during business operations, the Company has established an Employee Code of Conduct in order to regulate employee behavior. The highlights of this Code are as follows:

- Obligation to the Company: All Company employees must be dedicated, studious, conform with all rules of the Company and ensure confidentiality.
- Obligation to customers: When conducting business dealings in representation of this Company, the employee's attitude must be humble and without any arrogance or pride lest damaging the Company's image.
- Obligation to competitors: The Company's employees should gather competitor information to serve as a reference for Company strategy in a legal and open manner.
- Obligation to suppliers: Negotiations and transactions with suppliers by employees must uphold the principles of fairness, reasonableness and reciprocity in order to achieve a win-win result.

As a guide for employees to follow ethical standards and corporate governance, the Company has established additionally an Employee Code of Ethical Conduct. The highlights of this Code are as follows:

- Prevention of conflicts of interests
- Prevention of opportunities to obtain personal gains
- Duty of confidentiality
- Fair trade
- Protection and appropriate use of Company assets
- Legal compliance
- Prohibition of gifts, bribes or any improper benefits
- Prohibition of external communication of information against the Company
- Equal employment opportunity and prohibition of discrimination
- Health and safety in workplace
- Correctly prepared documents and duty to maintain records
- Respect for intellectual property

(2) Protective measures taken to ensure a safe working environment and maintain employees' personal safety

Walsin Holdings operates in one of the traditional industries. Potential risks in the workplace include noise, dust, and ionizing radiation. Protection is provided in the form of engineering controls and personal protective equipment. Active operators undergo (regular) physical examinations and health management. Employees involved in particularly hazardous operations (e.g. noise, dust, ionizing radiation, and organic solvents) will also undergo special physical examinations. Employees who are placed under Class 2 management due to abnormal results from their special physical examinations will undergo assessments and health education sessions.

The health and safety system and administrative measures are as follows:

1. Obtained OHSAS 18001 certification and safety management system (based on Taiwan Occupational Safety and Health Management System (TOSHMS) in Taiwan and work safety standardization in China)

   Plants that have acquired Taiwan Occupational Safety and Health Management System (TOSHMS) (Xinzhuang plants 1 and 2, Taichung plant, and Yanshui plant with Xinzhuang plants 1 and 2 both obtained performance recognition from Occupational Safety and Health Administration of Ministry of Labor) and plants that have obtained work safety standardization certification in China (Yantai plant, Changshu plant, White Crane plant, Nanjing plant, Shanghai power plant, Dongguan plant, and Jiangyin plant) have obtained OHSAS 18001 certification and safety management system. The complete health and safety management system is based on the health and safety plan-do-check-act model, and serves to create healthy, safe work conditions.

   In response to the health and safety regulations and the work safety systems in Taiwan and China, all plants in Taiwan follow the Taiwan Occupational Safety and Health Management System (TOSHMS). All plants in China implement work safety standardization to enforce work safety management. Through institutionalization, documentation, and systemization approaches, the Company actively holds training programs, conducts legal inspections, performs risk identification assessments, comprehensively amends safe job procedures (SJP), sets the top priority of safety and health improvements, and formulates goals and improvement plans. We continue to improve our safety and health performance through improvement plans, regular auditing, and evaluations by managements (Environmental safety and health management committee).

2. Designated health and safety and environmental management units or staff

   Walsin headquarters and plants in Taiwan and overseas have established an Occupational Safety and Health Committee (Overseas: Safety and Production Committee). Based on the size of the organization, regular meetings are convened to discuss matters concerning safety and health management. Labor representatives from plants in Taiwan (including headquarter) are elected by corporate unions as required by law and comprise at least one third of the committee members; this is to serve as a formal communication channel between managers and employees regarding health and safety issues. The plants have established health and safety management units with health and safety supervisors, health/safety management professionals and health and safety administrators. These personnel are subject to approval by local regulators. In terms of environmental protection, the Company's head office has established environmental protection dedicated units and dedicated personnel to implement environmental protection management related operations. Furthermore, to strengthen the Company's management over environmental safety and health, the Company has established an Environmental Safety and Health Management Committee that serves to formulate environmental protection, safety, and health policies and promotional plans and monitor and report on implementation performance. The committee is composed of business divisions and related departments to facilitate interdepartmental integration and implementation regarding related issues.

3. Environmental safety and health duties and training:

Professional consultants on occupational safety and health are hired to provide project guidance. This is aimed to promote employee participation in creating an injury-free working environment, to clarify and integrate differences in environmental safety and health management operations of Walsin's plants in Taiwan and overseas so as to ensure that Walsin's environmental safety and health management systems are consistent, appropriate, and effective, and to examine the performance of each plant in environmental safety and health practices. This project was implemented in 2015, in which seven basic training classes were provided; employees in Taiwan and overseas participated in training either onsite or via videoconferencing. A total of 1403 employees attended training.

4. Management of suppliers and contractors

The Company is devoted to its corporate social responsibilities as a good corporate citizen. The Company is committed to providing a safe workplace for its employees, and works together with its suppliers to fulfill corporate social responsibilities. Therefore, the Company's policy regarding supplier management is "to require suppliers to comply with regulations regarding environmental conservation, safety and health issues and to establish knowledge and communication in the areas with the goal of encouraging improved performance in environmental conservation, safety and health." In practice, we regard our suppliers as a member of the Company and work with them in ensuring workplace safety and refining their environmental protection practices, so as to implement corporate social responsibility.

In addition to the aforementioned areas, the Company pays special attention to risks in supplier regulation in the following areas based on the nature of the Company's business in order to ensure workplace safety.

(1) Defining high risks and implementing key point controls

(2) Requiring contractors to submit professional certification for specialized personnel as required by law

5. Key tasks in future health and safety management

(1) Perfect the operations of occupational safety and health (safety and production) management systems

(2) Integrate risk assessment safe job procedures and implement them

(3) Safe zone defense - three forms of protection

(4) 2015 CSR environmental safety and health reports

(5) 2016 revision for environmental safety and health operation handbook

(6) Establishment and implementation of Occupational Safety and Health Act for over-exhaustion, health promotion management, workplace violence management, and maternal protection management

(7) Construction of a health management promotion and information management platform

(8) Corporate governance evaluation indicators

6. Environmental safety operation management and performance assessment measures

(1) Regular inspection of dangerous machines and workplace: All dangerous machines inside the plants must pass regular inspections as required by law. All special operators must be professionally licensed and undergo regular on-the-job training.

(2) Health and safety audits: The Environmental Safety and Health Committee carries out special projects every year by conducting on-site plant audits for each plant's safety, health, environmental protection, and fire safety practices on a regular basis (quarterly). The objective is to ensure sound protection measures, a safe working environment, and that personnel safety protection measures for each plant are properly provided; and to provide appropriate improvement recommendations to ensure a safe working environment for everyone.

(3) Improvements to system operations: In 2015, the Company hired occupational safety and health consultants and dispatched them to 11 plants in Taiwan and overseas. These consultants provide consultation services; undertake safety and health operational system evaluation, compliance examination, and onsite inspections to examine facilities and determine management statuses. A total of 618 consultants participated, and they provided improvement suggestions, which are summarized in the following table. Guidance and improvement follow-up assessments of system operations in each plant will be conducted in 2016 as scheduled in the promotional plan. In 2015, there were 359 deficiencies in the overall guidance system; 756 deficiencies in existing facilities and equipment; 55 consulting suggestions; and 189 satisfactory plant items.

(4) Integration and implementation of risk assessment safe job procedures: Risk assessments must consider the integrity of four dimensions, people, machine, materials, and the environment. Combining safe job procedures for risk assessments and standard operating procedures are the basic tasks of occupational safety and health management system and management planning. Improper implementation may cause total failure in management system operations. Since 2015, 11 plants have conducted comprehensive risk re-evaluations and SJP inspection and revisions, and hired occupational safety and health consultants to provide first-phase guidance. A total of 21 guidance sessions were provided, with 605 people participating in inspection operations. Throughout the year, each business unit has completed risk evaluation of 4322 operation items and revised 2447 SJP items.

(3) Labor dispute losses and countermeasures from the most recent year to the publication date of this annual report: None.

6. Material Contracts

(1) Walsin Lihwa Corporation

Nature of Contract	Contracting parties	Term of contract Date	Content	Restriction clauses
Syndication Loan Contract	Nine banks, including the Bank of Taiwan, the Taiwan Cooperative Bank Co., Ltd. and the First Bank.	2012/08～2017/08	Syndicated loan limit of NT$10.2 billion, five-year period, non-recyclable	1. Current ratio >= 100% 2. Debt ratio <=120% (net debt/tangible assets) 3. Interest protection multiples >= 150% 4. Tangible assets >= NT$50 billion
Syndication Loan Contract	Sixteen banks including Taipei Fubon, Chinatrust, and E.Sun Bank.	2015/09～2020/09	Syndicated loan limit of NT$15 billion, five-year period, non-recyclable	1. Current ratio >= 100% 2. Debt ratio <=120% (net debt/tangible assets) 3. Interest protection multiples >= 150% 4. Net tangible assets >= NT$50 billion
Sales Contract	Danieli and C. Officine Meccaniche	2014～2015	Wiring improvement equipment NT$216 million	None

(2) Walsin (Nanjing) Construction Limited

Nature of Contract	Contracting parties	Term of contract Date	Content	Restriction clauses
Construction contract	19 vendors including Jiangsu Nantong No. 2 Construction Engineering (Group)	2014/04～2016/12	Walsin Centro Lot D civil engineering project	None
Construction contract	25 vendors including Shanghai Construction No. 1 (Group)	2014/05～2016/12	Walsin Centro Lot AB civil engineering project	None
Construction contract	6 vendors including Shanghai Construction No. 1 (Group)	2015/08～2017/08	Walsin Centro Lot AB civil engineering project	None
Construction contract	28 vendors including Nanjing Changheng Energy Saving Construction Co., Ltd.	2015/02～2019/06	Walsin Centro Lot D civil engineering project	None

VI Financial Information

1.Brief Balance Sheets and Comprehensive Income Statements of Recent Five Years

(1) Condensed Balance Sheet - Consolidated

1.IFRSs

Unit：NT Thousands

Items \ Year		Financial Summary for the Last Five Years (Note)			
		2012	2013	2014	2015
Current Assets		45,945,031	52,873,326	52,140,435	51,200,394
Property,Plant and Equipment		25,844,974	21,635,479	18,439,033	17,575,655
Intangible Assets		191,401	199,178	201,172	199,080
Other Assets		36,640,923	38,700,358	37,976,806	35,708,162
Total Assets		108,622,329	113,408,341	108,757,446	104,683,291
Current Liabilities	Before Distibution	23,931,901	35,863,269	19,971,882	17,078,873
	After Distibution	23,931,901	35,863,269	19,971,882	17,780,073
Non-current Liabilities		22,823,530	15,347,795	23,370,603	24,035,959
Total Liabilities	Before Distibution	46,755,431	51,211,064	43,342,485	41,114,832
	After Distibution	46,755,431	51,211,064	43,342,485	41,816,032
Equity Attributable to owners of the Company		57,648,208	59,971,272	63,499,315	61,680,070
Capital Stock		36,160,002	35,760,002	35,760,002	35,760,002
Capital Surplus		15,742,724	15,629,054	15,647,004	15,766,866
Retained Earnings	Before Distibution	10,417,431	7,758,681	9,932,518	11,383,125
	After Distibution	10,417,431	7,758,681	9,932,518	10,681,925
Other Equity		(3,615,988)	823,535	2,452,684	(621,113)
Treasury Stock		(1,055,961)	-	(292,893)	(608,810)
Non-controlling Interests		4,218,690	2,226,005	1,915,646	1,888,389
Total Equity	Before Distibution	61,866,898	62,197,277	65,414,961	63,568,459
	After Distibution	61,866,898	62,197,277	65,414,961	62,867,259

Note:Not applicable in 2011.

2. ROC GAAP

Unit：NT Thousands

Items		Financial Summary for the Last Five Years (Note) 2011	2012
Current Assets		64,885,582	47,666,894
Fund and Long-term Investments		22,457,770	20,276,493
Fixed Assets		34,119,420	34,973,051
Intangible Assets		1,755,266	1,661,095
Other Assets		2,895,460	4,225,616
Total Assets		126,113,498	108,803,149
Current Liabilities	Before Distibution	57,577,052	24,036,989
	After Distibution	57,577,052	24,036,989
Long-term Liabilities		1,145,846	19,663,616
Reserve for Land Revaluation Increment Tax		131,132	131,132
Other Liabilities		2,878,303	2,878,467
Total Liabilities	Before Distibution	61,732,333	46,710,204
	After Distibution	61,732,333	46,710,204
Capital Stock		36,160,002	36,160,002
Capital Surplus		20,233,812	20,175,066
Retained Earnings	Before Distibution	6,560,855	3,232,397
	After Distibution	6,560,855	3,232,397
Unrealized gains (losses) on financial instruments		(2,695,200)	(2,243,041)
Cumulative Transaction Adjustment		2,473,544	1,022,341
Unrealized Revaluation Increments		426,405	426,405
Treasury Stock		(650,178)	(936,297)
Net loss Not Recognized as Pension Cost		-	-
Minority Interest		1,871,925	4,256,072
Total Equity	Before Distibution	64,381,165	62,092,945
	After Distibution	64,381,165	62,092,945

Note:Not applicable in 2013-2015

(2) Condensed Balance Sheet - Unconsolidated

1. IFRSs

Unit：NT Thousands

Items \ Year		Financial Summary for the Last Five Years (Note)			
		2012	2013	2014	2015
Current Assets		10,750,743	8,723,676	9,989,580	10,670,083
Property,Plant and Equipment		11,529,460	11,719,767	11,427,661	11,625,911
Intangible Assets		-	-	-	-
Other Assets		58,364,429	60,741,853	61,654,567	72,824,020
Total Assets		80,644,632	81,185,296	83,071,808	95,120,014
Current Liabilities	Before Distibution	11,190,873	9,506,730	8,342,078	9,409,878
	After Distibution	11,190,873	9,506,730	8,342,078	10,111,078
Non-current Liabilities		11,805,551	11,707,294	11,230,415	24,030,066
Total Liabilities	Before Distibution	22,996,424	21,214,024	19,572,493	33,439,944
	After Distibution	22,996,424	21,214,024	19,572,493	34,141,144
Capital Stock		36,160,002	35,760,002	35,760,002	35,760,002
Capital Surplus		15,742,724	15,629,054	15,647,004	15,766,866
Retained Earnings	Before Distibution	10,417,431	7,758,681	9,932,518	11,383,125
	After Distibution	10,417,431	7,758,681	9,932,518	10,681,925
Other Equity		(3,615,988)	823,535	2,452,684	(621,113)
Treasury Stock		(1,055,961)	-	(292,893)	(608,810)
Total Equity	Before Distibution	57,648,208	59,971,272	63,499,315	61,680,070
	After Distibution	57,648,208	59,971,272	63,499,315	60,978,870

Note:Not applicable in 2011.

2. ROC GAAP

Unit：NT Thousands

Items \ Year		Financial Summary for the Last Five Years (Note) 2011	2012
Current Assets		15,736,835	10,787,743
Fund and Long-term Investments		54,511,715	48,349,884
Fixed Assets		17,901,532	20,676,697
Intangible Assets		-	-
Other Assets		744,114	973,745
Total Assets		88,894,196	80,788,069
Current Liabilities	Before Distibution	24,701,681	11,172,138
	After Distibution	24,701,681	11,172,138
Long-term Liabilities		-	10,200,000
Reserve for Land Revaluation Increment Tax		131,132	131,132
Other Liabilities		1,552,143	1,447,926
Total Liabilities	Before Distibution	26,384,956	22,951,196
	After Distibution	26,384,956	22,951,196
Capital Stock		36,160,002	36,160,002
Capital Surplus		20,233,812	20,175,066
Retained Earnings	Before Distibution	6,560,855	3,232,397
	After Distibution	6,560,855	3,232,397
Unrealized gains (losses) on financial instruments		(2,695,200)	(2,243,041)
Cumulative Transaction Adjustment		2,473,544	1,022,341
Unrealized Revaluation Increments		426,405	426,405
Treasury Stock		(650,178)	(936,297)
Net loss Not Recognized as Pension Cost		-	-
Total Equity	Before Distibution	62,509,240	57,836,873
	After Distibution	62,509,240	57,836,873

Note:Not applicable in 2013-2015

(3) Condensed Income Statements - Consolidated

1. IFRSs

Unit：NT Thousands (Excpet EPS)

Year / Items	Financial Summary for the Last Five Years (Note 2)			
	2012	2013	2014	2015
Net Sales	157,463,051	148,634,957	162,987,384	149,338,115
Gross Profit	7,539,080	4,631,158	7,570,228	5,808,905
Operating Income	2,282,831	45,197	3,503,590	1,957,744
Non-operating Revenue and Expense	(4,046,353)	(2,361,334)	157,734	507,687
Profit (loss) before Taxes	(1,763,522)	(2,316,137)	3,661,324	2,465,431
Gain (loss) from Continued Operations	(3,124,839)	(2,431,422)	2,535,532	1,728,132
Loss from Discontinued Operations	-	-	-	-
Profit (loss) for the year	(3,124,839)	(2,431,422)	2,535,532	1,728,132
Other comprehensive income,net of income tax	(1,168,576)	4,489,965	1,502,331	(3,210,351)
Total comprehensive income for the year	(4,293,415)	2,058,543	4,037,863	(1,482,219)
Profit (loss) for the year attributable to owners of the company	(3,186,541)	(2,688,696)	2,264,691	1,601,726
Profit for the year attributable to non-controlling interests	61,702	257,274	270,841	126,406
Total comprehensive income for the year attributable to owners of the company	(4,302,013)	1,836,583	3,802,986	(1,604,667)
Total comprehensive income for the year attributable to non-controlling interests	8,598	221,960	234,877	122,448
Earnings (loss) Per Share (Note 1)	(0.90)	(0.77)	0.64	0.45

Note 1: Earnings (loss) per share are based on retroactively adjusted weighted average of outstanding shares.

Note2: Not applicable in 2011.

2. ROC GAAP

Unit：NT Thousands (Excpet EPS)

Year / Items	Financial Summary for the Last Five Years (Note 2)	
	2011	2012
Net Sales	189,893,217	157,440,479
Gross Profit	5,331,256	7,534,977
Operating Income or loss	(526,230)	2,280,690
Non-operating Revenue	2,672,407	1,035,383
Non-operating Expense	5,975,691	5,221,527
Loss before Tax from Continued Operations	(3,829,514)	(1,905,454)
Loss from Continued Operations	(4,192,626)	(3,266,756)
Gain (loss) from Discontinued Operations	-	-
Extraordinary Gain or Loss	-	-
Cumulative Effect of Changes in Accounting Principles	-	-
Net Loss	(4,192,626)	(3,266,756)
Earnings (loss) Per Share (Note 1)	(1.20)	(0.94)

Note 1: Earnings (loss) per share are based on retroactively adjusted weighted average of outstanding shares.

Note2: Not applicable in 2013-2015.

(4) Condensed Income Statements - Unconsolidated

1. IFRSs

Unit：NT Thousands (Excpet EPS)

Items \ Year	Financial Summary for the Last Five Years (Note 2)			
	2012	2013	2014	2015
Net Sales	69,282,856	67,659,107	70,179,109	71,574,888
Gross Profit	4,072,010	2,693,683	3,093,674	4,090,649
Operating Income	2,443,001	1,648,545	2,058,839	2,996,429
Non-operating Revenue and Expense	(5,623,542)	(4,663,241)	226,852	(838,608)
Profit (loss) before Taxes	(3,180,541)	(3,014,696)	2,285,691	2,157,821
Gain (loss) from Continued Operations	(3,186,541)	(2,688,696)	2,264,691	1,601,726
Loss from Discontinued Operations	-	-	-	-
Profit (loss) for the year	(3,186,541)	(2,688,696)	2,264,691	1,601,726
Other comprehensive income,net of income tax	(1,115,472)	4,525,279	1,538,295	(3,206,393)
Total comprehensive income for the year	(4,302,013)	1,836,583	3,802,986	(1,604,667)
Earnings (loss) Per Share (Note 1)	(0.90)	(0.77)	0.64	0.45

Note 1: Earnings (loss) per share are based on retroactively adjusted weighted average of outstanding shares.

Note2: Not applicable in 2011.

2. ROC GAAP

Unit：NT Thousands (Excpet EPS)

Items \ Year	Financial Summary for the Last Five Years (Note 2)	
	2011	2012
Net Sales	74,246,866	69,282,856
Gross Profit	4,154,508	4,072,010
Operating Income	2,061,680	2,444,798
Non-operating Revenue	1,055,433	371,743
Non-operating Expense	7,504,149	6,138,999
Loss before Tax from Continued Operations	(4,387,036)	(3,322,458)
Loss from Continued Operations	(4,271,036)	(3,328,458)
Gain (loss) from Discontinued Operations	-	-
Extraordinary Gain or Loss	-	-
Cumulative Effect of Changes in Accounting Principles	-	-
Net Loss	(4,271,036)	(3,328,458)
Earnings (loss) Per Share (Note 1)	(1.20)	(0.94)

Note 1: Earnings (loss) per share are based on retroactively adjusted weighted average of outstanding shares.

Note2: Not applicable in 2013-2015.

(5) Auditors' Opinion from 2011 to 2015

Year	CPA	Audit Opinion
2011	Deloitte & Touche Ming-Yu, Chiu, Kenny, Hong	An Unqualified Opinion with an Explanatory Paragraph
2012	Deloitte & Touche Ming-Yu, Chiu, Kenny, Hong	An Unqualified Opinion with an Explanatory Paragraph
2013	Deloitte & Touche Hung-Bin,Yu, Kenny, Hong	An Unqualified Opinion with an Explanatory Paragraph
2014	Deloitte & Touche Hung-Bin,Yu, Kenny, Hong	An Unqualified Opinion with an Explanatory Paragraph
2015	Deloitte & Touche Hung-Bin,Yu, Kenny, Hong	An Unqualified Opinion with an Explanatory Paragraph

2.Financial Analysis of Recent Five Years

(1) Consolidated Financial Analysis – Based on IFRSs

Year / Analysis Items		Financial Analysis for the Last Five Years (Note 1)			
		2012	2013	2014	2015
Financial structure (%)	Debt Ratio	43.04	45.15	39.85	39.27
	Ratio of long-term Capital to Property, Plant and Equipment	327.68	358.41	481.50	498.44
Solvency (%)	Current Ratio	191.98	147.41	261.06	299.78
	Quick Ratio	95.51	83.21	136.12	160.67
	Interest Coverage Ratio (times)	(185.51)	(276.85)	581.00	681.97
Operating Performance	Accounts Receivable Turnover (Times)	9.64	8.87	9.74	9.48
	Average Collection Period	37.86	41.14	37.47	38.50
	Inventory Turnover (Times)	5.98	6.88	7.06	6.30
	Accounts Payable Turnover (times)	18.27	22.57	21.64	20.21
	Average Days in Sales	61.03	53.05	51.69	57.93
	Property, plant and equipment Turnover (Times)	6.20	6.26	8.13	8.29
	Total Assets Turnover (Times)	1.34	1.33	1.46	1.39
Profit ability	Return on Total Assets (%)	(2.54)	(1.66)	2.75	1.89
	Return on Stockholders' equity (%)	(4.95)	(3.91)	3.97	2.67
	Pre-tax Income to Paid-in Capital (%)	(4.87)	(6.47)	10.23	6.89
	Profit Ratio (%)	(1.98)	(1.63)	1.55	1.15
	Earnings (loss) Per Share (NT$) (Note 2)	(0.90)	(0.77)	0.64	0.45
Cash Flow(Note 3)	Cash Flow Ratio (%)	26.83	17.24	2.84	23.48
	Cash Flow Adequacy Ratio (%)	46.95	38.20	55.76	93.52
	Cash Reinvestment Ratio (%)	7.07	7.51	0.59	4.13
Leverage	Operating Leverage	4.59	173.93	2.98	4.54
	Financial Leverage	1.37	-	1.27	1.27

Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)

A. The decrease of return on total assets, return on stockholders' equity, pre-tax income to paid-in capital, profit ratio and earnings per share, and increase of operating leverage in 2015 compared to 2014 were due to the completion of real estate in 2014 leading to the increase of the income before tax ,the income after tax and operating income .

B. The increase of cash flow ratio, cash reinvestment ratio and cash flow adequacy ratio in 2015 compared to 2014 was due to the declining price of copper and nickels in 2015 leading to the decrease of inventories and trade payables.

Note 1:Not applicable in 2011.

Note 2: Earnings (loss) per share are based on retroactively adjusted weighted average of outstanding shares.

Note 3: If net cash provided by operating activities is negative , shall not be caculated.

Note 4：Financial analysis formulas show as the following：

1.Financial Structure：

(1)Debt Ratio＝Total liabilities／Total assets

(2)Ratio of Long-term Capital to Property, plant and equipment＝(Stockholders' equity＋non-current liabilities)／net worth of Property, plant and equipment

2.Solvency：

(1)Current Ratio＝Current assets／Current liabilities

(2)Quick Ratio＝(Current assets－inventories－prepaid expenses)／Current liabilities

(3)Interest Coverage Ratio＝Income before tax and interest expenses／Current Interest expenses

3.Operating Performance：

(1)Receivable (included trade receivables and opearting notes receivable) Turnover＝ Net sales／Average receivables for each period (included trade receivables and opearting notes receivable)

(2)Average Collection Period Turnover Days＝365／Receivable turnover

(3)Inventory Turnover＝Cost of sales／Average inventories

(4) Payables (included trade payables and opearting notes payable) Turnover＝Cost of sales／Average payables for each period (included trade payables and opearting notes payable)

(5)Average Days in Sales＝365／Inventory turnover

(6)Property, Plant and Equipment Turnover＝Net sales／Average of property, plant and equipment, net

(7)Total Assets Turnover＝Net sales／Average of total assets

4.Profitability：

(1)Return on Total Assets＝〔Net income after tax＋interest expense×（1－tax rate）〕／ Average of total assets

(2)Return on Stockholders' equity＝Net income after tax／Average of stockholders' equity

(3)Profit Ratio＝Net income after tax／Net sales

(4)Earnings (loss) Per Share＝Net income attributable to owners－stock dividend -preferred）／Weighted average of outstanding shares

5.Cash Flow：

(1)Cash Flow Ratio＝Net cash provided by operating activities／Current liabilities

(2)Cash Flow Adequacy Ratio＝Net cash provided by operating activities in recently five years／Recently five years of (capital expenses＋increase of inventories+ cash dividend)

(3)Cash Reinvestment Ratio＝(Net cash provided by operating activities- cash dividend)／ (Property, plant and equipment, gross +long-term investment + other non-current assets + working capital)

6.Leverage：

(1)Operating Leverage＝(Net sales－variable operating cost and expense)／Operating income

(2)Financial Leverage＝Operating income／(Operating income－interest expense)

(2) Consolidated Financial Analysis – Based on ROC GAAP

Analysis Items \ Year			Financial Analysis for the Last Five Years (Note 1) 2011	2012
Financial structure(%)	Debt Ratio		48.94	42.93
	Ratio of long-term capital to Fixed Assets		200.87	242.37
Solvency (%)	Current Ratio		112.69	198.30
	Quick Ratio		54.57	94.97
	Interest Earned Ratio (times)		(196.73)	(208.55)
Operating Performance	Receivable Turnover (Times)		12.39	9.61
	Average Collection Period		29.45	37.98
	Inventory Turnover (Times)		5.63	5.71
	Payables Turnover (Times)		17.54	18.26
	Average Days in Sales		64.83	63.92
	Fixed Assets Turnover (Times)		5.83	4.55
	Total Assets Turnover (Times)		1.50	1.34
Profitability	Return on Total Assets (%)		(2.38)	(2.63)
	Return on Stockholders' equity (%)		(6.38)	(5.16)
	to Paid-in Capital Ratio (%)	Operating Income	(1.45)	6.30
		Income Before Tax	(10.59)	(5.26)
	Net Profit Ratio (%)		(2.20)	(2.07)
	Earnings (loss) Per Share (NT$) (Note2)		(1.20)	(0.94)
Cash Flow(Note 3)	Cash Flow Ratio (%)		11.33	26.58
	Cash Flow Adequacy Ratio (%)		30.64	46.85
	Cash Reinvestment Ratio (%)		7.63	6.26
Leverage	Operating Leverage		(15.06)	4.59
	Financial Leverage		0.28	1.37

Note 1:Not applicable in 2013-2015.

Note 2: Earnings (loss) per share are based on retroactively adjusted weighted average of outstanding shares

Note 3: If net cash provided by operating activities is negative , shall not be caculated

Note 4：Financial analysis formulas show as the following

1.Financial Structure：

(1)Debt Ratio＝Total liabilities／Total assets

(2)Ratio of Long-term Capital to Fixed Assets＝(Stockholders' equity＋long-term liabilities)／Fixed assets

2.Solvency：

(1)Current Ratio＝Current assets／Current liabilities

(2)Quick Ratio＝(Current asets－inventories－prepaid expenses)／Current liabilities

(3)Interest Earned Ratio (times)＝Income before tax and interest expenses／Interest expenses

3.Operating Performance：

(1)Receivables (included account receivables and opearting notes receivable) Turnover＝Net sales／Average of the period of receivables (included account receivables and opearting notes receivable)

(2)Average collection period＝365／Receivables turnover

(3)Inventory Turnover＝Cost of sales／Average of inventories

(4) Payables (included account payables and opearting notes payable) Turnover＝Cost of sales／Average of the period of payables (included account payables and opearting notes payable)

(5)Average Days in Sales＝365／Inventory Turnover

(6)Fixed Assets Turnover＝Net sales／Average of fixed assets, net

(7)Total Assets Turnover＝Net sales／Average of total assets

4.Profitability：

(1)Return on Total Assets＝〔Net income after tax＋interest expense×（1－tax rate）〕／ Average of total assets。

(2)Return on Stockholders' equity＝Net income after tax／Average of stockholders' equity

(3)Net Profit Ratio＝Net income after tax／Net sales

(4)Earnings (loss) Per Share (NT$)＝（Net income after tax－stock dividend-preferred）／Weighted average of outstanding shares

5.Cash Flow：

(1)Cash Flow Ratio＝Net cash provided by operating activities／Current liabilities

(2)Cash Flow Adequacy Ratio＝Net cash provided by operating activities in recently five years／ Recently five years of (capital expenses＋increase of inventories+ cash dividend)

(3)Cash Reinvestment Ratio＝(Net cash provided by operating activities-cash dividend)／ (Fixed assets, gross +long-term investment + other non-current assets + working capital)

6.Leverage：

(1)Operating Leverage＝(Net sales－variable operating cost and expense)／Operating income

(2)Financial Leverage＝Operating income／(Operating income－interest expense)

(3) Financial Analysis – Based on IFRSs

Analysis Items		Financial Analysis for the Last Five Years (Note 1) 2012	2013	2014	2015
Financial structure(%)	Debt Ratio	28.51	26.13	23.56	35.13
	Ratio of Long-term Capital to Property, plant and equipment	602.40	611.60	653.93	737.23
Solvency (%)	Current Ratio	96.06	91.76	119.74	113.39
	Quick Ratio	34.23	33.42	36.63	52.70
	Interest Coverage Ratio (times)	(940.04)	(1,021.68)	955.88	691.36
Operating Performance	Accounts Receivable Turnover (Times)	24.25	24.75	30.08	32.93
	Average Collection Period	15.05	14.74	12.13	11.08
	Inventory Turnover (Times)	8.39	11.54	11.60	11.23
	Accounts Payable turnover (times)	17.42	23.80	23.98	25.05
	Average Days in Sales	43.50	31.62	31.46	32.50
	Property, plant and equipment Turnover (Times)	6.88	5.82	6.06	6.20
	Total Assets Turnover (Times)	0.81	0.83	0.85	0.80
Profitability	Return on Total Assets (%)	(3.40)	(3.02)	3.07	2.10
	Return on Stockholders' equity (%)	(5.30)	(4.57)	3.66	2.55
	Pre-tax Income to Paid-in Capital (%)	(8.79)	(8.43)	6.39	6.03
	Profit Ratio (%)	(4.59)	(3.97)	3.22	2.23
	Earnings (loss) Per Share (NT$) (Note 2)	(0.90)	(0.77)	0.64	0.45
Cash Flow(Note 3)	Cash Flow Ratio (%)	33.87	64.12	17.52	54.45
	Cash Flow Adequacy Ratio (%)	42.16	52.19	48.96	53.38
	Cash Reinvestment Ratio (%)	5.20	8.43	1.92	5.76
Leverage	Operating Leverage	2.34	2.78	2.55	2.11
	Financial Leverage	1.14	1.19	1.14	1.13

Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)

A. The increase of debt ratio in 2015 compared to 2014 was due to the increase of NT$15 billion long-term borrowings and capital increase of Walsin Lihwa Holdings Limited to repay its US dollar loan to reduce the company's overall US dollar loan in order to avoid the risk of US dollar appreciation.

B. The increase of quick ratio in 2015 compared to 2014 was due to prepaid Euro dollar deposits intended for payment of equipment for use in the Taichung Port to avoid the risk of Euro dollar appreciation.

C. The decrease of interest guarantee in 2015 compared to 2014 was due to the increase of NT$ 15 billion long-tern borrowings leading to the increase of interest expense.

D. The decrease of return on total assets, return on equity , net profit ratio and earnings per share in 2015 compared to 2014 was due to the completion of real estate in 2014 leading to the higher the income after tax.

E. The increase of cash flow ratio and cash reinvestment ratio in 2015 compared to 2014 was due to the declining price of copper and nickels in 2015 leading to the decrease of inventories and the increase of inflows of opearting activities.

Note 1:Not applicable in 2011.

Note 2: Earnings (loss) per share are based on retroactively adjusted weighted average of outstanding shares.

Note 3: If net cash provided by operating activities is negative , shall not be caculated.

Note 4: Financial analysis formulas see Table (1).

(4) Financial Analysis – Based on ROC GAAP

Analysis Items \ Year			Financial Analysis for the Last Five Years (Note 1)	
			2011	2012
Financial structure(%)	Debt Ratio		29.68	28.40
	Ratio of Long-term capital to Fixed Assets		350.34	329.05
Solvency (%)	Current Ratio		63.71	96.55
	Quick Ratio		21.99	34.29
	Interest Earned Ratio (times)		(1,077.54)	(986.44)
Operating Performance	Receivables Turnover (Times)		27.82	24.25
	Average Collection Period		13.12	15.05
	Inventory Turnover (Times)		6.40	8.39
	Payables Turnover (Times)		16.49	17.42
	Average days in sales		57.03	43.50
	Fixed Assets Turnover (Times)		4.09	3.59
	Total Assets Turnover (Times)		0.82	0.81
Profitability	Return on Total Assets (%)		(4.31)	(3.56)
	Return on Stockholders' equity (%)		(6.68)	(5.53)
	to Paid-in Capital Ratio (%)	Operating Income	5.70	6.76
		Income Before Tax	(12.13)	(9.18)
	Net Profit Ratio (%)		(5.75)	(4.80)
	Earnings (loss) Per Share (NT$) (Note2)		(1.20)	(0.94)
Cash Flow(Note 3)	Cash Flow Ratio (%)		30.29	30.10
	Cash Flow Adequacy Ratio (%)		30.66	40.85
	Cash Reinvestment Ratio (%)		7.85	4.03
Leverage	Operating Leverage		2.80	2.04
	Financial Leverage		1.22	1.14

Note 1:Not applicable in 2013-2015.

Note 2: Earnings (loss) per share are based on retroactively adjusted weighted average of outstanding shares.

Note 3: If net cash provided by operating activities is negative , shall not be caculated.

Note 4: Financial analysis formulas see Table (1).

3.Supervisors' Report for the Recent Year

Supervisors' Report

The Board of Directors have prepared and submitted to us the Company's 2015 financial statements, and consolidated financial statements which had been audited by Deloitte & Touche accountants,Hung-Bin,Yu and Kenny, Hong. Those financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company.

In accordance with Article 219 of the company law, the above financial statements, consolidated business reports, consolidated financial statements of affiliated enterprises and resolution for allocation of surplus profit have been further examined as being correct and accurate by the supervisors of the Company.

For
2016 Walsin Lihwa Corporation Shareholders' Meeting

Walsin Lihwa Corporation

Supervisors：HSU,YING-SHIH

Supervisors：Chu, Yeu-Yuh

Supervisors：Walsin Technology Corp
Representative：Chu, Yeu-Yuh

February 26,2016

4.Financial Statements of Recent Years

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Walsin Lihwa Corporation

We have audited the accompanying consolidated balance sheets of Walsin Lihwa Corporation and its subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements of certain subsidiaries included in the consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014 were audited by other independent auditors. Our opinion, insofar as it relates to such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT$5,307,453 thousand and NT$5,779,895 thousand which constituted 5.07% and 5.31% of the consolidated total assets as of December 31, 2015 and 2014, and the total net operating revenue amounted to NT$9,309,379 thousand and NT$6,775,724 thousand which constituted 6.23% and 4.16% of the consolidated total net operating revenue for the years ended December 31, 2015 and 2014.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified-modified report.

Our audits also comprehended the translation of the 2015 and 2014 New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 4. Such U.S. dollar amounts are presented solely for the convenience of readers.

Deloitte & Touche

February 26, 2016

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

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

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

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 8,887,554	9	$ 6,417,086	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	627,532	1	2,258,875	2
Debt investment with no active market - current (Notes 4 and 9)	1,517,579	1	884,588	1
Notes receivable (Notes 4 and 10)	7,800,289	7	6,020,010	6
Trade receivables (Notes 4 and 10)	7,587,727	7	10,065,779	9
Finance lease receivables (Note 11)	47,467	-	45,902	-
Other receivables	941,570	1	1,461,218	1
Inventories (Notes 4 and 12)	22,608,060	22	22,908,521	21
Prepayments for lease (Note 18)	31,990	-	32,763	-
Other financial assets (Note 6)	223,569	-	983,413	1
Other current assets	927,057	1	1,062,280	1
Total current assets	51,200,394	49	52,140,435	48
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	1,743,806	2	3,038,429	3
Financial assets measured at cost - non-current (Notes 4 and 13)	1,881,565	2	2,016,614	2
Investment accounted for using equity method (Notes 4 and 15)	17,260,273	16	17,601,900	16
Property, plant and equipment (Notes 4 and 16)	17,575,655	17	18,439,033	17
Investments properties (Notes 4 and 17)	11,030,364	11	11,027,645	10
Other intangible assets	199,080	-	201,172	-
Deferred tax assets - non-current (Notes 4 and 25)	1,162,683	1	1,505,137	2
Refundable deposits	198,164	-	211,252	-
Long-term finance lease receivables (Note 11)	983,324	1	1,030,791	1
Long-term prepayments for lease (Note 18)	1,145,396	1	1,205,621	1
Other non-current assets	302,587	-	339,417	-
Total non-current assets	53,482,897	51	56,617,011	52
TOTAL	$ 104,683,291	100	$ 108,757,446	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	$ 2,773,612	3	$ 6,235,740	6
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	2,130	-	19,462	-
Derivative financial liabilities for hedging - current (Notes 4 and 20)	11,628	-	742	-
Notes payable	483,854	-	617,402	1
Trade payables	6,172,665	6	6,928,780	6
Current tax liabilities (Notes 4 and 25)	1,397,496	1	1,470,129	1
Other payables	2,333,647	2	2,313,717	2
Current portion of long-term borrowings (Note 19)	2,810,603	3	1,083,421	1
Other current liabilities	1,093,238	1	1,302,489	1
Total current liabilities	17,078,873	16	19,971,882	18
NON-CURRENT LIABILITIES				
Derivative financial liabilities for hedging - non-current (Notes 4 and 20)	-	-	683	-
Long-term borrowings (Note 19)	22,119,432	21	21,424,357	20
Deferred tax liabilities - non-current (Notes 4 and 25)	195,057	-	355,803	1
Net defined benefit liabilities (Notes 4 and 21)	1,425,506	2	1,308,828	1
Other non-current liabilities (Note 28)	295,964	-	280,932	-
Total non-current liabilities	24,035,959	23	23,370,603	22
Total liabilities	41,114,832	39	43,342,485	40
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 22)				
Share capital	35,760,002	34	35,760,002	33
Capital surplus	15,766,866	15	15,647,004	14
Retained earnings				
Legal reserve	2,664,570	2	2,438,101	2
Special reserve	2,712,250	3	2,712,250	3
Unappropriated earnings	6,006,305	6	4,782,167	4
Total retained earnings	11,383,125	11	9,932,518	9
Other equity				
Exchange difference on translating foreign operations	1,428,373	1	2,035,498	2
Unrealized (loss) gain on available-for-sale financial assets	(1,960,168)	(2)	419,051	-
Cash flow hedges	(89,318)	-	(1,865)	-
Total other equity	(621,113)	(1)	2,452,684	2
Treasury shares (Notes 4 and 22)	(608,810)	-	(292,893)	-
Total equity attributable to owners of WLC	61,680,070	59	63,499,315	58
NON-CONTROLLING INTERESTS	1,888,389	2	1,915,646	2
Total equity	63,568,459	61	65,414,961	60
TOTAL	$ 104,683,291	100	$ 108,757,446	100

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

(With Deloitte & Touche auditors' report dated February 26, 2016)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of U.S. Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 270,756	9	$ 195,494	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	19,118	1	68,816	2
Debt investment with no active market - current (Notes 4 and 9)	46,232	1	26,949	1
Notes receivable (Notes 4 and 10)	237,633	7	183,397	6
Trade receivables (Notes 4 and 10)	231,157	7	306,650	9
Finance lease receivables (Note 11)	1,446	-	1,398	-
Other receivables	28,685	1	44,515	1
Inventories (Notes 4 and 12)	688,745	22	697,899	21
Prepayments for lease (Note 18)	975	-	998	-
Other financial assets (Note 6)	6,811	-	29,959	1
Other current assets	28,241	1	32,361	1
Total current assets	1,559,799	49	1,588,436	48
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	53,124	2	92,564	3
Financial assets measured at cost - non-current (Notes 4 and 13)	57,321	2	61,435	2
Investment accounted for using equity method (Notes 4 and 15)	525,827	16	536,235	16
Property, plant and equipment (Notes 4 and 16)	535,435	17	561,737	17
Investments properties (Notes 4 and 17)	336,035	11	335,953	10
Other intangible assets	6,065	-	6,129	-
Deferred tax assets - non-current (Notes 4 and 25)	35,421	1	45,853	2
Refundable deposits	6,037	-	6,436	-
Long-term finance lease receivables (Note 11)	29,957	1	31,403	1
Long-term prepayments for lease (Note 18)	34,894	1	36,729	1
Other non-current assets	9,218	-	10,340	-
Total non-current assets	1,629,334	51	1,724,814	52
TOTAL	$ 3,189,133	100	$ 3,313,250	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	$ 84,497	3	$ 189,969	6
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	65	-	593	-
Derivative financial liabilities for hedging - current (Notes 4 and 20)	354	-	23	-
Notes payable	14,740	-	18,809	1
Trade payables	188,048	6	211,082	6
Current tax liabilities (Notes 4 and 25)	42,574	1	44,787	1
Other payables	71,094	2	70,486	2
Current portion of long-term borrowings (Note 19)	85,624	3	33,006	1
Other current liabilities	33,305	1	39,680	1
Total current liabilities	520,301	16	608,435	18
NON-CURRENT LIABILITIES				
Derivative financial liabilities for hedging - non - current (Notes 4 and 20)	-	-	21	-
Long-term borrowings (Note 19)	673,859	21	652,684	20
Deferred tax liabilities - non-current (Notes 4 and 25)	5,942	-	10,839	1
Net defined benefit liabilities (Notes 4 and 21)	43,427	2	39,873	1
Other non-current liabilities (Note 28)	9,017	-	8,559	-
Total non-current liabilities	732,245	23	711,976	22
Total liabilities	1,252,546	39	1,320,411	40
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 22)				
Share capital	1,089,414	34	1,089,414	33
Capital surplus	480,331	15	476,679	14
Retained earnings				
Legal reserve	81,175	2	74,276	2
Special reserve	82,628	3	82,628	3
Unappropriated earnings	182,979	6	145,686	4
Total retained earnings	346,782	11	302,590	9
Other equity				
Exchange difference on translating foreign operations	43,515	1	62,011	2
Unrealized (loss) gain on available-for-sale financial assets	(59,716)	(2)	12,766	-
Cash flow hedges	(2,721)	-	(57)	-
Total other equity	(18,922)	(1)	74,720	2
Treasury shares (Notes 4 and 22)	(18,547)	-	(8,923)	-
Total equity attributable to owners of WLC	1,879,058	59	1,934,480	58
NON-CONTROLLING INTERESTS	57,529	2	58,359	2
Total equity	1,936,587	61	1,992,839	60
TOTAL	$ 3,189,133	100	$ 3,313,250	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 26, 2016)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	$ 149,338,115	100	$ 162,987,384	100
OPERATING COSTS (Notes 4 and 12)	(143,529,210)	(96)	(155,417,156)	(95)
GROSS PROFIT	5,808,905	4	7,570,228	5
UNREALIZED LOSS (GAIN) ON THE TRANSACTIONS WITH ASSOCIATES	650	-	(6,969)	-
REALIZED GROSS PROFIT	5,809,555	4	7,563,259	5
OPERATING EXPENSES				
Selling and marketing expenses	1,650,885	1	1,765,174	1
General and administrative expenses	2,135,327	2	2,202,759	2
Research and development expenses	65,599	-	91,736	-
Total operating expenses	3,851,811	3	4,059,669	3
PROFIT FROM OPERATIONS	1,957,744	1	3,503,590	2
NON-OPERATING INCOME AND EXPENSES				
Interest income	392,190	-	469,845	-
Dividend income	41,874	-	37,935	-
Other income	268,539	-	286,669	-
Gain (loss) on disposal of property, plant and equipment	86,959	-	(16,681)	-
Foreign exchange gain, net	160,664	-	73,679	-
Gain on valuation of financial assets and liabilities	45,101	-	23,040	-
Impairment loss (Note 24)	(403,267)	-	(909,563)	-
Other expense	(375,430)	-	(224,809)	-
Interest expense	(423,631)	-	(761,181)	-
Gain on disposal of investments (Note 24)	70,883	-	564,791	-
Share of gain of associates under equity method	643,805	1	614,009	-
Total non-operating income and expenses	507,687	1	157,734	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,465,431	2	3,661,324	2
INCOME TAX EXPENSE (Notes 4 and 25)	(737,299)	(1)	(1,125,792)	(1)
NET INCOME FOR THE YEAR	1,728,132	1	2,535,532	1

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (105,215)	-	$ (79,680)	-
Items that will be reclassified subsequently to profit or loss:				
Exchange (loss) gain on translation of foreign operations	(608,777)	-	1,545,667	1
Unrealized loss on available-for-sale financial assets	(1,158,358)	(1)	(253,751)	-
Cash flow hedges loss	(87,453)	-	(1,865)	-
Share of other comprehensive (loss) income of associates under equity method	(1,250,548)	(1)	291,960	-
Other comprehensive (loss) income for the year	(3,210,351)	(2)	1,502,331	1
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (1,482,219)	(1)	$ 4,037,863	2
NET INCOME ATTRIBUTABLE TO:				
Owners of WLC	$ 1,601,726	1	$ 2,264,691	2
Non-controlling interest	126,406	-	270,841	-
	$ 1,728,132	1	$ 2,535,532	2
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of WLC	$ (1,604,667)	(1)	$ 3,802,986	2
Non-controlling interest	122,448	-	234,877	-
	$ (1,482,219)	(1)	$ 4,037,863	2
EARNINGS PER SHARE (Notes 4 and 26)				
Basic	$ 0.45		$ 0.64	
Diluted	$ 0.45		$ 0.64	

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

(With Deloitte & Touche auditors' report dated February 26, 2016) (Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of U.S. Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 23)	$ 4,549,524	100	$ 4,965,343	100
OPERATING COSTS (Notes 4 and 12)	(4,372,558)	(96)	(4,734,719)	(95)
GROSS PROFIT	176,966	4	230,624	5
UNREALIZED LOSS (GAIN) ON THE TRANSACTIONS WITH ASSOCIATES	20	-	(212)	-
REALIZED GROSS PROFIT	176,986	4	230,412	5
OPERATING EXPENSES				
Selling and marketing expenses	50,294	1	53,775	1
General and administrative expenses	65,052	2	67,106	2
Research and development expenses	1,998	-	2,795	-
Total operating expenses	117,344	3	123,676	3
PROFIT FROM OPERATIONS	59,642	1	106,736	2
NON-OPERATING INCOME AND EXPENSES				
Interest income	11,948	-	14,314	-
Dividend income	1,276	-	1,156	-
Other income	8,181	-	8,733	-
Gain (loss) on disposal of property, plant and equipment	2,649	-	(508)	-
Foreign exchange gain, net	4,894	-	2,243	-
Gain on valuation of financial assets and liabilities	1,374	-	702	-
Impairment loss (Note 24)	(12,285)	-	(27,709)	-
Other expense	(11,437)	-	(6,849)	-
Interest expense	(12,906)	-	(23,189)	-
Gain on disposal of investments (Note 24)	2,159	-	17,206	-
Share of gain of associates under equity method	19,613	1	18,706	-
Total non-operating income and expenses	15,466	1	4,805	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	75,108	2	111,541	2
INCOME TAX EXPENSE (Notes 4 and 25)	(22,461)	(1)	(34,297)	(1)
NET INCOME FOR THE YEAR	52,647	1	77,244	1

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of U.S. Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (3,205)	-	$ (2,427)	-
Items that will be reclassified subsequently to profit or loss:				
Exchange (loss) gain on translation of foreign operations	(18,547)	-	47,088	1
Unrealized loss on available-for-sale financial assets	(35,289)	(1)	(7,730)	-
Cash flow hedges loss	(2,664)	-	(57)	-
Share of other comprehensive (loss) income of associates under equity method	(38,097)	(1)	8,894	-
Other comprehensive (loss) income for the year	(97,802)	(2)	45,768	1
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (45,155)	(1)	$ 123,012	2
NET INCOME ATTRIBUTABLE TO:				
Owners of WLC	$ 48,796	1	$ 68,993	2
Non-controlling interest	3,851	-	8,251	-
	$ 52,647	1	$ 77,244	2
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of WLC	$ (48,886)	(1)	$ 115,856	2
Non-controlling interest	3,731	-	7,156	-
	$ (45,155)	(1)	$ 123,012	2
EARNINGS PER SHARE (Notes 4 and 26)				
Basic	$ 0.01		$ 0.02	
Diluted	$ 0.01		$ 0.02	

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

(With Deloitte & Touche auditors' report dated February 26, 2016) (Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of WLC											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 35,760,002	$ 15,629,054	$ 2,438,101	$ 3,507,455	$ 1,813,125	$ 317,266	$ 506,269	$ -	$ -	$ 59,971,272	$ 2,226,005	$ 62,197,277
Appropriation of 2013 earnings Reversal of special reserve	-	-	-	(794,296)	794,296	-	-	-	-	-	-	-
Disposal of investment in associates under equity method	-	-	-	(909)	909	-	-	-	-	-	-	-
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	311	-	-	-	-	-	-	-	311	-	311
Change in capital surplus from investments in associates under equity method	-	17,644	-	-	-	-	-	-	-	17,644	-	17,644
Net profit for the year ended December 31, 2014	-	-	-	-	2,264,691	-	-	-	-	2,264,691	270,841	2,535,532
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(90,854)	1,718,232	(87,218)	(1,865)	-	1,538,295	(35,964)	1,502,331
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	2,173,837	1,718,232	(87,218)	(1,865)	-	3,802,986	234,877	4,037,863
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(292,893)	(292,893)	-	(292,893)
Others	-	(5)	-	-	-	-	-	-	-	(5)	-	(5)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(545,236)	(545,236)
BALANCE, DECEMBER 31, 2014	35,760,002	15,647,004	2,438,101	2,712,250	4,782,167	2,035,498	419,051	(1,865)	(292,893)	63,499,315	1,915,646	65,414,961
Appropriation of 2014 earnings Legal reserve	-	-	226,469	-	(226,469)	-	-	-	-	-	-	-
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	(311)	-	-	(18,523)	-	-	-	-	(18,834)	-	(18,834)
Change in capital surplus and retained earnings from investments in associates under equity method	-	120,174	-	-	-	-	-	-	-	120,174	-	120,174
Net profit for the year ended December 31, 2015	-	-	-	-	1,601,726	-	-	-	-	1,601,726	126,406	1,728,132
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	(132,596)	(607,125)	(2,379,219)	(87,453)	-	(3,206,393)	(3,958)	(3,210,351)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	1,469,130	(607,125)	(2,379,219)	(87,453)	-	(1,604,667)	122,448	(1,482,219)
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(315,917)	(315,917)	-	(315,917)
Others	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(149,705)	(149,705)
BALANCE, DECEMBER 31, 2015	$ 35,760,002	$ 15,766,866	$ 2,664,570	$ 2,712,250	$ 6,006,305	$ 1,428,373	$ (1,960,168)	$ (89,318)	$ (608,810)	$ 61,680,070	$ 1,888,389	$ 63,568,459

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 26, 2016)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of U.S. Dollars)

	Equity Attributable to Owners of WLC											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 1,089,414	$ 476,132	$ 74,276	$ 106,854	$ 55,235	$ 9,666	$ 15,423	$ -	$ -	$ 1,827,000	$ 67,814	$ 1,894,814
Appropriation of 2013 earnings Reversal of special reserve	-	-	-	(24,198)	24,198	-	-	-	-	-	-	-
Disposal of investment in associates under equity method	-	-	-	(28)	28	-	-	-	-	-	-	-
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	9	-	-	-	-	-	-	-	9	-	9
Change in capital surplus from investments in associates under equity method	-	538	-	-	-	-	-	-	-	538	-	538
Net profit for the year ended December 31, 2014	-	-	-	-	68,993	-	-	-	-	68,993	8,251	77,244
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(2,768)	52,345	(2,657)	(57)	-	46,863	(1,095)	45,768
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	66,225	52,345	(2,657)	(57)	-	115,856	7,156	123,012
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(8,923)	(8,923)	-	(8,923)
Others	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(16,611)	(16,611)
BALANCE, DECEMBER 31, 2014	1,089,414	476,679	74,276	82,628	145,686	62,011	12,766	(57)	(8,923)	1,934,480	58,359	1,992,839
Appropriation of 2014 earnings Legal reserve	-	-	6,899	-	(6,899)	-	-	-	-	-	-	-
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	(9)	-	-	(564)	-	-	-	-	(573)	-	(573)
Change in capital surplus and retained earnings from investments in associates under equity method	-	3,661	-	-	-	-	-	-	-	3,661	-	3,661
Net profit for the year ended December 31, 2015	-	-	-	-	48,796	-	-	-	-	48,796	3,851	52,647
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	(4,040)	(18,496)	(72,482)	(2,664)	-	(97,682)	(120)	(97,802)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	44,756	(18,496)	(72,482)	(2,664)	-	(48,886)	3,731	(45,155)
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(9,624)	(9,624)	-	(9,624)
Others	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,561)	(4,561)
BALANCE, DECEMBER 31, 2015	$ 1,089,414	$ 480,331	$ 81,175	$ 82,628	$ 182,979	$ 43,515	$ (59,716)	$ (2,721)	$ (18,547)	$ 1,879,058	$ 57,529	$ 1,936,587

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 26, 2016)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 2,465,431	$ 3,661,324
Adjustments for:		
Depreciation expenses	2,188,242	2,313,423
Amortization expenses	43,112	44,495
Impairment loss recognized on trade receivables	22,261	77,558
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(45,101)	(23,040)
Interest expense	423,631	761,181
Interest income	(392,190)	(469,845)
Dividend income	(41,874)	(37,935)
Compensation cost of employees share options	2,695	3,975
Share of gain of associates under equity method	(643,805)	(614,009)
(Gain) loss on disposal of property, plant and equipment	(86,959)	16,681
Loss on disposal of intangible assets	120	-
(Gain) loss on disposal of investments	(47,501)	468,572
Gain on disposal of associates under equity method	(23,382)	(1,033,363)
Impairment loss recognized on financial assets	7,040	-
Impairment loss recognized on property, plant and equipment	396,227	909,563
Unrealized (loss) gain on the transaction with associates	(650)	6,969
Net (gain) loss on foreign currency exchange	(82,835)	182,922
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(238,167)	(356,424)
(Increase) decrease in notes receivable	(1,780,279)	1,923,394
Decrease (increase) in trade receivables	2,454,222	(9,084)
Decrease in other receivables	112,607	211,991
Increase in inventories	(9,804)	(1,539,909)
Decrease (increase) in other current assets	849,354	(141,808)
Decrease in other operating assets	16,402	66,957
Decrease in notes payable	(133,548)	(91,909)
(Decrease) increase in trade payables	(756,115)	728,947
Increase (decrease) in other payable	12,070	(669,111)
Increase in net defined benefit liabilities	16,438	86,482
Decrease in advance real estate receipts	-	(4,694,783)
Decrease in other current liabilities	(209,251)	(470,540)
Increase (decrease) in other operating liabilities	27,655	(140,346)
Cash generated from operations	4,546,046	1,172,328
Interest paid	(430,716)	(747,801)
Interest received	359,284	482,581
Dividend received from associates	118,459	76,300
Income tax paid	(581,367)	(414,829)
Net cash generated from operating activities	4,011,706	568,579

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WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets held for trading	$ -	$ (2,047,887)
Proceeds from disposal of financial assets held for trading	1,641,109	-
Proceeds from disposal of available-for-sale financial assets	180,158	65,534
Debt investment with no active market	(627,639)	(843,343)
Decrease in held-to-maturity financial assets	-	3,703,833
Purchase of financial assets measured at cost	-	(712,807)
Proceeds from disposal of financial assets measured at cost	69,059	7,545
Derivative instruments not held for trading	(77,250)	(440)
Purchase of associates under equity method	(1,678,304)	(144,761)
Proceeds from disposal of associates under equity method	1,235,308	43,030
Net cash generated from disposal of subsidiaries	591,939	927,328
Proceeds from capital return of investees in associates under equity method	225,206	-
Purchase of property, plant and equipment	(1,653,409)	(1,402,151)
Proceeds from disposal of property, plant and equipment	157,189	180,097
Proceeds from capital return of investees in financial assets measured at cost	6,579	8,136
Purchase of intangible assets	(1,682)	(9,618)
Decrease in refundable deposits	10,633	29,608
Other investing activities	-	(3,000)
Net cash generated from (used in) investing activities	78,896	(198,896)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(3,433,406)	(3,564,118)
Increase in long-term borrowings	18,336,240	1,934,556
Decrease in long-term borrowings	(15,756,183)	-
Cash paid for acquisition of treasury shares	(315,917)	(292,893)
Changes in non-controlling interests	(148,432)	(40,331)
Other financing activities	(1)	(5)
Net cash used in financing activities	(1,317,699)	(1,962,791)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(302,435)	312,432
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,470,468	(1,280,676)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,417,086	7,697,762
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 8,887,554	$ 6,417,086

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

(With Deloitte & Touche auditors' report dated February 26, 2016) (Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of U.S. Dollars)

	2015	2014
NET CASH GENERATED FROM OPERATING ACTIVITIES		
Profit before income tax	$ 75,108	$ 111,541
Adjustments for:		
Depreciation expenses	66,664	70,477
Amortization expenses	1,313	1,356
Impairment loss recognized on trade receivables	678	2,363
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(1,374)	(702)
Interest expense	12,906	23,189
Interest income	(11,948)	(14,314)
Dividend income	(1,276)	(1,156)
Compensation cost of employees share options	82	121
Share of gain of associates under equity method	(19,613)	(18,706)
(Gain) loss on disposal of property, plant and equipment	(2,649)	508
Loss on disposal of intangible assets	4	-
(Gain) loss on disposal of investments	(1,447)	14,275
Gain on disposal of associates under equity method	(712)	(31,481)
Impairment loss recognized on financial assets	214	-
Impairment loss recognized on property, plant and equipment	12,071	27,709
Unrealized (loss) gain on the transaction with associates	(20)	212
Net (gain) loss on foreign currency exchange	(2,524)	6,837
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(7,256)	(10,858)
(Increase) decrease in notes receivable	(54,235)	58,595
Decrease (increase) in trade receivables	74,767	(277)
Decrease in other receivables	3,431	6,458
Increase in inventories	(299)	(46,913)
Decrease (increase) in other current assets	25,875	(4,320)
Decrease in other operating assets	500	2,040
Decrease in notes payable	(4,068)	(2,800)
(Decrease) increase in trade payables	(23,035)	22,207
Increase (decrease) in other payables	368	(20,384)
Increase in net defined benefit liabilities	501	2,635
Decrease in advance real estate receipts	-	(143,025)
Decrease in other current liabilities	(6,375)	(14,332)
Increase (decrease) in other operating liabilities	842	(4,276)
Cash generated from operations	138,493	36,979
Interest paid	(13,122)	(22,781)
Interest received	10,945	14,702
Dividend received from associates	3,609	2,324
Income tax paid	(17,710)	(12,638)
Net cash generated from operating activities	122,215	18,586

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of U.S. Dollars)

	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets held for trading	$ -	$ (62,388)
Proceeds from disposal of financial assets held for trading	49,996	-
Proceeds from disposal of available-for-sale financial assets	5,488	1,996
Debt investment with no active market - current	(19,121)	(25,692)
Decrease in held-to-maturity financial assets	-	112,836
Purchase of financial assets measured at cost	-	(21,715)
Proceeds from disposal of financial assets measured at cost	2,104	230
Derivative instruments not held for trading	(2,353)	(13)
Purchase of associates under equity method	(51,129)	(4,410)
Proceeds from disposal of associates under equity method	37,633	1,311
Net cash generated from disposal of subsidiaries	18,033	28,251
Proceeds from capital return of investees in associates under equity method	6,861	-
Purchase of property, plant and equipment	(50,370)	(42,716)
Proceeds from disposal of property, plant and equipment	4,789	5,487
Proceeds from capital return of investees in financial assets measured at cost	200	248
Purchase of for intangible assets	(51)	(293)
Decrease in refundable deposits	324	902
Other investing activities	-	(93)
Net cash generated from (used in) investing activities	2,404	(6,059)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in of short-term borrowings	(104,597)	(108,579)
Increase in long-term borrowings	558,606	230,193
Decrease in long-term borrowings	(480,006)	(172,522)
Cash paid for acquisition of treasury shares	(9,624)	(8,923)
Changes in non-controlling interests	(4,522)	(1,229)
Other financing activities	-	-
Net cash used in financing activities	(40,143)	(61,060)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(9,214)	9,518
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,262	(39,015)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	195,494	234,509
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 270,756	$ 195,494

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 26, 2016) (Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

Walsin Lihwa Corporation ("WLC") was incorporated in December 1966 and commenced business in December 1966. WLC made various investments in construction, electronics, material science, real estate, etc., to diversify its operations. WLC's main products are wires, cables and specialty steel.

WLC's shares have been listed on the Taiwan Stock Exchange ("TSE") since November 1972. In October 1995 and November 2010, WLC increased its share capital and issued Global Depositary Shares ("GDR"), which are listed on the Luxembourg Stock Exchange under stock number 168527.

The consolidated financial statements are presented in the WLC's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 26, 2016.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

Walsin Lihwa Corporation and its subsidiaries ("the Company") according to Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "New IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Company's accounting policies:

1) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the previous standards.

2) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in associates meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Previously, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

3) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required by the previous standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015.

4) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under the previous IAS 1, there were no such requirements.

The Company retrospectively applied the above amendments starting in 2015. Items not reclassified to profit or loss are remeasurements of defined benefit plans. Items reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associate accounted for using the equity method. However, the application of the above amendments did not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

5) Revision to IAS 19 “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations changes in the fair value of plan assets when they occur, and hence eliminates the “corridor approach” permitted under previous IAS 19 and accelerates the recognition of past service costs. The revision requires all remeasurements of defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Remeasurement of defined benefit plans is presented separately as other equity.

Furthermore, the interest cost and expected return on plan assets used in previous IAS 19 were replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

6) Amendments to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

7) Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

8) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” and IAS 34 “Interim Financial Reporting” were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Company and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

9) Recognition and measurement of financial liabilities designated as at fair value through profit or loss

For financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

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

The Company has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

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

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

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

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

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

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

The impairment of financial assets

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

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

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

2) IFRIC 21 "Levies"

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

3) Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

Company as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Company, but also of other entities outside the Company.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

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

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

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

4) Annual Improvements to IFRSs: 2011-2013 Cycle

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

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

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

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

5) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

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

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

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

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

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

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) IFRS 15 “Revenue from Contracts with Customers”

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 from January 1, 2017.

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

a) Identify the contract with the customer;

b) Identify the performance obligations in the contract;

c) Determine the transaction price;

d) Allocate the transaction price to the performance obligations in the contracts; and

e) Recognize revenue when the entity satisfies a performance obligation.

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

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

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

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

8) Annual Improvements to IFRSs: 2012-2014 Cycle

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

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

9) IFRS 16 “Leases”

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

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Company 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 consolidated statements of comprehensive income, the Company 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 consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

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

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

10) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

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

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

As of the date the consolidated financial statements were authorized for issue, the Company is continuing to assess 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 complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

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

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

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

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the reporting period, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the reporting period. Property, plant and equipment, intangible assets, other than assets classified as current are classified as non-current. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the reporting period. Liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

d. Basis of consolidation

1) Principle of preparation consolidated financial statement

The consolidated financial statements incorporate the financial statements of WLC and the entities controlled by WLC (“the Company”). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Company accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Refer to Note 14 and Table 7 for the percent of ownership, main businesses and details of the subsidiaries.

e. Business combinations

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date (i.e., the day when the Company obtains control) fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

f. Foreign currencies

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

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

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

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

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries and associates in other countries with currencies used different from 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 (attributed to the owners of the Company and non-controlling interests as appropriate).

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

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

g. Inventories

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

Inventories include real estate and constructions-in-progress, which are stated at acquisition costs plus construction costs incurred. Interest expenses on constructions-in-progress are capitalized.

h. Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

When the Company subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of equity of associates. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

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

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company' consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

i. Property, plant and equipment

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

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

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

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

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

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

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

k. Intangible assets

Intangible assets are measured initially at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss.

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined 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.

m. Financial instruments

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

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

<u>Financial assets</u>

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

1) Measurement category

The categories of financial assets held by the Company are financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

a) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item.

b) Available-for-sale financial assets

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

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

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

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

c) Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

2) Impairment of financial assets

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

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situation.

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

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

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

For all other financial assets, objective evidence of impairment could include:

a) Significant financial difficulty of the issuer or counterparty; or
b) Breach of contract, such as a default or delinquency in interest or principal payments; or
c) It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
d) The disappearance of an active market for that financial asset because of financial difficulties.

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

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

3) Derecognition of financial assets

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

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

Financial liabilities

1) Subsequent measurement

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

- Financial liabilities at fair value through profit or loss

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

  Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

2) Derecognition of financial liabilities

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

<u>Derivative financial instruments</u>

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

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

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

n. Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

<u>Cash flow hedges</u>

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Company revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When the forecast transaction is ultimately recognized in profit or loss, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss or are included in the initial cost of the non-financial asset or non-financial liability. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

o. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

p. Revenue recognition

Revenue from sales of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable. The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

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

1) Rendering of services

Service income is recognized when services are provided. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

2) Dividend and interest income

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

q. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

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

s. Income tax

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all (deductible temporary differences and unused loss carry forward) to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

t. Translation into U.S. dollar

The financial statements are stated in New Taiwan dollars. The translation of the 2015 and 2014 New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of readers, using the average exchange rate of NT$32.825 to US$1.00 quoted by the Bank of Taiwan on December 31, 2015. The convenience translation should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The accounts include allowance for doubtful trade receivable accounts, inventory valuation losses, depreciation, impairment, pension, deferred tax assets, etc. 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 audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the main assumptions and sources of estimation uncertainty at the end of financial reporting period:

a. Deferred tax assets

As of December 31, 2015 and 2014, the carrying amount of the deferred tax assets in relation to unused tax losses was NT$1,162,683 thousand and NT$1,505,137 thousand, respectively. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the year in which such a reversal takes place.

b. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

c. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

As of December 31, 2015 and 2014, the carrying amount of the net defined benefit liabilities was NT$1,425,506 thousand and NT$1,308,828 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	**2014**
Cash on hand	$ 5,598	$ 3,634
Checking accounts and cash in bank	4,515,129	4,171,009
Cash equivalent		
Time deposits	4,143,960	2,009,921
Short-term bills	222,867	232,522
	$ 8,887,554	$ 6,417,086

The ranges of market rates of cash in bank and short-term bills at the end of the reporting period were as follows (except the market rate of checking account was zero):

	December 31	
	2015	2014
Bank balance	0.01%-3.40%	0.01%-3.40%
Short-term bills	0.40%	0.40%

Cash in bank in the total of EUR29,097 thousand and EUR2,206 thousand at December 31, 2015 and 2014, respectively, were intended for payment of equipment for use in the Taichung Port. The deposits are designated as cash flow hedge to manage exposures to exchange rate fluctuations.

Certain time deposits as of December 31, 2015 and 2014 were classified and pledged as follows:

	Purpose	December 31 2015	December 31 2014
Other financial assets - current			
Pledged time deposits	To secure short-term bank borrowings and letter of credit	$ 222,044	$ 829,131
	To secure letter of credit for equipment import	1,525	141,350
	Others	-	12,932
		223,569	983,413
Non-current assets			
Refundable deposits	To meet contract requirements for completing constructions	82,800	60,000
	To meet required security deposit	4,300	600
Other non-current assets - pledged time deposits	To meet purchase contract	37,568	36,223
		124,668	96,823
		$ 348,237	$ 1,080,236

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	2014
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts	$ 114,530	$ -
Exchange rate swap contracts	9,930	-
Forward exchange contracts	-	96,049
Non-derivative financial assets		
Beneficiary certificate	400,277	2,162,826
Government bonds	102,795	-
Financial assets at FVTPL	$ 627,532	$ 2,258,875

(Continued)

	December 31 2015	December 31 2014
Current	$ 627,532	$ 2,258,875
Non-current	-	-
	$ 627,532	$ 2,258,875
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate swap contract	$ 2,130	$ -
Commodity futures contracts	-	18,000
Forward exchange contracts	-	1,462
Financial liabilities at FVTPL	$ 2,130	$ 19,462
Current	$ 2,130	$ 19,462
Non-current	-	-
	$ 2,130	$ 19,462

(Concluded)

As of December 31, 2015 and 2014, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Expiration Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
December 31, 2015							
Commodity futures							
Copper	Buy	9,825	2015.09.23-2015.12.23	2016.01.22-2016.10.19	US$ 46,791	US$ 45,945	US$ (846)
Copper	Sell	3,375	2015.12.21-2015.12.31	2016.01.20	US$ 15,863	US$ 15,868	US$ (5)
Nickel	Sell	2,952	2015.10.12-2015.10.30	2016.01.08-2016.01.29	US$ 30,879	US$ 26,001	US$ 4,878
Copper	Buy	11,080	2015.07.09-2015.12.31	2016.01.01-2016.09.30	RMB 407,584	RMB 404,094	RMB (3,490)
December 31, 2014							
Commodity futures							
Copper	Buy	6,300	2014.09.11-2014.12.31	2015.02.18-2015.11.18	US$ 40,378	US$ 39,522	US$ (856)
Copper	Sell	4,550	2014.11.28	2015.02.27	US$ 29,574	US$ 28,711	US$ 863
Copper	Buy	10,990	2014.09.15-2014.12.31	2015.01.20-2015.09.20	RMB 507,800	RMB 504,092	RMB (3,708)
HRB	Buy	4,000	2014.12.22-2014.12.31	2015.05.01	RMB 10,185	RMB 10,372	RMB 187

As of December 31, 2015 and 2014, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currencies	Contract Expiration Date	Contract Amount (In Thousands)
<u>December 31, 2015</u>			
Sell forward exchange contracts	EUR to MYR	2016.01.05-2016.03.30	EUR1,076/MYR4,738
<u>December 31, 2014</u>			
Buy forward exchange contracts	USD to NTD	2015.03.10-2015.08.03	USD290,000/NTD9,057,195
Sell forward exchange contracts	USD to RMB	2015.12.31	USD10,000/RMB61,790
	EUR to MYR	2015.01.05-2015.04.20	EUR984/MYR4,212

As of December 31, 2015 and 2014, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	Currencies	Contract Expiration Date	Contract Amount (In Thousands)
December 31, 2015	USD to NTD	2016.01.29-2016.12.22	USD100,000/NTD3,275,280
December 31, 2014	USD to NTD	2015.03.16	USD25,000/NTD792,425

For the years ended December 31, 2015 and 2014, the Company's strategy for commodity futures contracts, forward exchange contracts and exchange rate swap contracts was to hedge exposures to fluctuations of essential materials' prices and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; and therefore, they were not accounted for by hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
<u>Domestic investments</u>		
Listed shares and emerging market stocks		
HannStar Display Corp.	$ 923,067	$ 1,876,981
Hannstar Board Corp.	613,139	965,448
Taiwan High Speed Rail Corp.	207,600	196,000
	$ 1,743,806	$ 3,038,429
Current	$ -	$ -
Non-current	1,743,806	3,038,429
	$ 1,743,806	$ 3,038,429

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2015	2014
Interest rate linked structured investment deposit	$ 1,517,579	$ 884,588
Current	$ 1,517,579	$ 884,588
Non-current	-	-
	$ 1,517,579	$ 884,588

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2015	2014
Notes receivable		
Notes receivable	$ 7,800,289	$ 6,020,010
Trade receivables		
Trade receivables	$ 7,724,385	$ 10,182,783
Less: Allowance for impairment loss	(136,658)	(117,004)
	$ 7,587,727	$ 10,065,779

The average credit period on sales of goods was 60 days. In determining the collectability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss based on estimated uncollectible amounts determined by reference to age of receivables, past default experience of the counterparties and an analysis of their current financial position.

The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

The Company did not recognize impairment loss on trade receivables balances that were past due at the end of the reporting period because there was no significant change in credit quality and the amounts were still considered collectible.

The aging of receivables was as follows:

	December 31	
	2015	2014
Not overdue	$ 6,473,021	$ 8,430,895
Less than 90 days	597,078	1,311,644
91-180 days	266,943	149,814
181-365 days	150,714	102,058
Overdue more than one year	236,629	188,372
	$ 7,724,385	$ 10,182,783

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

The aging of receivables that were past due but no impaired was as follows:

	December 31	
	2015	2014
Less than 90 days	$ 59,196	$ 156,567
91-180 days	23,434	5,985
181-365 days	14,397	17,222
Overdue more than one year	23,400	602
	$ 120,427	$ 180,376

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

Movements in the allowance for impairment loss recognized on trade receivables were as follows:

	Individually Assessed Impairment Loss	Group Assessed Impairment Loss	Total
Balance at January 1, 2014	$ 7,087	$ 109,150	$ 116,237
Add: Impairment losses recognized on receivables	2,000	75,558	77,558
Less: Amounts written off during the period as uncollectible	-	(48,955)	(48,955)
Less: Disposal of subsidiaries	-	(33,812)	(33,812)
Foreign exchange translation gains and losses	-	5,976	5,976
Balance at December 31, 2014	$ 9,087	$ 107,917	$ 117,004
Balance at January 1, 2015	$ 9,087	$ 107,917	$ 117,004
Add: Impairment losses recognized on receivables	18,302	3,959	22,261
Reclassified	14,564	(14,564)	-
Foreign exchange translation gains and losses	(203)	(2,404)	(2,607)
Balance at December 31, 2015	$ 41,750	$ 94,908	$ 136,658

11. FINANCE LEASE RECEIVABLES

	December 31 2015	December 31 2014
Finance lease receivables		
Current portion	$ 47,467	$ 45,902
Long-term	983,324	1,030,791
	1,030,791	1,076,693
Less: Allowance for impairment loss	-	-
	$ 1,030,791	$ 1,076,693

The power supply contracts of solar power equipment are processed by financial lease accounting policy. The average term of finance leases entered into was 20 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was approximately 3.30% as of December 31, 2015 and 2014.

The finance lease receivables as of December 31, 2015 and 2014 were neither past due nor impaired.

Refer to Note 32 for the carrying amount of finance lease receivables pledged as security for bank borrowings of the Company.

12. INVENTORIES

	December 31 2015	December 31 2014
Manufacturing and trading industries		
Raw materials	$ 4,320,729	$ 5,273,497
Raw materials in transit	612,881	1,224,800
Supplies	1,031,744	1,230,650
Work-in-process	1,573,062	1,918,304
Finished goods and merchandise	4,087,873	5,945,113
Contracts in progress	1,675,781	596,209
	13,302,070	16,188,573
Real estate development industry		
Undeveloped land	3,434	3,434
Buildings and land held for sale	33,003	371,233
Contracts in progress	9,269,553	6,345,281
	9,305,990	6,719,948
	$ 22,608,060	$ 22,908,521

The cost of inventories recognized as cost of goods sold in the years ended December 31, 2015 and 2014 was NT$142,969,443 thousand and NT$154,957,808 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2015 included reversal of write-downs of NT$68,115 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2014 included inventory write-down of NT$340,093 thousand. Previous write-downs had been reversed according to the result of inventory close-out.

Contracts in progress of the manufacturing industry included construction costs of cable and wire installation projects not completed as of the balance sheet dates.

The inventory of real estate development industry is primarily the land for future construction and contracts in progress of Walsin (Nanjing) Construction Limited.

Walsin (Nanjing) Construction Limited entered into an agreement with third parties for selling real estate as of December 31, 2014; the selling price was RMB1,064,419 thousand (equivalent to NT$5,505,774 thousand). As of December 31, 2014, Walsin (Nanjing) Construction Limited has received RMB1,064,419 thousand (equivalent to NT$5,505,774 thousand). As of December 31, 2014, the transaction has been completed and operating revenue has been recognized.

13. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2015	**2014**
Domestic unlisted common shares		
Kuong Tai Welding Ind. Co., Ltd.	$ 114,355	$ 114,355
Powertec Energy Corp.	905,706	905,706
Others	88,080	101,699
Overseas unlisted common shares		
Shannxi Tianhong Silicon Industrial Corp.	677,377	693,124
Others	96,047	201,730
	$ 1,881,565	$ 2,016,614
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 1,881,565	$ 2,016,614

The Company participated in Powertec Energy Corp's capital increase by cash on June 17, 2014. The investment was NT$700,000 thousand. The shares held by the Company were 302,483 thousand shares and the ownership percentage was 17.8% after the issuance.

Management believed that fair value of the above unlisted equity investments held by the Company cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore, the investments were measured at cost less impairment at the end of reporting period.

The Company recognized impairment loss on financial assets carried at cost of NT$7,040 thousand for the year ended December 31, 2015, after appropriate evaluation.

14. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Main Business	% of Ownership December 31 2015	% of Ownership December 31 2014	Note
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited ("WLHL")	Investment holding	100.00	100.00	
	Concord Industries Limited ("CIL")	Investment holding	100.00	100.00	
	Touch Micro-System Technology Corp. ("TMTC")	OEM on MEMS foundry service	100.00 (Liquidating)	100.00 (Liquidating)	
	Ace Result Global Limited	Investment holding	100.00	-	
	Energy Pilot Limited ("Energy Pilot")	Investment holding	100.00	100.00	
	Market Pilot Limited ("Market Pilot")	Investment holding	100.00	100.00	
	Chin-Cherng Management Service Co., Ltd.	Business administration consultation, analysis and building management	(Liquidated)	100.00	
	Min Maw Precision Industry Corp. ("Min Maw")	Solar power systems management, design, and installation	100.00	100.00	
	Walsin Info-Electric Corp. ("Walsin Info-Electric")	Mechanical and electrical, communications, and power systems	98.87	98.87	
	Chin-Cherng Construction Co. ("Chin-Cherng")	Construction business	99.22	99.18	
	Joint Success Enterprises Limited	Investments	49.05	49.05	
	P.T. Walsin Lippo Industries ("P.T. Walsin")	Manufacture and sale of cables and wires	70.00	-	Note 1
	PT. WALSIN LIPPO KABEL	Cables and wires	70.00	-	
WLHL	Walsin (China) Investment Co., Ltd.	Investment holding	100.00	100.00	
	Jiangyin Walsin Steel Cable Co., Limited (JHS)	Manufacture and sale of steel cables and wires	75.00	75.00	
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	95.71	95.71	
	Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	100.00	100.00	
	Nanjing Walsin Metal Co., Ltd.	Manufacture and sale of copper alloy	78.26	78.26	
	P.T. Walsin Lippo Industries ("P.T. Walsin")	Manufacture and sale of cables and wires	-	70.00	Note 1
	Renowned International Limited	Investments	83.97	83.97	
	Walsin International Investments Limited	Investments	100.00	100.00	
	Borrego Solar System, Inc.	Solar power system	78.36	77.49	
	Nanjing Walsin Expo Exhibition Co., Ltd.	Exhibition service	60.00	60.00	
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and assets management, consulting and advertising services	100.00	100.00	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	18.37	18.37	
CIL	Walsin Specialty Steel Corp.	Sale of specialty steel products and investment	100.00	100.00	
	Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes, rods and wires	100.00	100.00	
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	100.00	100.00	
	Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of new-type alloy materials	100.00	100.00	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	81.63	81.63	
	Walsin Precision Technology Sdn. Bhd.	Manufacture and sale of stainless steel	100.00	100.00	
	XiAn Walsin Metal Product Co., Ltd.	Production and sale of medium and heavy specialty steel plates	100.00	100.00	
	XiAn Walsin Opto-electronic Limited	Light emitter diode and solar power assembly	100.00	100.00	
	XiAn Lv Jing Technology Co., Ltd.	Solar module assembly	100.00	100.00	
	Walsin Lihwa (Changzhou) Investment Co., Ltd.	Commerce and investments	100.00	100.00	
Chin-Cherng	Joint Success Enterprises Limited	Investments	50.95	50.95	
	Walsin (Nanjing) Construction Limited	Construction, rental and sale of buildings and industrial factories	100.00	100.00	
	Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing.	100.00	100.00	

(Continued)

Investor	Investee	Main Business	% of Ownership December 31 2015	2014	Note
Walsin Info-Electric	Huatong International Corp.	Investments	(Liquidated)	100.00	
	Shanghai Walsin Info-electric Inc.	Design of electrical and mechanical systems, management advisory services, and wholesale of electrical and mechanical devices and their components	(Liquidated)	100.00	
Energy Pilot Limited	Green Lake Capital, LLC.	Solar power business	100.00	100.00	
	GLC Development, LLC.	Solar power project development	-	-	Note 2
	SDCCD Management, LLC.	Solar power management business	-	-	Note 2
	GLC-(CA) SDCCD, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(MA) Management, LLC.	Solar power management business	-	-	Note 2
	GLC-(MA) BCH, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(MA) SHS, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(MA) BBN, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC Solar Management II, LLC.	Solar power business	-	-	Note 2
	GLC Solar Fund II, LLC.	Solar power business	-	-	Note 2
	GLC-(CA) Vista, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(CA) Helix, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(CA) Madera, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(CA) Z7 Water, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(CA) Sierra, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(CA) Aqua SD, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(NJ) Management, LLC.	Solar power management business	-	-	Note 2
	GLC-(NJ) NACR 1, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC Solar Management V, LLC.	Solar power management business	-	-	Note 2
	GLC Solar Fund V, LLC.	Solar power business	-	-	Note 2
	GLC-(MA) Mashpee, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(CA) SCC, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(CA) Edwards, LLC	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(NJ) NACR 2, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(MA) Easthampton, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC Solar Management VI, LLC.	Solar power management business	-	-	Note 2
	GLC Solar Fund VI, LLC.	Solar power business	-	-	Note 2
	GLC-(CA) CSD 1, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(CA) CSD 2, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(MA) Acushnet, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC-(CA) Morgan Hill, LLC.	Solar power systems design, operation and installation services	-	-	Note 2
	GLC Solar Management VII, LLC.	Solar power business	-	-	Note 2
	Green Lake Exchange, LLC.	Solar power business	100.00	100.00	
Market Pilot Limited	XiAn Walsin United Technology Co., Ltd.	Electronic devices and module	100.00	100.00	

(Concluded)

Note 1: Intercompany transaction to reorganize the investment structure of the Company; WLHL sold it to WLC in June 2015.

Note 2: The Company sold it to non-related party in December 2014.

. The following entities were excluded from consolidation

Investor	Investee	Main Business	% of Ownership December 31 2015	% of Ownership December 31 2014	Note
WLHL	Walcom Chemical Industrial Limited	Commerce	65.00	65.00	Note

Note: The investee has a capital of HK$500 thousand and total assets of HK$1 thousand. The investee had no sales and its total assets were less than 1% of consolidated assets.

The financial statements of certain subsidiaries included in the consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014 were audited by other independent auditors. The total assets amounted to NT$5,307,453 thousand and NT$5,779,895 thousand as of December 31, 2015 and 2014, respectively; total net operating revenues amounted to NT$9,309,379 thousand and NT$6,775,724 thousand for the years ended December 31, 2015 and 2014, respectively.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

Name of Associate	December 31 2015 Carrying Value	December 31 2015 Ownership Percentage	December 31 2014 Carrying Value	December 31 2014 Ownership Percentage
Material associates				
Winbond Electronics Corp.	$ 8,886,320	22.66	$ 8,836,627	22.95
Walton Advanced Engineering, Inc.	1,753,480	22.70	1,713,689	21.90
Walsin Technology Corp.	2,532,931	18.30	2,655,979	18.30
WuXi Xingcheng Walsin Steel Products Co., Ltd.	-	-	964,463	50.00
Hangzhou Walsin Power Cable & Wire Co., Ltd.	1,385,939	48.53	26,636	44.89
Associates that are not individually materials				
Others	2,701,603		3,404,506	
	$ 17,260,273		$ 17,601,900	

Refer to Table 7 "Information on Investees" and Table 8 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associates.

In June 2015, the Company sold its 50% interest in Wuxi Xingcheng Walsin Steel Products Co., Ltd. for proceeds of RMB165,061 thousand (equivalent to NT$835,916 thousand). The gain on disposal of equity investment presented in profit or loss was calculated as follows:

Proceeds of disposal	$ 835,916
Less: Carrying amount of investment on the date of loss of significant influence	(799,372)
Less: Related cost of disposal	(25,475)
Plus: Effect of foreign currency exchange differences	285
Gain recognized	$ 11,354

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
	2015	2014
Winbond Electronics Corp.	$ 6,401,374	$ 9,201,793
Walton Advanced Engineering, Inc.	$ 994,329	$ 1,617,019
Walsin Technology Corp.	$ 2,039,373	$ 1,518,771

All the associates are accounted for using the equity method.

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

a. Material associates

December 31, 2015

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.	Hangzhou Walsin Power Cable & Wire Co., Ltd.
Current assets	$ 24,712,757	$ 4,392,683	$ 14,915,873	$ 3,449,510
Non-current assets	37,885,010	11,117,354	11,308,434	1,651,537
Current liabilities	(12,333,195)	(2,882,787)	(7,131,589)	(2,493,360)
Non-current liabilities	(10,166,033)	(4,960,419)	(3,628,431)	(1,987)
Equity	40,098,539	7,666,831	15,464,287	2,605,700
Non-controlling interests	(1,196,568)	-	(1,706,332)	-
	$ 38,901,971	$ 7,666,831	$ 13,757,955	$ 2,605,700

(Continued)

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.	Hangzhou Walsin Power Cable & Wire Co., Ltd.
Proportion of the Company's ownership	22.66%	22.70%	18.30%	48.53%
Equity attributable to the Company	$ 8,815,186	$ 1,740,371	$ 2,517,706	$ 1,264,546
Other adjustments	71,134	13,109	15,225	121,393
Carrying amount	$ 8,886,320	$ 1,753,480	$ 2,532,931	$ 1,385,939
Operating revenue	$ 38,350,315	$ 7,913,595	$ 16,029,408	$ 3,669,108
Net profit for the year	$ 3,472,873	$ 143,530	$ 1,262,987	$ (428,187)
Other comprehensive income	(1,754,383)	70,609	(473,290)	-
Total comprehensive income for the year	$ 1,718,490	$ 214,139	$ 789,697	$ (428,187)

(Concluded)

December 31, 2014

	Winbond Electronics Corp.	**Walton Advanced Engineering, Inc.**	**Walsin Technology Corp.**	**WuXi Xingcheng Walsin Steel Products Co., Ltd.**	**Hangzhou Walsin Power Cable & Wire Co., Ltd.**
Current assets	$ 22,976,738	$ 4,571,696	$ 14,516,436	$ 2,816,794	$ 3,261,868
Non-current assets	41,914,970	12,133,165	12,123,954	1,893,321	1,681,567
Current liabilities	(14,451,378)	(2,924,135)	(7,102,873)	(2,942,311)	(3,667,094)
Non-current liabilities	(11,140,239)	(5,957,337)	(3,384,063)	-	(2,183)
Equity	39,300,091	7,823,389	16,153,454	1,767,804	1,274,158
Non-controlling interests	(1,116,847)	-	(1,720,069)	-	-
	$ 38,183,244	$ 7,823,389	$ 14,433,385	$ 1,767,804	$ 1,274,158
Proportion of the Company's ownership	22.95%	21.90%	18.30%	50.00%	44.89%
Equity attributable to the Company	$ 8,763,054	$ 1,713,322	$ 2,641,309	$ 883,902	$ 571,970
Other adjustments	73,573	367	14,670	80,561	(545,334)
Carrying amount	$ 8,836,627	$ 1,713,689	$ 2,655,979	$ 964,463	$ 26,636
Operating revenue	$ 37,989,660	$ 10,015,652	$ 14,483,334	$ 3,501,952	$ 2,723,831
Net profit for the year	$ 3,210,544	$ 875,940	$ 639,757	$ (470,679)	$ (417,336)
Other comprehensive income	294,103	128,458	756,636	-	-
Total comprehensive income for the year	$ 3,504,647	$ 1,004,398	$ 1,396,393	$ (470,679)	$ (417,336)

b. Associates that are not individually material

	For the Year Ended December 31	
	2015	2014
The Company's share of:		
Loss from continuing operations	$ (7,456)	$ (8,835)
Other comprehensive (loss) income	(706,237)	69,546
Total comprehensive (loss) income for the year	$ (713,693)	$ 60,711

The Company's share of profit and other comprehensive income of associates for the years ended December 31, 2015 and 2014 was based on the associates' financial statements audited by independent auditors for the same period.

Winbond Electronics Corp. ("WEC") designs, develops, manufactures and sells very large scale integration (VLSI) integrated circuits (ICs) used in a variety of microelectronic applications. The Company sold its 36,764 thousand shares and 10,000 thousand shares of WEC to third parties at market value on the Taiwan Stock Exchange in 2015 and 2014 that resulted in disposal gain of NT$12,027 thousand and NT$7,054 thousand recorded as gain on disposal of investments, respectively.

16. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance at January 1, 2014	$ 2,147,122	$ 9,829,025	$ 26,465,862	$ 7,510,718	$ 314,956	$ 46,267,683
Additions	19	47,009	279,178	124,803	814,056	1,265,065
Disposals	(22,656)	(65,638)	(169,760)	(209,128)	(10,491)	(477,673)
Reclassified	-	(91,580)	284,980	239,630	(433,030)	-
Disposal of subsidiaries	-	-	(2,206,892)	(549,228)	-	(2,756,120)
Transfer to other assets	-	-	-	-	(5,605)	(5,605)
Effect of foreign currency exchange differences	-	222,307	664,568	229,677	12,018	1,128,570
Balance at December 31, 2014	$ 2,124,485	$ 9,941,123	$ 25,317,936	$ 7,346,472	$ 691,904	$ 45,421,920
Accumulated depreciation and impairment						
Balance at January 1, 2014	$ 12,000	$ 4,670,181	$ 15,057,226	$ 4,892,797	$ -	$ 24,632,204
Disposals	(3,933)	(14,801)	(161,326)	(193,813)	-	(373,873)
Reclassified	-	(112,853)	(1,233,256)	1,346,109	-	-
Disposal of subsidiaries	-	(25,718)	(483,873)	(109,819)	-	(619,410)
Depreciation expense	-	422,286	1,285,380	391,631	-	2,099,297
Impairment losses recognized in profit or loss	-	153,680	1,484,402	(1,018,719)	-	619,363
Effect of foreign currency exchange differences	-	85,550	394,028	145,728	-	625,306
Balance at December 31, 2014	$ 8,067	$ 5,178,325	$ 16,342,581	$ 5,453,914	$ -	$ 26,982,887
Carrying amounts at December 31, 2014	$ 2,116,418	$ 4,762,798	$ 8,975,355	$ 1,892,558	$ 691,904	$ 18,439,033

(Continued)

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance at January 1, 2015	$ 2,124,485	$ 9,941,123	$ 25,317,936	$ 7,346,472	$ 691,904	$ 45,421,920
Additions	7,617	26,822	273,622	160,667	1,227,087	1,695,815
Disposals	(860)	(58,524)	(968,902)	(319,826)	-	(1,348,112)
Reclassified	-	30,948	408,695	114,702	(554,345)	-
Transfer from inventories	-	16,183	-	-	-	16,183
Transfer to other intangible assets	-	-	-	(509)	(8,049)	(8,558)
Transfer from non-current assets	-	-	-	4,051	-	4,051
Effect of foreign currency exchange differences	-	(94,858)	(298,303)	(84,464)	(4,686)	(482,311)
Balance at December 31, 2015	$ 2,131,242	$ 9,861,694	$ 24,733,048	$ 7,221,093	$ 1,351,911	$ 45,298,988
Accumulated depreciation and impairment						
Balance at January 1, 2015	$ 8,067	$ 5,178,325	$ 16,342,581	$ 5,453,914	$ -	$ 26,982,887
Disposals	-	(37,246)	(948,237)	(283,368)	-	(1,268,851)
Impairment losses recognized in profit or loss	-	7,610	164,861	227,986	-	400,457
Depreciation expense	-	380,826	1,186,035	359,433	-	1,926,294
Reclassified	-	(677)	46,893	(46,216)	-	-
Transfer to other intangible assets	-	-	-	(89)	-	(89)
Effect of foreign currency exchange differences	-	(36,448)	(217,430)	(63,487)	-	(317,365)
Balance at December 31, 2015	$ 8,067	$ 5,492,390	$ 16,574,703	$ 5,648,173	$ -	$ 27,723,333
Carrying amounts at December 31, 2015	$ 2,123,175	$ 4,369,304	$ 8,158,345	$ 1,572,920	$ 1,351,911	$ 17,575,655

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

The Company's main building and electrical and mechanical power equipment are depreciated over their estimated useful lives of 50 years and 20 years, respectively.

WLC owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, WLC keeps in its possession the land titles with the annotation of being pledged to WLC. As of December 31, 2015 and 2014, the recorded total carrying value of such parcels of land amounted to NT$443,240 thousand and NT$438,960 thousand, respectively.

The Company recognized impairment loss on property, plant and equipment of NT$400,457 thousand and NT$619,363 thousand, respectively, which was recorded as impairment loss for the years ended December 31, 2015 and 2014, after appropriate evaluation.

17. INVESTMENT PROPERTIES

	December 31 2015	December 31 2014
Completed investment property	$ 11,030,364	$ 11,027,645

	Completed Investment Property
Cost	
Balance at January 1, 2014	$ 11,697,140
Additions	234,288
Disposals	(4,754)
Effect of foreign currency exchange differences	74,079
Balance at December 31, 2014	$ 12,000,753
Balance at January 1, 2015	$ 12,000,753
Transferred from inventories	294,082
Effect of foreign currency exchange differences	(34,213)
Balance at December 31, 2015	$ 12,260,622
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ 752,031
Disposals	(2,267)
Depreciation expense	214,126
Effect of foreign currency exchange differences	9,218
Balance at December 31, 2014	$ 973,108
Balance at January 1, 2015	$ 973,108
Depreciation expense	261,948
Effect of foreign currency exchange differences	(4,798)
Balance at December 31, 2015	$ 1,230,258

The completed investment properties are depreciated under straight-line method over 20 to 50 years.

The main investment properties of the Company are the Walsin Xin Yi Building and completed investment properties of Walsin (Nanjing) Construction Limited. The building valuation was commissioned by independent rating agencies (a third party). As of December 31, 2015 and 2014, the completed investment properties' real estate value was NT$32,142,314 thousand and NT$30,987,456 thousand, respectively.

18. PREPAYMENTS FOR LEASE

	December 31	
	2015	2014
Current asset	$ 31,990	$ 32,763
Non-current asset	1,145,396	1,205,621
	$ 1,177,386	$ 1,238,384

Prepaid lease payments include land use right which are located in Mainland China.

19. BORROWINGS

	December 31	
	2015	2014
Short-term borrowings	$ 2,773,612	$ 6,235,740
Current portion of long-term borrowings	$ 2,810,603	$ 1,083,421
Long-term borrowings	$ 22,119,432	$ 21,424,357

a. Short-term borrowings as of December 31, 2015 and 2014 were as follows:

	December 31			
	2015		2014	
	Interest Rate %	Amount	Interest Rate %	Amount
Materials procurement loans	0.81-1.38	$ 419,990	0.80-3.20	$ 1,854,681
Bank lines of credit	1.13-3.10	2,353,622	1.25-3.20	4,381,059
		$ 2,773,612		$ 6,235,740

Refer to Notes 6 and 32 for collaterals pledged for short-term borrowings as of December 31, 2015 and 2014.

b. Long-term borrowings as of December 31, 2015 and 2014 were as follows:

	December 31			
	2015			2014
	Significant Covenant	Rate	Amount	Amount
Taipei Fubon Bank and others	Credit loan; every six months to repay the principal at 30%, 35%, 35% from the end of the fourth year from drawing date (September 2015)	1.80%	$ 15,000,000	$ -
Bank of Taiwan and others	Credit loan; every six months to repay the principal at 10%, 10%,15%, 15%, 50% from the end of the third year from drawing date (August 2012)	1.59%	9,180,000	10,200,000
Cathay United Bank	Secured loan; monthly interest and principal repayments until maturity from June 15, 2012	2.50%	216,048	235,688

(Continued)

	December 31			
	2015			2014
	Significant Covenant	Rate	Amount	Amount
	Secured loan; monthly interest and principal repayments until maturity from March 27, 2013	2.70%	$ 213,558	$ 231,733
	Secured loan; monthly interest and principal repayments until maturity from August 21, 2012	2.50%	183,287	199,701
Taipei Fubon Bank	Secured loan; monthly interest and principal repayments until maturity from June 25, 2014	2.81%	49,500	53,167
	Secured loan; monthly interest and principal repayments until maturity from August 14, 2014	2.77%	43,467	46,667
	Secured loan; monthly interest and principal repayments until maturity from April 15, 2015	2.89%	44,175	46,500
Mega International Commercial Bank and others	Credit loan; the original maturity was 2 years and was extended 2 years from June 17, 2014. Interest and principal repayment in full at maturity on August 10, 2016 and repaid early in August 2015	-	-	11,394,322
Industrial Bank of Taiwan	Credit loan; monthly interest payment and principal repayment in full at maturity on January 13, 2017 and repaid early in September 2015	-	-	100,000
			24,930,035	22,507,778
Less current portion of long-term debts			(2,810,603)	(1,083,421)
			$ 22,119,432	$ 21,424,357

(Concluded)

Under the loan agreements with Bank of Taiwan, Taipei Fubon Bank and Mega International Commercial Bank, WLC should maintain certain financial ratios calculated on annual and semi-annual consolidated financial statements audited by independent auditors, during the loan term. The financial ratios are as follows:

1) Ratio of current assets to current liabilities not less than 100%;

2) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;

3) Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%;

4) Tangible net worth (net worth less intangible assets) not less than NT$50,000,000 thousand.

As of December 31, 2015 and 2014, the Company’s current portion of long-term borrowings was NT$2,810,603 thousand and NT$1,083,421 thousand under the loan agreement, respectively. The Company’s consolidated financial reports for the years ended December 31, 2015 and 2014 showed that the Company was in compliance with these ratio requirements.

Refer to Note 32 for collaterals pledged on bank borrowings as of December 31, 2015 and 2014.

20. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2015	2014
Derivative financial liabilities under hedge accounting		
Cash flow hedges - foreign exchange forward contracts	$ 11,628	$ 1,425
Current	$ 11,628	$ 742
Non-current	-	683
	$ 11,628	$ 1,425

The Company's hedge strategy is to enter foreign exchange forward contracts to avoid firm commitment of its exchange rate exposure. When forecast sales and purchases actually take place, the carrying amounts of the non-financial hedged items will be adjusted accordingly.

The Company signed foreign exchange forward contracts to avoid its exchange rate exposure due to the equipment purchase contracts signed with foreign suppliers. Those foreign exchange forward contracts were designated as cash flow hedges.

The terms of the foreign exchange forward contracts had been negotiated to match the terms of the respective designated hedged items. As of December 31, 2015 and 2014, the outstanding foreign exchange forward contracts of the Company were as follows:

	Currencies	Contract Expiration Date	Contract Amount (In Thousands)
December 31, 2015			
Buy forward exchange contracts	EUR to NTD	2016.05.02-2016.06.01	EUR4,204/NTD162,805
December 31, 2014			
Buy forward exchange contracts	EUR to NTD	2015.04.15-2016.06.01	EUR37,832/NTD1,459,196

During the years ended December 31, 2015 and 2014, loss of NT$173,729 thousand and loss of NT$1,425 thousand, respectively, on fair value had been recognized in other comprehensive income (loss) due to the valuation adjustments of the foreign exchange forward contracts for the exchange rate exposure of expected future equipment purchase.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

WLC and its subsidiaries in ROC adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, WLC and its subsidiaries in ROC make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expense recognized in profit or loss for the years ended December 31, 2015 and 2014 was NT$63,142 thousand and NT$61,169 thousand, respectively, which represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

b. Defined benefit plans

The defined benefit plans adopted by WLC and Walsin Info-Electric in accordance with the Labor Standards Law are operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. WLC and Walsin Info-Electric contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The Company has no right to influence the investment policy and strategy.

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

	December 31	
	2015	**2014**
Present value of defined benefit obligation	$ 1,401,501	$ 1,284,711
Fair value of plan assets	(17,682)	(13,120)
Net defined benefit liabilities	$ 1,383,819	$ 1,271,591

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2014	$ 1,211,698	$ (16,122)	$ 1,195,576
Service cost			
Current service cost	13,655	-	13,655
Net interest expense (income)	25,387	(316)	25,071
Recognized in profit or loss	39,042	(316)	38,726
Remeasurement			
Actuarial loss - changes in financial assumptions	20,787	-	20,787
Actuarial (gain) loss - experience adjustments	58,929	(36)	58,893
Recognized in other comprehensive income (loss)	79,716	(36)	79,680
Contributions from the employer	-	(42,290)	(42,290)
Benefits paid	(45,644)	45,644	-
Account paid	(101)	-	(101)
Balance at December 31, 2014	1,284,711	(13,120)	1,271,591
Service cost			
Current service cost	16,110	-	16,110
Net interest expense (income)	25,134	(213)	24,921
Recognized in profit or loss	41,244	(213)	41,031

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Remeasurement			
Actuarial loss - changes in financial assumptions	49,831	-	49,831
Actuarial (gain) loss - experience adjustments	55,791	(169)	55,622
Recognized in other comprehensive income (loss)	105,622	(169)	105,453
Contributions from the employer	-	(32,808)	(32,808)
Benefits paid	(28,628)	28,628	-
Account paid	(1,448)	-	(1,448)
Balance at December 31, 2015	$ 1,401,501	$ (17,682)	$ 1,383,819

(Concluded)

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

	For the Year Ended December 31	
	2015	2014
Operating costs	$ 25,149	$ 24,986
Selling and marketing expenses	3,070	3,553
General and administrative expenses	12,721	10,124
Research and development expenses	91	63
	$ 41,031	$ 38,726

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

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

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

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

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

	December 31	
	2015	2014
Discount rates	1.6%	2.00%
Expected return on plan assets	-	1.25%-1.75%
Expected rates of salary increase	2.0%	2.00%

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 decrease/increase as follows:

	December 31	
	2015	2014
Discount rates		
0.5% increase	$ (68,010)	$ (64,500)
0.5% decrease	$ 73,272	$ 69,635
Expected rates of salary increase		
0.5% increase	$ 72,621	$ 48,065
0.5% decrease	$ (68,086)	$ (83,220)

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.

22. EQUITY

	December 31	
	2015	2014
Share capital		
Common shares	$ 35,760,002	$ 35,760,002
Capital surplus	15,766,866	15,647,004
Retained earnings	11,383,125	9,932,518
Others	(621,113)	2,452,684
Treasury shares	(608,810)	(292,893)
Non-controlling interests	1,888,389	1,915,646
	$ 63,568,459	$ 65,414,961

a. Share capital

Common shares

	December 31	
	2015	2014
Number of shares authorized (in thousands)	6,500,000	6,500,000
Amount of authorized shares	$ 65,000,000	$ 65,000,000
Number of shares issued and fully paid (in thousands)	3,576,001	3,576,001
Amount of issued shares	$ 35,760,002	$ 35,760,002

As of December 31, 2015 and 2014, the balance of WLC's capital account was NT$35,760,002 thousand, divided into 3,576,001 thousand shares at NT$10.00 par value.

b. Capital surplus

	December 31	
	2015	2014
Premium from issuance of common shares	$ 10,938,230	$ 10,938,230
Arising from the excess of the consideration receivable over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	311
Arising from share of changes in capital surplus from investments in associates under equity method	137,818	17,644
Arising from treasury share transactions	1,589,157	1,589,157
Arising from gain on disposal of property plant and equipment	2,074,231	2,074,231
Others	1,027,430	1,027,431
	$ 15,766,866	$ 15,647,004

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's capital surplus and once a year).

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

Based on the Company Act of the ROC and WLC's Articles of Incorporation, 10% of WLC's annual earnings, net of tax and any deficit, should be appropriated as legal reserve until this reserve equals WLC's paid-in capital. Also, WLC appropriated earnings to special reserve based on the applicable laws and regulations. Any remaining balance of distributable earnings resolved by the stockholders will be retained partially by WLC be distributed to stockholders.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to WLC's Articles of Incorporation had been proposed by WLC's board of directors on January 15, 2016 and are subject to the resolution of the shareholders in their meeting to be held on May 25, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 24.

The Company appropriates or reverses special reserve in accordance with Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs".

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

On June 11, 2014, the stockholders of WLC approved the reversal of special reserve in the amount of NT$794,296 thousand under Rule No. 1010012865 issued by the FSC. There were no available earnings for distribution after offset of deficit at the end of year. The appropriation of 2013 earnings was approved not to make distribution except to make up for deficit for the year.

On May 27, 2015, the stockholders of WLC approved not to make distribution from 2014 earnings except to appropriate the legal reserve of NT$226,469 thousand.

The appropriations of earnings for 2015 had been proposed by WLC's board of directors on February 26, 2016. The appropriations and dividends per share were as follows:

The appropriations of earnings for 2015 are subject to the resolution of the shareholders' meeting to be held on May 25, 2016.

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 160,173	$ -
Cash dividends	701,200	0.2
	$ 861,373	

Information on the bonus to employees directors and supervisors resolved by the stockholders of WLC is available on the Market Observation Post System (MOPS) on the web site of the Taiwan Stock Exchange.

d. Special reserves

	December 31	
	2015	2014
Special reserves	$ 2,712,250	$ 2,712,250

Information regarding the above special reserve was as follows:

	2015	2014
Balance at January 1	$ 2,712,250	$ 3,507,455
Reversal		
Reversal according to law	-	(794,296)
Disposal of subsidiaries and associates	-	(909)
Balance at December 31	$ 2,712,250	$ 2,712,250

e. Other equity items

1) Foreign currency translation reserve

	2015	2014
Balance at January 1	$ 2,035,498	$ 317,266
Share of exchange difference of associates for using the equity method	(606,216)	1,677,857
Disposal of associates under equity method	(909)	(88)
Disposal of subsidiaries	-	40,463
Balance at December 31	$ 1,428,373	$ 2,035,498

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

2) Investments revaluation reserve

	2015	2014
Balance at January 1	$ 419,051	$ 506,269
Unrealized loss arising on revaluation of available-for-sale financial assets	(1,158,358)	(253,751)
Share of unrealized (loss) gain on revaluation of available-for-sale financial assets of associates under equity method	(1,217,706)	167,382
Disposal of associates under equity method	(3,155)	(849)
Balance at December 31	$ (1,960,168)	$ 419,051

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

3) Cash flow hedging reserve

	2015	2014
Balance at January 1	$ (1,865)	$ -
Loss arising on changes in fair value of hedging instruments entered into for cash flow hedges		
Forward foreign exchange contracts	(173,729)	(1,425)
Others	86,276	(440)
Balance at December 31	$ (89,318)	$ (1,865)

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that was recognized and accumulated under the heading cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

f. Treasury shares

Treasury shares transactions for the year ended December 31, 2015 were summarized as follows:

Purpose for Reacquisition of Common Shares	Number of Treasury Shares as of January 1, 2015	Treasury Share Increase During the Year	Treasury Share Decrease During the Year	Number of Treasury Shares as of December 31, 2015
Common shares held by WLC as reserve for employee incentives	30,000,000	40,000,000	-	70,000,000

Treasury shares transactions for the year ended December 31, 2014 were summarized as follows:

Purpose of Reacquisition of Common Shares	Number of Treasury Shares as of January 1, 2014	Treasury Share Increase During the Year	Treasury Share Decrease During the Year	Number of Treasury Shares as of December 31, 2014
Common shares held by WLC as reserve for employee incentives	-	30,000,000	-	30,000,000

Article 28.2 of the Securities and Exchange Law stipulates that the number of treasury shares held by WLC should not exceed 10% of the number of shares issued and that the cost of acquisition of treasury shares should not exceed the total of retained earnings, additional-paid-in capital and other realized capital surplus. In addition, WLC shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote, or exercise other stockholder's rights on the treasury shares.

23. REVENUE

	For the Year Ended December 31	
	2015	2014
Sales revenue	$ 147,867,933	$ 161,541,372
Revenue from the rendering of services	392,043	462,987
Construction contract revenue	143,313	63,199
Rental income	826,175	704,930
Other revenue	108,651	214,896
	$ 149,338,115	$ 162,987,384

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Non-operating Income and Expense - Gain (Loss) on Disposal of Investment

	For the Year Ended December 31	
	2015	2014
Loss on disposal of investment - commodity futures settled	$ (213,169)	$ (643,102)
(Loss) gain on disposal of investments - forward exchange contracts settled	(26,597)	155,237
Gain (loss) on disposal of investment - exchange rate swap contracts settled	154,106	(15,667)
Gain on disposal of investments - associates under equity method	23,382	1,033,363
Gain on disposal of investments - fund	89,268	16,400
Gain on disposal of investments - financial asset measured cost - non-current	-	7,276
Gain on disposal of investments - available-for-sale financial assets - non-current	43,893	11,284
	$ 70,883	$ 564,791

Non-operating Income and Expense - Impairment Loss

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	$ 400,457	$ 619,363
Financial assets measured at cost - non-current	7,040	-
Others	(4,230)	290,200
	$ 403,267	$ 909,563

Employee Benefits Expense, Depreciation and Amortization

	For the Year Ended December 31, 2015			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	$ 2,478,159	$ 1,256,773	$ -	$ 3,734,932
Post-employment benefits	$ 204,403	$ 89,979	$ -	$ 294,382
Other employee benefits	$ 413,358	$ 126,412	$ -	$ 539,770
Depreciation				
Property, plant and equipment	$ 1,742,509	$ 172,665	$ 11,120	$ 1,926,294
Investment property	246,892	15,056	-	261,948
	$ 1,989,401	$ 187,721	$ 11,120	$ 2,188,242
Amortization	$ 15,775	$ 23,257	$ 4,080	$ 43,112

	For the Year Ended December 31, 2014			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	$ 2,393,243	$ 1,325,632	$ -	$ 3,718,875
Post-employment benefits	$ 188,799	$ 76,202	$ -	$ 265,001
Other employee benefits	$ 319,363	$ 158,328	$ -	$ 477,691
Depreciation				
Property, plant and equipment	$ 1,878,785	$ 220,048	$ 464	$ 2,099,297
Investment property	149,613	64,513	-	214,126
	$ 2,028,398	$ 284,561	$ 464	$ 2,313,423
Amortization	$ 13,299	$ 27,116	$ 4,080	$ 44,495

Under the existing Articles of Incorporation, WLC did not accrue for bonus to employees and remuneration to directors and supervisors due to the fact that earnings for 2014 had not been distributed. To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of WLC stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors amounted to NT$21,962 thousand and NT$16,335 thousand, representing 1% and 0.7%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors in cash for the year ended December 31, 2015 have been approved by the Company's board of directors on February

26, 2016 and are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the shareholders in their meeting to be held on May 25, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. The major components of tax expense were as follows:

	For the Year Ended December 31	
	2015	**2014**
Current tax		
In respect of the current year	$ 430,806	$ 698,577
Reserve for land value increment tax	1,023	513,514
Income tax expense of unappropriated earnings	195,000	
In respect of prior periods	(71,970)	(59,700)
Others	732	7,384
	555,591	1,159,775
Deferred tax		
In respect of the current year	181,708	(33,983)
Income tax expense recognized in profit or loss	$ 737,299	$ 1,125,792

A reconciliation of accounting profit and income tax expenses, average effective tax rate and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2015	**2014**
Income before tax from continuing operations	$ 2,465,431	$ 3,661,324
Income tax expense calculated at the statutory rate	$ 805,312	$ 1,146,904
Equity in investees' net loss (gain)	22,045	(271,013)
Dividend income	(7,671)	(6,543)
Net gain on disposal of investments	(6,713)	(22,079)
Realized loss on liquidation of investment	(74,035)	(196,000)
Others	24,333	58,688
Unrecognized loss carryforwards/deductible temporary differences	(150,757)	(45,363)
Adjustments for prior years' tax	(71,970)	(59,700)
Income tax on unappropriated earnings	195,000	-
Reserve for land revaluation increment tax	1,023	513,514
Others	732	7,384
Income tax expense recognized in profit or loss	$ 737,299	$ 1,125,792

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable (recorded under other non-current assets)	$ 193,556	$ 205,286
Current tax liabilities		
Income tax payable	$ 1,397,496	$ 1,470,129

c. Deferred tax assets and liabilities

	December 31	
	2015	2014
Deferred tax assets		
Net operating loss carryforwards	$ 327,084	$ 617,680
Pension expense not currently deductible	231,000	232,000
Provision for devaluation loss on obsolete and slow-moving inventories	75,047	92,177
Provision for impairment loss on idle assets	18,000	16,000
Unrealized gross profit from intercompany transactions	15,591	506
Provision for permanent devaluation loss on long-term investments	22,460	282,920
Difference between financial and tax accounting of the depreciation of property, plant and equipment	(3,875)	30,708
Prepaid expense	267,229	-
Others	210,147	233,146
Deferred income tax liabilities		
Difference between financial and tax accounting of the depreciation of property, plant and equipment	(16,004)	(65,660)
Reserve for land revaluation increment tax	(131,132)	(131,132)
Others	(47,921)	(159,011)
	$ 967,626	$ 1,149,334
Deferred income tax assets - non-current	$ 1,162,683	$ 1,505,137
Deferred income tax liabilities - non-current	(195,057)	(355,803)
	$ 967,626	$ 1,149,334

d. The Company's loss carryforwards as of December 31, 2015 for income tax purposes were as follows:

Expiry Year	Net Operating Loss Tax Credit
2015	$ 10,075
2019	123,696
2021	6,262
2022	2,132
2024	184,919
	$ 327,084

e. The information on imputation credit accounts was as follows:

	December 31	
	2015	2014
Unappropriated earnings Generated on and after January 1, 1998	$ 6,006,305	$ 4,782,167
Balance of Imputation Credit Account (included current tax liabilities)	$ 1,326,426	$ 1,107,606

	For the Year Ended December 31	
	2015 (Expected)	2014
Creditable ratio for distribution of earnings	22.08%	-

Effective from January 1, 2015, according to the revised Article 66 - 6-1 of the Income Tax Law, the creditable ratio for individual shareholders residing in the Republic of China will be half of the original creditable ratio.

f. WLC's income tax returns through 2013 had been examined and cleared by the tax authorities. However, WLC did not agree the examined contents and was applying an appeal.

26. EARNINGS PER SHARE

	For the Year Ended December 31					
	2015			2014		
	Amounts (Numerator) After Income Tax (Attributable to Parent's Stockholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Parent's Stockholders)	Amounts (Numerator) After Income Tax (Attributable to Parent's Stockholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Parent's Stockholders)
Basic earnings per share Net income	$ 1,601,726	3,527,914	$ 0.45	$ 2,264,691	3,553,297	$ 0.64
Effect of dilutive potential common shares	-	19,029				
Diluted earnings per share Net income plus dilutive effect	$ 1,601,726	3,543,943	$ 0.45			

27. DISPOSAL OF SUBSIDIARIES

The Company had disposed Dongguan Walsin Wire & Cable Co., Ltd., Tahsio Construction Co., Ltd., subsidiaries of Green Lake Capital, LLC., and partially disposed of Hangzhou Walsin Power Cable & Wire Co., Ltd. and lost control on Hangzhou Walsin Power Cable & Wire Co., Ltd. in 2014.

a. Consideration received from the disposal

Consideration received in cash and cash equivalents	$ 1,742,999
Sales proceeds receivable (recorded under other receivables)	612,365
Total consideration received	$ 2,355,364

b. Analysis of asset and liabilities on the date control was lost is as follows:

Current assets	
Cash and cash equivalents	$ 422,785
Trade receivable	1,826,396
Inventories	729,073
Other receivables	297,903
Other current assets	293,208
Non-current assets	
Investments accounted for using equity method	427,455
Property, plant and equipment	3,619,810
Intangible assets	8,293
Refundable deposits	567
Other non-current assets	2,045,101
Total assets	$ 9,670,591
Current liabilities	
Short-term borrowings	$ 3,738,019
Note payables and trade payables	341,085
Other payables	283,274
Other current liabilities	541,604
Non-current liabilities	
Long-term borrowings	1,143,321
Other non-current liabilities	1,422,318
Total liabilities	$ 7,469,621

c. Gain on disposal of subsidiary. The Company recognized gain because of disposal of equity transactions.

Consideration received	$ 2,355,364
Effect of foreign currency exchange differences	93,496
Non-controlling interests	705,709
The carrying amount of the investment on the disposal date	(2,200,970)
Gain on disposal	$ 953,599

The gain on disposal of equity transactions was recorded as gain on disposal of investment in 2014.

d. The effect on cash flows of the disposal of subsidiary

Consideration received in cash and cash equivalents	$ 2,355,364
Effect of foreign currency exchange differences on equity upon losing control	1,318
Less: The beginning balance of advance receipts	(394,204)
Less: The ending balance of investment receivables (recorded under other receivables)	(612,365)
Cash and cash equivalent balance of disposed subsidiary	(422,785)
Net increase in cash and cash equivalents	$ 927,328

28. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

As of December 31, 2015, the Company's future minimum lease payments on non-cancellable operating lease commitments were as follows:

Years of 2016	$ 53,099
2017-2020	136,056
After 2022	230,948
	$ 420,103

b. The Company as lessor

Lease arrangements

Operating leases relate to the investment property owned by the Company with lease terms between 5 and 10 years, with an option to extend for additional 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of December 31, 2015 and 2014, deposits received under operating leases amounted to NT$207,267 thousand and NT$155,983 thousand, respectively (recorded under other non-current liabilities).

As of December 31, 2015, the Company's future minimum lease receivables on non-cancellable operating lease commitments were as follows:

Years of 2016	$ 863,138
2017-2021	2,631,154
After 2022	199,859
	$ 3,694,151

29. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, debt repayments and dividends spending.

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

Key management personnel of the Company review the capital structure on a quarterly basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

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

Except for financial assets measured at cost, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximate of fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 617,602	$ 9,930	$ -	$ 627,532
Available-for-sale financial assets	1,743,806	-	-	1,743,806
	$ 2,361,408	$ 9,930	$ -	$ 2,371,338
Financial liabilities at FVTPL	$ -	$ 2,130	$ -	$ 2,130
Derivative financial liabilities for hedging	-	11,628	-	11,628
	$ -	$ 13,758	$ -	$ 13,758

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 2,162,826	$ 96,049	$ -	$ 2,258,875
Available-for-sale financial assets	3,038,429	-	-	3,038,429
	$ 5,201,255	$ 96,049	$ -	$ 5,297,304
Financial liabilities at FVTPL	$ 18,000	$ 1,462	$ -	$ 19,462
Derivative financial liabilities for hedging	-	1,425	-	1,425
	$ 18,000	$ 2,887	$ -	$ 20,887

There were no transfers between Levels 1 and 2 for the year ended December 31, 2015 and 2014.

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - forward exchange contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - exchange rate swaps contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2015	2014
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 8,887,554	$ 6,417,086
Notes receivable and trade receivables (included related parties)	15,388,016	16,085,789
Finance lease receivables (current and non-current)	1,030,791	1,076,693
Other receivables	941,570	1,461,218
Other financial assets	223,569	983,413
Refundable deposits	198,164	211,252

(Continued)

	December 31	
	2015	2014
Restricted assets - non-current (recorded under other non-current assets - other)	$ 37,568	$ 36,223
Debt investment with no active market - current	1,517,579	884,588
Financial assets at FVTPL (current and non-current)	627,532	2,258,875
Available-for-sale financial assets (current and non-current)	1,743,806	3,038,429
Financial assets measured at cost - non-current	1,881,565	2,016,614
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)	2,130	19,462
Derivative financial liabilities for hedging (current and non-current)	11,628	1,425
Amortized cost		
Short-term borrowings	2,773,612	6,235,740
Notes payable and trade payables	6,656,519	7,546,182
Other payables	2,333,647	2,313,717
Long-term borrowings (included current portion)	24,930,035	22,507,778
Deposits received (recorded as other non-current liabilities - other)	281,385	265,318

(Concluded)

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and investments, trade receivable, trade payables. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

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

1) Market risk

The Company is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses forward foreign exchange contracts and interest rate swaps contracts to hedge foreign currency risk and interest rate risk.

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

a) Foreign currency risk

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

It is the Company's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows.

	December 31	
	2015	**2014**
Assets		
U.S. dollars	$ 4,808,097	$ 5,879,702
Japanese yen	18,008	38,862
Euro	1,301,927	155,467
Hong Kong dollars	9,513	14,514
Ringgit Malaysia	77,189	25,226
Liabilities		
U.S. dollars	3,732,969	14,544,398
Euro	6,304	35,840
Japanese yen	330	-
Ringgit Malaysia	58,360	10,851

The carrying amounts of the Company's derivatives exposed to foreign currency risk at the end of the reporting period were as follows.

	December 31	
	2015	**2014**
Assets		
U.S. dollars	$ 3,282,500	$ 9,969,750
Euro	150,825	1,455,412
Liabilities		
U.S. dollars	-	316,500
Euro	38,607	37,847

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2015	2014
Profit or loss	$ 43,576	$ 9,886

b) Interest rate risk

The Company's interest rate risk arises primarily from fixed and floating rate deposits and borrowings.

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

	December 31	
	2015	2014
Cash flow interest rate risk		
Financial assets	$ 1,517,579	$ 884,588
Financial liabilities	27,703,647	28,743,518

Sensitivity analysis

The sensitivity analyses below shows the possible effect on profit and loss assuming a change in the interest rates at the end of the reporting period.

If interest rates at the end of the reporting period increased by 1% and all other variables were held constant, the Company's pre-tax income for the year ended December 31, 2015 and 2014 would have been decreased by NT$261,861 thousand and NT$278,589 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge their obligation and financial guarantees would equal to the following:

a) The carrying amount of the respective recognized financial assets as stated in the condensed balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst the approved counterparties. Credit exposure is controlled by setting credit limits that are reviewed and approved by the risk management committee annually.

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

3) Liquidity risk

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

a) The Company's non-derivative financial liabilities with their agreed repayment period were as follows:

December 31, 2015

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Variable interest rate liabilities	$ 5,584,215	$ 21,890,603	$ 228,829	$ -	$ 27,703,647
Non-interest bearing	8,990,166	-	-	-	8,990,166
	$ 14,574,381	$ 21,890,603	$ 228,829	$ -	$ 36,693,813

December 31, 2014

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Variable interest rate liabilities	$ 7,319,161	$ 20,737,743	$ 686,614	$ -	$ 28,743,518
Non-interest bearing	9,859,899	-	-	-	9,859,899
	$ 17,179,060	$ 20,737,743	$ 686,614	$ -	$ 38,603,417

b) The Company's derivative financial instruments with agreed settlement date were as follows:

December 31, 2015

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Net settled					
Commodity futures contracts	$ 154,440	$ (3,938)	$ (35,972)	$ -	$ 114,530
Forward exchange contracts	(1,056)	(1,074)	(11,628)	-	(13,758)
Exchange rate swaps contracts	3,050	1,894	4,986	-	9,930
	$ 156,434	$ (3,118)	$ (42,614)	$ -	$ 110,702

December 31, 2014

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Net settled					
Commodity futures contracts	$ 763	$ 18,870	$ (37,633)	$ -	$ (18,000)
Forward exchange contracts	96	30,541	64,670	(683)	94,624
Exchange rate swaps contracts	-	(1,462)	-	-	(1,462)
	$ 859	$ 47,949	$ 27,037	$ (683)	$ 75,162

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the parent company and its subsidiaries had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties were disclosed below.

a. Sales

	For the Year Ended December 31	
	2015	2014
Associates	$ 2,806,403	$ 4,332,129

b. Rental income

	For the Year Ended December 31	
	2015	2014
Associates	$ 24,694	$ 32,115
Other related parties	12,948	14,512
	$ 37,642	$ 46,627

c. Purchases

	For the Year Ended December 31	
	2015	2014
Associates	$ 184,834	$ 617,316

d. Administrative expenses

	For the Year Ended December 31	
	2015	2014
Associates	$ 9,811	$ 9,616
Other related parties	7,568	8,650
	$ 17,379	$ 18,266

The stock registration matters of WLC and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

e. Notes receivable

	December 31	
	2015	2014
Associates	$ 490	$ 29,965
Other related parties	-	83
	$ 490	$ 30,048

f. Trade receivable

	December 31	
	2015	2014
Associates	$ 221,055	$ 1,709,669

g. Notes payable

	December 31	
	2015	2014
Associates	$ 1,100	$ 11,564

h. Trade payables

	December 31	
	2015	2014
Associates	$ 172	$ 277,888

i. Other receivables

	December 31	
	2015	2014
Associates	$ 2,328	$ 19,342
Other related parties	1,969	1,761
	$ 4,297	$ 21,103

j. Other payables

	December 31	
	2015	2014
Associates	$ 30,793	$ -

Trading transactions with related parties do not have significant difference with the general customers.

k. Property, plant and equipment disposed

	For the Year Ended December 31			
	2015		2014	
Related Parties Types	**Price**	**Gain on Disposal**	**Price**	**Gain (Loss) on Disposal**
Associates	$ 649	$ 624	$ 8,026	$ 2,071
Other related parties	57	57	-	-
	$ 706	$ 681	$ 8,026	$ 2,071

l. Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2015	2014
Short-term benefits	$ 154,841	$ 169,531
Post-employment benefits	4,534	4,819
	$ 159,375	$ 174,350

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for bank borrowings and guarantees for tariff of imported raw materials:

	December 31	
	2015	2014
Time deposits (recorded under other financial assets - current)	$ 223,569	$ 983,413
Finance lease receivables - current	47,467	45,902
Finance lease receivables - non-current	983,324	1,030,791
Other non-current assets	124,668	96,823
	$ 1,379,028	$ 2,156,929

33. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2015 and 2014 were as follows:

a. Outstanding letters of credit not reflected in the accompanying financial statements as of December 31, 2015 and 2014 were as follows (in thousands):

	December 31	
	2015	2014
U.S. dollars	US$ 28,296	US$ 25,963
Japanese yen	JPY 60,064	JPY 161,168
Euro	EUR 37,008	EUR 43,725
New Taiwan dollars	NT$ 54,424	NT$ 126,270

b. As of December 31, 2015 and 2014, outstanding standby letters of credit not reflected in the accompanying financial statements amounted to approximately NT$412,262 thousand and RMB83,666 thousand and NT$392,831 thousand and RMB36,250 thousand; tariff letters of credit amounted to approximately NT$695,000 thousand and NT$325,000 thousand and RMB6,000 thousand.

c. Noncancelable copper and nickel procurement contracts with total contract value of US$24,745 thousand and US$49,571 thousand were in effect as of December 31, 2015 and 2014.

d. As of December 31, 2015 and 2014, the banks provided guarantees for NT$1,519 thousand and NT$1,849 thousand for Walsin Info-Electric's construction contracts.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2015

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
U.S. dollars	$ 146,477	32.825	$ 4,808,097
Japanese yen	66,034	0.2727	18,008
Euro	36,286	35.880	1,301,927
Hong Kong dollars	2,246	4.235	9,513
Malaysia ringgit	10,513	7.3425	77,189
Indonesian rupiah	6,564,905	0.0024	15,953
Nonmonetary items			
U.S. dollars	4,329	32.825	142,105
Financial liabilities			
Monetary items			
U.S. dollars	$ 113,723	32.825	$ 3,732,969
Japanese yen	1,212	0.2727	330
Euro	176	35.880	6,304
Swiss francs	17	33.185	564
Malaysia ringgit	7,948	7.3425	58,360
Nonmonetary items			
Euro	324	35.880	11,628
Malaysia ringgit	290	7.3425	2,130

December 31, 2014

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
U.S. dollars	$ 185,773	31.650	$ 5,879,702
Japanese Yen	146,871	0.2646	38,862
Euro	4,041	38.470	155,467
Singapore dollars	305	23.940	7,290
Australian dollars	86	25.905	2,216
Hong Kong dollars	3,557	4.080	14,514
Ringgit Malaysia	2,902	8.692	25,226
Non-monetary items			
U.S. dollars	3,336	31.650	105,575
Financial liabilities			
Monetary items			
U.S. dollars	459,539	31.650	14,544,398
Euro	932	38.470	35,840
Ringgit Malaysia	1,248	8.692	10,851
Swiss francs	17	31.965	543
Swedish Krona	32	4.090	130
Non-monetary items			
U.S. dollars	46	31.650	1,462
Euro	37	38.470	1,425

For the years ended December 31, 2015 and 2014, realized and unrealized net foreign exchange gain (loss) amounts were gain of NT$160,664 thousand and gain of NT$2,328 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the numerous foreign currency transactions and functional currencies of the Company entities.

35. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Lending funds to others: Please see Table 1 attached;

b. Providing endorsements or guarantees for others: Please see Table 2 attached;

c. Holding of securities at the end of the period: Please see Table 3 attached;

d. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more: Please see Table 4 attached;

e. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None;

f. Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None;

g. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: Please see Table 5 attached;

h. Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more: Please see Table 6 attached;

i. Trading in derivative instruments: Please see Notes 7 and 20;

j. Information on investees: Please see Table 7 attached;

k. Others: Information on intercompany relationships and significant intercompany transactions: Please see Table 9 attached;

Information on investments in mainland China:

a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Please see Table 8 attached;

b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None.

   1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   3) The amount of property transactions and the amount of the resultant gains or losses.

   4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

   5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

   6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.

36. OPERATION SEGMENT FINANCIAL INFORMATION

a. Basic information

   1) Classification

   Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

a) Wires and cables

The segment's main products include copper rods, wires, connector and components which are sold to industries involving cables and wires, communications cable, heavy electronics, home electrical appliances and construction.

b) Specialty steel

The segment's main products included smelting, rolled stainless steel, carbon steel and precision alloy wire which are sold to industries involving construction components, crankshaft, machine tools, plumbing, heat exchanger, drain, petrochemical and construction.

c) Real estate

Real estate is responsible for the development of commercial and real estate complex and real estate management. Furthermore, the modes of operation are construction of residences, offices, markets and hotels, and offer renting, operating management and after-sales services.

d) Administration and investing

The segment of administration and investing refers to other investment in Mainland China.

2) Estimates of operating segment income and expenses, assets and liabilities

Accounting policies of operating segments are the same with those summarized in Note 4 to the consolidated financial statements. Operating segment income and expenses are measured based on estimated future potential profit and pre-tax operating profit adjusted by hedge accounting. Sales and transfers between segments are treated as transactions with third parties and evaluated at fair value.

The Company does not allocate income tax expense (benefit), investment income (loss) recognized under equity method, foreign exchange gain (loss), net investment income (loss), gain (loss) on disposal of investments, gain (loss) on valuation of financial assets and liabilities and extraordinary items to reportable segments. The amounts reported are consistent with the report used by operating decision-makers.

3) Identification of operating segment

The reported operating segments are classified according to the different products and services that are managed separately because they use different technology and selling strategies.

b. Financial information

1) Segment revenues and results:

(NT$ in Thousand)

	For the Year Ended December 31, 2015				
	Wires and Cables	Specialty Steel	Real Estate	Administration and Investing	Total
External net sales and operating revenues	$ 96,730,647	$ 43,044,956	$ 882,012	$ 8,680,500	$ 149,338,115
Operating profit (loss)	1,269,241	1,332,914	217,775	(207,843)	2,612,087
Net non-operating income (expenses)					
Net interest income (expenses)					(31,441)
Share of profit of associates under equity method					643,805
Dividend income					41,874
Gain on disposal of property, plant and equipment					86,959
Loss on disposal of investments					(583,460)
Foreign exchange gain, net					160,664
Gain on financial assets and liabilities at fair value through profit or loss					45,101
Impairment loss					(403,267)
Net other income (expenses)					(106,891)
Consolidated income before income tax					$ 2,465,431

	For the Year Ended December 31, 2014				
	Wires and Cables	Specialty Steel	Real Estate	Administration and Investing	Total
External net sales and operating revenues	$ 106,477,551	$ 43,837,714	$ 5,984,825	$ 6,687,294	$ 162,987,384
Operating profit (loss)	842,888	966,716	2,376,468	(91,505)	4,094,567
Net non-operating income (expenses)					
Net interest income (expenses)					(291,336)
Share of profit of associates under equity method					614,009
Dividend income					37,935
Loss on disposal of property, plant and equipment					(16,681)
Loss on disposal of investments					(26,186)
Foreign exchange gain, net					73,679
Gain on financial assets and liabilities at fair value through profit or loss					23,040
Impairment loss					(909,563)
Net other income (expenses)					61,860
Consolidated income before income tax					$ 3,661,324

2) Segment assets and liabilities

	Wires and Cables	Specialty Steel	Real Estate	Administration and Investing	Total
Segment assets					
December 31, 2015	$ 20,662,132	$ 23,225,021	$ 23,078,217	$ 37,717,921	$ 104,683,291
December 31, 2014	20,059,155	25,802,344	21,099,847	41,796,100	$ 108,757,446
Segment liabilities					
December 31, 2015	8,695,185	9,977,802	13,376,607	9,065,238	$ 41,114,832
December 31, 2014	8,641,229	12,187,502	11,445,159	11,068,595	$ 43,342,485

3) Geographical information

The Company's revenue from external customers and non-current assets, excluding those classified as held for sale, financial instruments, deferred tax assets, and post-employment benefit, categorized by geographical location are as follows:

	Revenue from External Customers		Non-current Assets December 31	
	2015	2014	2015	2014
Asia	$ 139,601,103	$ 146,997,504	$ 28,858,104	$ 29,752,397
United States of America	7,670,776	6,251,251	92	147
Europe	1,568,806	8,778,113	-	-
Others	497,430	960,516	-	-
	$ 149,338,115	$ 162,987,384	$ 28,858,196	$ 29,752,544

Note: Revenue from external customers classified by geographical location.

4) Major customer

No individual customer accounted for at least 10% of consolidated revenue in 2015 and 2014.

TABLE 1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Financing Amount Limits (Note 1)
													Item	Value		
1	Walsin Lihwa Holdings Limited	Jiangyin Walsin Steel Cable Co., Ltd.	Other receivable	Yes	$ 328,700 (US$ 10,000)	$ 328,250 (US$ 10,000)	$ 328,250 (US$ 10,000)	2.13%-2.81%	Operating capital	$ -	Operating capital	$ -		$ -	$ 872,554 (US$ 26,582)	$ 30,840,035 (US$ 939,529)
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	〃	〃	295,830 (US$ 9,000)	295,425 (US$ 9,000)	295,425 (US$ 9,000)	2.13%-2.81%	〃	-	〃	-	〃	-	1,073,870 (US$ 32,715)	
		XiAn Walsin United Technology Co., Ltd.	〃	〃	887,490 (US$ 27,000)	886,275 (US$ 27,000)	886,275 (US$ 27,000)	2.08%-2.37%	〃	-	〃	-	〃	-	30,840,035 (US$ 939,529)	

Notes:

1. For Walsin Lihwa Holdings Limited according to the Article of Financing Provided of Walsin Lihwa Corporation, the total limited amount of the financing provided cannot exceed 50% of the net value of the consolidated financial statements of Walsin Lihwa Corporation. The limited amount of financing provided to the single enterprise that holds directly or indirectly 100% voting right of overseas invested company cannot exceed 50% of the net value of the consolidated financial statements of Walsin Lihwa Corporation. The limited amount of financing provided to the single enterprise that holds more than 2/3 ratio but less than 100% of subsidiaries cannot exceed the net value multiplied by the investment ratio of the financing company. The limited amount of financing provided to the single enterprise that holds less than 2/3 ratio of subsidiaries cannot exceed the 50% of the net value multiplied by the investment ratio of the financing company. In addition, the lending that the chairman of the board of directors can make in a year to a single borrower cannot exceed 10% of the net value of the latest consolidated financial statement of Walsin Lihwa Corporation.

    a. The limited amount of financing provided to the single enterprise was as follows:

    Jiangyin Walsin Steel Cable Co., Ltd. = US$35,443 × 100% × 75% = US$26,582.
    Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. = US$34,181 × 100% × 95.71% = US$32,715.
    XiAn Walsin United Technology Co., Ltd. = NT$61,680,070/32.825 × 50% = US$939,529.

    b. The limit of amount of financing provided was as follows:

    The limit of amount of financing provided = NT$61,680,070 × 50% = NT$30,840,035 (US$939,529).

2. Amounts are stated in thousands of N.T. dollars, except those stated in thousands of U.S. dollars.

3. The currency exchange rate as of December 31, 2015 was as follows: US$ to NT$ = 1:32.825.

TABLE 1-1

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Financing Amount Limits (Note 1)
													Item	Value		
2	Concord Industries Limited	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Other receivable	Yes	$ 1,807,850 (US$ 55,000)	$ 1,805,375 (US$ 55,000)	$ 1,805,375 (US$ 55,000)	2.06%-2.33%	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 30,840,035 (US$ 939,529)	$ 30,840,035 (US$ 939,529)
		Yantai Walsin Stainless Steel Co., Ltd.	〃	〃	2,465,250 (US$ 75,000)	2,461,875 (US$ 75,000)	2,461,875 (US$ 75,000)	2.16%-2.31%	〃	-	〃	-	〃	-	30,840,035 (US$ 939,529)	
		Walsin Lihwa Holdings Limited	〃	〃	1,512,020 (US$ 46,000)	1,509,950 (US$ 46,000)	377,488 (US$ 11,500)	0.17%-0.19%	〃	-	〃	-	〃	-	6,168,007 (US$ 187,906)	
3	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	〃	〃	1,577,760 (US$ 48,000)	1,575,600 (US$ 48,000)	1,575,600 (US$ 48,000)	2.06%-2.40%	〃	-	〃	-	〃	-	30,840,035 (US$ 939,529)	
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	〃	〃	821,750 (US$ 25,000)	820,625 (US$ 25,000)	820,625 (US$ 25,000)	2.11%-2.52%	〃	-	〃	-	〃	-	30,840,035 (US$ 939,529)	
		Walsin Lihwa Holdings Limited	〃	〃	1,758,545 (US$ 53,500)	1,756,138 (US$ 53,500)	800,930 (US$ 24,400)	0.17%-0.19%	〃	-	〃	-	〃	-	6,168,007 (US$ 187,906)	

Notes:

1. According to the Article of Financing Provided of Concord Industries Limited and Walsin Specialty Steel Corp., the total limited amount of the financing provided cannot exceed 50% of the net value of the consolidated financial statements of Walsin Lihwa Corporation. The limited amount of financing provided to the single enterprise that hold directly or indirectly 100% voting right of overseas invested company cannot exceed 50% of the net value of the consolidated financial statements of Walsin Lihwa Corporation. The limited amount of financing provided to the single enterprise that holds more than 2/3 ratio but less than 100% of subsidiaries cannot exceed the net value multiplied by the investment ratio of the financing company. The limited amount of financing provided to the single enterprise that holds less than 2/3 ratio of subsidiaries cannot exceed the 50% of the net value multiplied by the investment ratio of the financing company. In addition, the lending that the chairman of the board of directors can make in a year to a single borrower cannot exceed 10% of the net value of the latest consolidated financial statement of Walsin Lihwa Corporation.

    a. The limited amount of financing provided to the single enterprise was as follows:

        Jiangyin Walsin Specialty Alloy Materials Co., Ltd. = NT$61,680,070/32.825 × 50% = US$939,529.
        Yantai Walsin Stainless Steel Co., Ltd. = NT$61,680,070/32.825 × 50% = US$939,529.
        Changshu Walsin Specialty Steel Co., Ltd. = NT$61,680,070/32.825 × 50% = US$939,529.
        Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd. = NT$61,680,070/32.825 × 50% = US$939,529.
        Walsin Lihwa Holdings Limited NT$61,680,070/32.825 × 10% = US$187,906.

    b. The limited amount of financing provided was as follows:

        The limit of amount of financing provided = NT$61,680,070 × 50% = NT$30,840,035 (US$929,529).

2. Amounts are stated in thousands of N.T. dollars, except those stated in thousands of U.S. dollars.

3. The currency exchange rate as of December 31, 2015 was as follows: US$ to NT$ = 1:32.825.

TABLE 1-2

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Financing Amount Limits (Note 1)
													Item	Value		
4	Joint Success Enterprises Limited	Walsin (Nanjing) Construction Limited	Other receivable	Yes	$ 870,398 (US$ 26,480)	$ 869,206 (US$ 26,480)	$ 869,206 (US$ 26,480)	2.13%-2.70%	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 10,879,748 (US$ 331,447)	$ 13,173,493 (US$ 401,325)
		Walsin Lihwa Holdings Limited	〃	〃	98,610 (US$ 3,000)	98,475 (US$ 3,000)	75,498 (US$ 2,300)	0.17%-0.19%	〃	-	〃	-	〃	-	6,168,007 (US$ 187,906)	

Notes:

1. According to the Article of Endorsement/Guarantee and Financing Provided of Joint Success Enterprises Limited, the total limited amount of the endorsement/guarantee and financing provided cannot exceed 250% of the net value of the most recent consolidated financial statement of Joint Success Enterprises Limited. The limited amount of financing provided to the single enterprise that holds less than 100% of subsidiaries cannot exceed 250% of the net value of the consolidated financial statements multiplied by the investment ratio of Walsin Lihwa Corporation. In addition, the lending that the chairman of the board of directors can make in a year to a single borrower cannot exceed 10% of the net value of the latest consolidated financial statement of Walsin Lihwa Corporation.

   a. The limited amount of financing provided to the single enterprise was as follows:

      Walsin (Nanjing) Construction Limited = US$133,138 × 250% × 99.58% = US$331,447.
      Walsin Lihwa Holdings Limited = NT$61,680,070/32.825 × 10% = US$187,906.

   b. The limited amount of financing provided was as follows:

      The limited amount of financing provided = US$160,530 × 250% × 100% = US$401,325.

2. Amounts are stated in thousands of N.T. dollars, except those stated in thousands of U.S. dollars.

3. The currency exchange rate as of December 31, 2015 was as follows: US$ to NT$ = 1:32.825.

TABLE 1-3

MARKET PILOT LIMITED

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Financing Amount Limits (Note 1)
													Item	Value		
5	Market Pilot Limited	Walsin Lihwa Holdings Limited	Other receivable	Yes	$ 32,870 (US$ 1,000)	$ 32,825 (US$ 1,000)	$ 32,825 (US$ 1,000)	0.17%-0.19%	Operating capital	$ -	Operating capital	$ -	-	$ -	$ 6,168,007 (US$ 187,906)	$ 30,840,035 (US$ 939,529)

Notes:

1. According to the Financing Provided of Market Pilot Limited, the total limited amount of financing provided cannot exceed 50% of the net value of Walsin Lihwa Corporation's consolidated financial statements. The limited amount of financing provided to the single enterprise that holds directly or indirectly 100% voting right of overseas invested company cannot exceed 50% of the net value of the consolidated financial statements of Walsin Lihwa Corporation. The limited amount of financing provided to the single enterprise that holds more than 2/3 ratio but less than 100% of subsidiaries cannot exceed the net value multiplied by the investment ratio of the financing company. The limited amount of financing provided to the single enterprise that holds less than 2/3 ratio of subsidiaries cannot exceed 50% of net value multiplied by the investment ratio of the financing company. In addition, the lending that the chairman of the board of directors can make in a year to a single borrower cannot exceed 10% of the net value of the latest consolidated financial statement of Walsin Lihwa Corporation.

    a. The limited amount of financing provided to the single enterprise was as follows:

       Walsin Lihwa Holdings Limited = NT$61,680,070/32.825 × 10% = US$187,906.

    b. The limited amount of financing provided was as follows:

       The limited amount of financing provided = NT$61,680,070 × 50% = NT$30,840,035 (US$939,529).

2. Amounts are stated in thousands of N.T. dollars, except those stated in thousands of U.S. dollars.

3. The currency exchange rate as of December 31, 2015 was as follows: US$ to NT$ = 1:32.825.

TABLE 2

WALSIN LIHWA CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Each Guaranteed Party's Endorsement/ Guarantee Amounts (Note 3)	Highest Balance for the Period	Ending Balance (Note 4)	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statement (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 3)	Guaranteed Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	Walsin Lihwa Corporation	Walsin Lihwa Holdings	b	NT$ 61,680,070	NT$ 13,805,400 (US$ 420,000)	NT$ - (US$ -)	NT$ - (US$ -)	$ -	-	NT$ 61,680,070	Yes	No	No
		Borrego Solar Systems, Inc.	c	NT$ 1,909,562 (US$ 58,174)	NT$ 854,620 (US$ 26,000)	NT$ 853,450 (US$ 26,000)	NT$ 687,881 (US$ 20,956)	-	1		Yes	No	No
		Green Lake Exchange, LLC.	c	NT$ 1,229,559 (US$ 37,458)	NT$ 345,135 (US$ 10,500)	NT$ 344,663 (US$ 10,500)	NT$ - (US$ -)	-	1		Yes	No	No
					NT$ 15,005,155	NT$ 1,198,113	NT$ 687,881		2				

Notes:

1. The information on Walsin Lihwa Corporation and the subsidiaries is listed and labeled on the "No." column.

   a. "0" represents Walsin Lihwa Corporation.
   b. Subsidiaries are numbered starting at 1.

2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into six types.

   a. The entity is with business transactions.
   b. The subsidiary in which over 50% of common stock was held by the parent company directly.
   c. The invested company in which over 50% of common stock was held directly/indirectly by Walsin Lihwa Corporation and the subsidiaries.
   d. The parent company which held directly or indirectly through subsidiaries over 50% of common stock of Walsin Lihwa Corporation.
   e. The mutually endorsed companies due to the requirement of the project work.
   f. The Company which was endorsed due to the co-investment agreement. The endorsement percentage of each investor is based on the investment percentage.

3. According to the Article of endorsement/guarantee and financing provided of Walsin Lihwa Corporation, the total limited amount of endorsement/guarantee cannot exceed 100% of the net value of Walsin Lihwa Corporation's current financial statement (including the consolidated financial statement). The limited amount of the endorsement/guarantee and financing provided to the single enterprise cannot exceed the net value of the guaranteed company. The limited amount of the guarantee to the invested company in which over 66.67% of the common stock was held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly owned holding companies incorporated in duty-free area overseas.

   a. The limited amount of endorsement/guarantee provided was as follows:

      NT$61,680,070 × 100% = NT$61,680,070.

   b. The limited amount of endorsement/guarantee provided to the single entity was as follows:

      Borrego Solar Systems, Inc.: US$29,696 × 250% × 78.36% = US$58,174.
      Green Lake Exchange, LLC.: US$14,983 × 250% × 100% = US$37,458.

4. The currency exchange rate as of December 31, 2015 was as follows: US$ to NT$ = 1:32.825.

TABLE 3

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Walsin Lihwa Corporation	Stock							
	HannStar Display	Chairman of the board of directors is an immediate relative of the chairman of the board of directors of Walsin Lihwa Corporation	Available-for-sale financial assets - non-current	237,292,180	$ 923,067	7.34	$ 923,067	
	HannStar Board	-	〃	58,955,639	613,139	12.94	613,139	
	Taiwan High Speed Rail	The holding company is a director of the issuer company	〃	20,000,000	207,600	0.36	207,600	
	Powertec Energy Corp.	The holding company is a director of the issuer company	Financial assets measured at cost - non-current	302,483,333	905,706	17.80	-	
	Kuong Tai Metal Industrial Co., Ltd.	〃	〃	9,631,802	114,355	9.39	-	
	One-Seven Trading Co., Ltd.	-	〃	30,000	300	6.67	-	
	Global Investment Holdings	The holding company is a director of the issuer company	〃	5,562,000	43,680	2.93	-	
	WK Technology Fund	-	〃	2,377,984	27,213	1.91	-	
	Universal Venture Capital Investment	〃	〃	1,400,000	13,280	1.16	-	
	Parawin Venture Capital Corp.	〃	〃	564,556	1,289	0.87	-	

CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of Renminbi)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
XiAn Walsin United Technology Co., Ltd.	Certification of capital verification Shaanxi Optoelectronics Technology Co., Ltd.	Investee accounted for by the cost method	Financial assets measured at cost - non-current	N/A	$ 134,000	19.00	$ -	

TABLE 3-2

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Chin-Cherng Construction Co.	Stock							
	Chinshan Hotspring Development Co., Ltd.	Investee accounted for by the cost method	Financial assets measured at cost - non-current	8	$ -	8.00	$ -	
	Gsharp Corporation	〃	〃	270,000	-	2.73	-	
	Parawin Venture Capital Corp.	〃	〃	6,079	38	0.01	-	

TABLE 3-3

WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Walsin Info-Electric Corp.	Stock W T International Inc.	Investee accounted for by the cost method	Financial assets measured at cost - non-current	228,000	$ 2,280	7.60	$ -	

TABLE 3-4

MARKET PILOT LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of Renminbi)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
XiAn Walsin United Technology Co., Ltd.	Certification of capital verification Shaanxi Optoelectronics Technology Co., Ltd.	Investee accounted for by the cost method	Financial assets measured at cost - non-current	N/A	$ 19,000	19.00	$ -	

TABLE 4

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount
Walsin Lihwa Corporation	Stock													
	Walsin Lihwa Holdings Limited	Investments accounted for using equity method	Capital investment	Subsidiary	101,147,848	$ 10,916,799	420,000,000	$ 13,873,728 (Note)	-	$ -	$ -	$ -	521,147,848	$ 24,790,527
	Concord Industries Limited	〃	〃	〃	434,549,602	11,375,343	75,000,000	567,236 (Note)	40,346,415	879,540	879,540	-	469,203,187	11,063,039
	Ace Result Global Limited	〃	〃	〃	-	-	53,000,001	853,885 (Note)	-	-	-	-	53,000,001	853,885
	P.T Walsin Lippo Industries	〃	〃	〃	-	-	10,500	528,812 (Note)	-	-	-	-	10,500	528,812
	Energy Pilot Limited	〃	Capital reduction	〃	60,670,001	1,790,984	-	100,094 (Note)	40,000,000	1,264,050	1,264,050	-	20,670,001	627,028
	Winbond Electronics Corp.	〃	Sale	Associates	848,091,531	8,836,627	-	430,278 (Note)	36,764,000	392,612	380,585	12,027	811,327,531	8,886,320

Note: The amount included investment income or loss and adjustments on cumulative translation adjustments.

TABLE 4-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of Renminbi)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount
Walsin Lihwa Holdings Limited	Stock P.T Walsin Lippo Industries	Investments accounted for using equity method	Walsin Lihwa Corporation	Parent company	10,500	$ 95,505	-	$ 5,654 (Note 1)	10,500	$ 95,421	$ 101,159	$ (5,738) (Note 2)	-	$ -

Note 1: The amount included investment income or loss and adjustments on cumulative translation adjustments.

Note 2: The sale is for adjusting investment structure so the loss on disposal of $5,738 thousand was accounted for as equity transactions and recorded as capital surplus.

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of Renminbi)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount
Concord Industries Limited	Certification of capital verification Wuxi Xingcheng Walsin Steel Products Co., Ltd.	Investments accounted for using equity method	Jiangyin Xingcheng Special Steel Works Co., Ltd.	-	N/A	$ 200,016	-	$ (36,647) (Note)	N/A	$ 165,601	$ 163,369	$ 2,232	N/A	$ -

Note: The amount included investment income or loss and adjustments on investment premium or discount.

TABLE 4-3

ENERGY PILOT LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of U.S. Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount
Energy Pilot Limited	Certification of capital verification													
	Green Lake Capital, LLC.	Investments accounted for using equity method	Investments accounted for using equity method	Subsidiary	N/A	$ 56,587	N/A	$ 2,515 (Note)	N/A	$ 40,000	$ 40,000	$ -	N/A	$ 19,102

Note: The amount included investment income or loss and adjustments on cumulative translation adjustments.

<u>**TABLE 4-4**</u>

ACE RESULT GLOBAL LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of Renminbi)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount
Ace Result Global Limited	<u>Certification of capital verification</u> Hangzhou Walsin Power Cable & Wire Co., Ltd.	Investments accounted for using equity method	Capital investment	Associates	-	$ -	N/A	$ 168,557 (Note)	-	$ -	$ -	$ -	N/A	$ 168,557

Note: The amount included investment income or loss and adjustments on capital surplus.

TABLE 5

WALSIN LIHWA CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Walsin Lihwa Corporation	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	$ (243,117)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	$ 25,209	1	
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	〃	〃	(136,195)	-	〃	〃	〃	29,944	1	
	Walsin Precision Technology Sdn. Bhd.	〃	〃	(310,068)	-	〃	〃	〃	10,019	-	
	Walsin Lihwa Holdings Limited	Subsidiary	〃	(5,090,389)	(7)	〃	〃	〃	436,959	20	
	Wuxi Xingcheng Walsin Steel Products Co., Ltd.	Associates (non-associates after July 2015)	〃	(236,403)	-	〃	〃	〃	-	-	
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Purchase	159,832	-	〃	〃	〃	(43,951)	(2)	

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars and Renminbi)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Walsin Lihwa Holdings Limited	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	RMB(2,161,864)	(78)	Normal	Normal	Normal	RMB 1,911,625	76	
	Nanjing Walsin Metal Co., Ltd.	78.26% indirectly owned subsidiary	〃	RMB (569,442)	(21)	〃	〃	〃	RMB 576,933	23	
	Yantai Huanghai Iron and Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	〃	RMB (23,717)	(1)	〃	〃	〃	RMB 18,707	1	
Nanjing Walsin Metal Co., Ltd.	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Holdings Limited	〃	RMB (607,270)	(7)	〃	〃	〃	RMB -	-	
	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associates	〃	RMB (489,387)	(6)	〃	〃	〃	RMB 38,611	3	
	Dongguan Walsin Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Holdings Limited	〃	RMB (30,075)	-	〃	〃	〃	RMB -	-	
Walsin Lihwa Holdings Limited	Walsin Lihwa Corporation	Parent company	Purchase	5,090,389	37	〃	〃	〃	(436,959)	(54)	

Note: Amounts are stated in thousands of N.T. dollars, except those stated in thousands of Renminbi.

TABLE 5-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars and Renminbi)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Yantai Huanghai Iron and Steel Co., Ltd.	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB(1,013,990)	(99)	Normal	Normal	Normal	RMB 141,442	96	
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	〃	〃	RMB (178,749)	(17)	〃	〃	〃	RMB 23,567	16	
Changshu Walsin Specialty Steel Co., Ltd.	Walsin Lihwa Corporation	Parent company	Purchase	243,117	11	〃	〃	〃	(25,209)	(6)	
Walsin Precision Technology Sdn. Bhd.	〃	〃	〃	310,068	100	〃	〃	〃	(10,019)	(17)	
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	〃	〃	〃	136,195	2	〃	〃	〃	(29,944)	(4)	

Note: Amounts are stated in thousands of N.T. dollars, except those stated in thousands of Renminbi.

TABLE 6

WALSIN LIHWA CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Subsidiary	Trade receivables $ 436,959	15.17	$ -	-	$ 436,959	$ -

TABLE 6-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of Renminbi and U.S. Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Walsin Lihwa Holdings Limited	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Trade receivables	$ 1,911,625	1.09	$ -	-	$ 213,342	$ -
	Nanjing Walsin Metal Co., Ltd.	78.26% indirectly owned subsidiary	Trade receivables	576,933	0.99	-	-	67,219	-
	Walsin (China) Investment Co., Ltd.	100% owned subsidiary	Other receivables	419,568	-	-	-	-	-
	Jiangyin Walsin Steel Cable Co., Ltd.	75% indirectly owned subsidiary	Other receivables	US$ 10,216	-	-	-	-	-
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	95.71% indirectly owned subsidiary	Other receivables	US$ 9,198	-	-	-	-	-
	XiAn Walsin United Technology Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables	US$ 27,229	-	-	-	-	-
Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Parent company	Other receivables	US$ 4,900	-	-	-	-	-
Nanjing Walsin Metal Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associates	Trade receivables	38,611	18.90	-	-	38,611	-

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

TABLE 6-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of Renminbi and U.S. Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yantai Walsin Stainless Steel Co., Ltd.	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Trade receivables $ 141,442	7.83	$ -	-	$ 91,237	$ -
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	〃	Trade receivables 23,567	6.25	-	-	16,659	-
Concord Industries Limited	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	81.63% owned subsidiary	Other receivables US$ 55,777	-	-	-	-	-
	Yantai Walsin Stainless Steel Co., Ltd.	100% owned subsidiary	Other receivables US$ 76,212	-	-	-	-	-
Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	〃	Other receivables US$ 48,175	-	-	-	-	-
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	〃	Other receivables US$ 25,005	-	-	-	-	-

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

TABLE 6-3

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of Renminbi)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Joint Success Enterprises	Walsin (Nanjing) Construction Limited	Subsidiary	Other receivables $ 179,558	-	$ -	-	$ -	$ -

TABLE 7

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2015

1. Information of investees that Walsin Lihwa Corporation has control ability or significant influence was as follows (in thousands of New Taiwan dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	Investments	$ 16,201,161	$ 3,113,746	521,147,848	100.00	$ 24,790,527	$ 340,416	$ 340,204	
	Concord Industries Limited	Trident Chambers Wickhams Cay P.O. Box 146, Road Town, Tortola, British Virgin Islands	Investments	17,529,838	16,069,316	470,750,532	100.00	11,063,039	(1,448,036)	(1,448,036)	
	Touch Micro-System Technology Corp.	566 Gaoshin Road, Yangmei Township, Taoyuan 326 Taiwan, R.O.C.	OEM on MEMS foundry service	750,000	750,000	2,100,000	100.00	9,386	68	68	
	Ace Result Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	1,676,504	-	53,000,001	100.00	853,885	(42,544)	(42,544)	
	Energy Pilot Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	562,829	1,826,879	20,670,001	100.00	627,028	79,834	79,834	
	Market Pilot Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	2,926,037	2,926,037	100,000,000	100.00	(709,362)	(353,885)	(353,885)	
	Chin-Cherng Management Service Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Business administration consultation, analysis and building management	-	7,206	-	-	-	(13)	(13)	
	Min Maw Precision Industry Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Solar power systems management, design, and installation	180,368	180,368	24,150,000	100.00	299,987	47,738	47,738	
	Chin-Cherng Construction Co.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Construction business	611,675	609,875	220,570,348	99.22	3,717,443	3,183	3,157	
	Walsin Info - Electric Corp.	2nd Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Mechanical and electrical, communications, and power systems	208,778	208,778	23,728,623	98.87	285,709	4,584	4,532	
	P.T Walsin Lippo Industries	JI. MH. Thamrin Block A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Dekasi 17550, Indonesia	Steel wires	494,156	-	10,500	70.00	528,812	47,094	14,694	
	P.T Walsin Lippo Kabel	Kawasan Newton J 7-5 Rt. 001 Rw. 04, Serang, Cikarang Selatan, Bekasi	Production and sale of cables and wires	11,656	-	1,050,000	70.00	255	(16,653)	(11,657)	
	Joint Success Enterprises Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	Investments	1,224,479	1,224,479	38,020,000	49.05	2,662,689	(15,956)	11,107	
	Chin-Xin Investment Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Investments	2,237,969	2,237,969	179,468,270	37.00	1,597,963	58,063	21,483	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
	Concord VII Venture Capital Co., Ltd.	11th Floor, 132 Min-Sheng East Road Sec. 3, Taipei 104, Taiwan, R.O.C.	Venture capital	$ 212,480	$ 212,480	21,248,000	43.24	$ 64,719	$ 936	$ 405	
	Walsin Color Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Management of investments and conglomerate	416,849	416,849	47,114,093	33.97	362,717	117,338	39,860	
	Concord II Venture Capital Co., Ltd.	11th Floor, 132 Min-Sheng East Road Sec. 3, Taipei 104, Taiwan, R.O.C.	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	210,808	(129,223)	(34,505)	
	Winbond Electronics Corp.	No. 8, Keya 1st Rd., Daya Township, Taichung County 428, Taiwan R.O.C.	Research, development, production and sale of semiconductors and related components	5,834,460	6,098,839	811,327,531	22.66	8,886,320	3,291,251	732,303	
	Walton Advanced Engineering, Inc.	No. 18, Yugang N. 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan, R.O.C.	Production, sale, and test of semiconductors	1,185,854	1,185,854	109,628,376	22.70	1,753,482	143,530	32,912	
	Walsin Technology Corp.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Production and sale of ceramics capacitors	1,784,827	2,010,034	102,481,049	18.30	2,532,931	1,205,666	221,774	

(Continued)

2. Information of investees that Walsin Lihwa Holdings Limited and subsidiaries have control ability or significant influence was as follows (in thousands of U.S./Renminbi/Hong Kong dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Rm. 2804, 28th Floor, Shanghai Mart Tower, No. 2299, Yanan Road (West), Shanghai, China	Investments	US$ 78,600	US$ 78,600	N/A	100.00	$ 914,403	$ 26,557	$ 26,117	
	Walsin International Investments Limited	Unit 9-15, 22/F, Millennium City, 378 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	Investments	HK$ 0.002	HK$ 0.002	2	100.00	(17,433)	(2,338)	(2,338)	
	P.T Walsin Lippo Industries	JI. MH. Thamrin Block A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Dekasi 17550, Indonesia	Steel wires	-	US$ 1,080	-	-	-	9,349	3,591	
	Renowned International Limited	Akara Building, 24 De Castro Street Wickhams Cay I, Road Town, Tortola, BVI.	Investments	US$ 16,937	US$ 16,937	16,937,020	83.97	759,574	47,658	40,118	
	Walcom Chemicals Industrial Limited	Suite 1111, Tower II, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	Commerce	US$ 0.030	US$ 0.030	325,000	65.00	-	HK$ (6)	-	
	Borrego Solar Systems, Inc.	6210 Lake Shore Drive, San Diego, CA92119, USA	Specializes in commercial, residential, and public sector turnkey, grid-connected solar electric systems	US$ 15,000	US$ 15,000	1,460,458	78.36	186,292	40,176	32,154	
	Nanjing Walsin Expo Exhibition Ltd.	No. 199 Yanshan Road, Nanjing	Exhibition and conference organizing service	US$ 265	US$ 265	N/A	60.00	268	(101)	(60)	
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Room 205, 2/F, No. 156, Mengdu Avenue, Jianye Zone, Nanjing	Business and asset management, consulting and advertising services	US$ 1,000	US$ 1,000	N/A	100.00	(165,534)	(1,810)	(1,810)	
	Jiang Taiwan Trade Mart Development Co., Ltd.	No. 901, Yingtian Avenue, Jianye Zone, Nanjing	Nanjing Taiwan Trade Mart Management Co., Ltd. development and construction, and management	2,000	2,000	N/A	20.00	2,020	76	15	
Renowned International Limited	Nanjing Walsin Metal Co., Ltd.	No. 59 HengJing Road Nanjing Economical & Technical Development Zone, Jiangsu Province, China	Copper alloy	US$ 72,001	US$ 72,001	N/A	92.29	903,922	55,014	50,773	
Walsin (China) Investment Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	No. 9, 12 Road, Xiasha Economic & Technology Development Zone, Hangzhou, Zhejiang	Production and sale of cables and wires	US$ 25,405	US$ 25,405	N/A	15.83	105,736	(84,144)	(32,115)	Included investment premium amounted to RMB24,138 thousand
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	No. 1128 Liuxiang Road, Nanxiang Town, Jiading, Shanghai	Production and sale of cables and wires	US$ 14,956	US$ 14,956	N/A	95.71	212,434	8,512	8,147	
	Jiangyin Walsin Steel Cable Co., Ltd.	No. 679 Binjiang Road (West), Binjiang Economic & Technology Development Zone, Jiangyin, Jiangsu	Manufacture and sale of steel cables and wires	US$ 15,000	US$ 15,000	N/A	75.00	172,612	12,773	9,580	
	Dongguan Walsin Wire & Cable Co., Ltd.	Xiniupo Industrial Zone District, Dalang Town, Dongguan, Guangdong	Production and sale of bare copper cables and wires	US$ 26,000	US$ 26,000	N/A	100.00	462,374	61,280	61,280	
	Nanjing Walsin Metal Co., Ltd.	No. 59 HengJing Road Nanjing Economical & Technical Development Zone, Jiangsu Province, China	Copper alloy	US$ 300	US$ 300	N/A	0.76	7,444	55,014	418	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	No. 677, Binjiang West Road, Jiangyin City, Jiangsu	Cold-rolled stainless steel and flat rolled products	US$ 9,000	US$ 9,000	N/A	18.37	16,979	(120,266)	(22,093)	

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars and H.K. dollars

(Continued)

3. Information of investees that Concord Industries Limited and subsidiaries have control ability or significant influence was as follows (in thousands of U.S. dollars/Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Concord Industries Limited	Walsin Specialty Steel Corp	Offshore Incorporations Centre, Road Town, Tortola, BVI	Commerce and Investments	US$ 198,600 (Note 2)	US$ 198,600 (Note 2)	198,600,000	100.00	$ 799,205	$ (204,267)	$ (196,731)	Investment loss included amortization of the difference between acquisition cost and equity in net assets on the acquisition date which amounted to RMB7,536 thousand
	Walsin Precision Technology Sdn. Bhd.	2115-1, Kawasan Perindustrian air Keroh, Fasaiv, Air Keroh, 75450 Melaka, Malaysia	Production and sale of stainless steel plates	US$ 8,470	US$ 8,470	32,178,385	100.00	80,476	1,197	1,197	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	No. 677, Binjiang West Road, Jiangyin City, Jiangsu	Cold-rolled stainless steel and flat-rolled products	US$ 40,000	US$ 40,000	N/A	81.63	75,447	(120,266)	(93,257)	Investment loss included amortization of the difference between acquisition cost and equity in net assets on the acquisition date which amounted to RMB4,916 thousand
	XiAn Walsin Metal Product Co., Ltd.	2/F, Building B, No. 15, Shanglinyuan First Road, New Industrial Park, Hi-and-New Tech Park of Xian, Shaanxi	Production and sale of medium and heavy specialized stainless steel plates	US$ 10,000	US$ 10,000	N/A	100.00	(208,442)	(8,751)	(8,751)	
	Yantai Walsin Stainless Steel Co., Ltd.	No. 2 Wuzhishan Road. ETDZ Yantai City, Shantung Province, P.R.C.	Production and sale of electronic components and new alloy materials	US$ 32,927	US$ 32,927	N/A	25.00	(5,338)	(121,445)	(30,361)	
	Changzhou China Steel Precision Materials Co., Ltd.	No. 281, Changhong Road (West), Wujin Economic & Technology Development Zone, Changzhou City, Jiangsu Province	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	US$ 13,080	US$ 13,080	N/A	30.00	74,767	(9,989)	(2,997)	
	Walsin Lihwa (Changzhou) Investment Co., Ltd.	6/F, No. 2, Tenglong Road, Wujin Economic Development Area, Jiangsu	Commerce and investments	US$ 49,000	US$ 49,000	N/A	100.00	314,853	11,024	11,024	
	Wuxi Xingcheng Walsin Steel Products Co., Ltd.	No. 2, Renmin West Road, Yangshi Community, Luoshe Town, Huishan, Wuxi	Manufacture and sale of stainless steel	-	250,821	N/A	-	-	-	(41,655)	
	Xian Walsin Opto-electronic Limited	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of Xi'an, Shaanxi	LED, micro projector, and solar cell assembly	US$ 150	US$ 150	N/A	100.00	(28,875)	(1,061)	(1,061)	
	XiAn LvJing Technology Co., Ltd.	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of Xian, Shaanxi	Solar module assembly	US$ 45,200	US$ 45,200	N/A	100.00	156,571	(1,900)	(1,900)	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	No. 2 Wuzhishan Road. ETDZ Yantai City, Shantung Province, P.R.C.	Production and sale of electronic components and new alloy materials	168,086	168,086	N/A	75.00	(16,014)	(121,445)	(91,084)	
Walsin Specialty Steel Corp	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	No. 2402, Waiqingsong Road, Baihe Town, Qing Pu Zone, Shanghai	Manufacture and sale of stainless steel	US$ 39,000	US$ 39,000	N/A	100.00	(263,839)	(111,150)	(111,150)	
	Changshu Walsin Specialty Steel Co., Ltd.	No. 56 Renmin Road, Haiyu Town, Changshu City, Jiangsu Province	Manufacture and sale of specialized steel tubes	US$ 97,000	US$ 97,000	N/A	100.00	402,009	(138,191)	(138,191)	

Note 1: Amounts are stated in thousands of Renminbi and thousands of U.S. dollars as indicated.

Note 2: The amount included stock dividends of US$4,500 thousand.

(Continued)

4. Information of investees that Chin-Cherng Construction Co. and subsidiaries have control ability or significant influence was as follows (in thousands of New Taiwan dollars/Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Chin-Cherng Construction Co.	Joint Success Enterprises Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	$ 1,265,603	$ 1,265,603	39,500,000	50.95	$ 2,684,758	$ (15,956)	$ (8,129)	
	Dinghsin Development Co., Ltd.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Investment of real estate and related business	8,540	8,540	2,119,200	35.32	45,208	2,774	974	
	Concord II Venture Capital Co., Ltd.	11th Floor, 132 Min-Sheng East Road Sec. 3, Taipei 104, Taiwan, R.O.C.	Venture capital and consulting affairs	1,603	1,603	172,342	0.17	1,362	(129,223)	(215)	
	Chin-Xin Investment Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Investments	54,154	54,154	3,264,092	0.67	30,662	58,063	389	
Joint Success Enterprises Limited	Walsin (Nanjing) Construction Limited	No. 236 Jiangdong Road, Jianye District, Nanjing, Jiangsu Province	Construction, rental and sale of buildings and industrial factories	RMB 375,542	RMB 375,542	N/A	100.00	RMB 864,534	RMB (13,147)	RMB (13,147)	
Walsin (Nanjing) Construction Limited	Nanjing Walsin Property Management Co., Ltd.	No. 230, Hexi Avenue, Jianye Zone, Nanjing, Jiangsu	Property management, business management and housing leasing	RMB 1,000	RMB 1,000	N/A	100.00	RMB (5,973)	RMB 949	RMB 949	

Note: Amounts are stated in thousands of N.T. dollars and thousands of Renminbi as indicated.

(Continued)

5. Information of investees that Walsin Info-Electric Corp. and subsidiaries have control ability or significant influence was as follows (in thousands of New Taiwan dollars/Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Walsin Info-Electric Corp.	Huatong International Corp.	Offshore Chambers, P.O. Box 217, Apia Samoa	Investments	$ -	$ 38,361	-	-	$ -	$ (857)	$ (857)	
Huatong International Corp.	Shanghai Walsin Info-electric Inc.	Room 2809, No. 2299, Yan'an West Road, Changning District, Shanghai	Design of electrical and mechanical systems, management advisory services, and wholesale of electrical and mechanical devices and their components.	RMB -	RMB 8,219	N/A	-	RMB -	RMB 3	RMB 3	

Note: Amounts are stated in thousands of N.T. dollars and thousands of Renminbi as indicated.

(Continued)

6. Information of investees that Energy Pilot Limited and subsidiaries have control ability or significant influence was as follows (in thousands of U.S. dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Energy Pilot Limited	Green Lake Capital, LLC.	1209 Orange Street, Wilmington, Delaware 19801	Solar power business	$ 20,670	$ 60,670	N/A	100.00	$ 19,102	$ 2,515	$ 2,515	
Green Lake Capital, LLC.	Green Lake Exchange, LLC.	160 Greentree Drive, Suite 101, Dover, Delaware 19904, USA	Solar power related business	11,355	5,155	N/A	100.00	11,802	3,223	3,223	

(Continued)

7. Information of investees that Market Pilot Limited has control ability or significant influence was as follows (in thousands of Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Market Pilot Limited	XiAn Walsin United Technology Co., Ltd.	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of Xian, Shaanxi	Electronic devices and module	$ 642,719	$ 642,719	N/A	100.00	$ (146,890)	$ (69,924)	$ (69,924)	

(Continued)

8. Information of investees that Ace Result Global Limited has control ability or significant influence was as follows (in thousands of Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Ace Result Global Limited	Hangzhou Walsin Power Cable & Wire Co., Ltd.	No. 9, 12 Road, Xiasha Economic & Technology Development Zone, Hangzhou, Zhejiang	Production and sale of cables and wires	$ 325,929	$ -	N/A	32.70	$ 168,557	$ (84,144)	$ (8,721)	

(Concluded)

TABLE 8

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars/U.S. Dollars or Renminbi)

A. Walsin Lihwa Corporation

1. The names of investee companies in Mainland China, main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying value, accumulated inward remittance of earnings and upper limit on investment in Mainland China were as follows:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 17)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	$ 656,500 (US$ 20,000)	b	$ 492,375 (US$ 15,000) (Note 2)	$ - -	$ - -	$ 492,375 (US$ 15,000) (Note 2)	$ 64,998	75.00	$ 48,750	$ 872,562	-
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	512,956 (US$ 15,627)	b	490,931 (US$ 14,956) (Note 3)	- -	- -	490,931 (US$ 14,956) (Note 3)	43,315	95.71	41,458	1,073,864	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	5,320,276 (US$ 162,080)	b	1,510,278 (US$ 46,010) (Note 4)	1,739,725 (US$ 53,000)	- -	3,250,003 (US$ 99,010) (Note 4)	(428,184)	48.53	(207,797)	1,386,565	-
Walsin (China) Investment Co., Ltd.	Investments	2,580,045 (US$ 78,600)	b	2,580,045 (US$ 78,600) (Note 5)	- -	- -	2,580,045 (US$ 78,600) (Note 5)	135,141	100.00	132,902	4,622,352	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	3,184,025 (US$ 97,000)	b	3,184,025 (US$ 97,000) (Note 6)	- -	- -	3,184,025 (US$ 97,000) (Note 6)	(703,214)	100.00	(703,214)	2,032,176	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	1,280,175 (US$ 39,000)	b	1,280,175 (US$ 39,000) (Note 7)	- -	- -	1,280,175 (US$ 39,000) (Note 7)	(565,610)	100.00	(565,610)	(1,333,720)	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	853,450 (US$ 26,000)	b	853,450 (US$ 26,000) (Note 8)	- -	- -	853,450 (US$ 26,000) (Note 8)	311,836	100.00	311,836	2,337,324	-
Nanjing Walsin Metal Co., Ltd.	New copper metal material	2,665,390 (US$ 81,200) (Note 9)	b	1,994,381 (US$ 60,758) (Note 10)	- -	- -	1,994,381 (US$ 60,758) (Note 10)	279,950	78.26	219,079	3,874,529	-
Jiangyin Walsin Precision Metal Technology Co., Ltd.	Precision alloy wire	1,608,425 (US$ 49,000)	b	1,608,425 (US$ 49,000) (Note 11)	- -	- -	1,608,425 (US$ 49,000) (Note 11)	(611,997)	100.00	(611,997)	467,214	-
XiAn Walsin Metal Product Co., Ltd.	Manufacture and sale of specialized stainless steel plates	328,250 (US$ 10,000)	b	328,250 (US$ 10,000)	- -	- -	328,250 (US$ 10,000)	(44,531)	100.00	(44,531)	(1,053,687)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	5,090,009 (US$ 155,065) (Note 12)	b	1,080,829 (US$ 32,927)	- -	- -	1,080,829 (US$ 32,927)	(618,000)	100.00	(618,000)	(107,937)	-

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 17)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Walsin Lihwa (Changzhou) Investment Co., Ltd.	Commerce and investments	$ 1,608,425 (US$ 49,000)	b	$ 1,608,425 (US$ 49,000)	$ - -	$ - -	$ 1,608,425 (US$ 49,000)	$ 56,098	100.00	$ 56,098	$ 1,591,598	$ -
Wuxi Xingcheng Walsin Steel Products Co., Ltd.	Manufacture and sale of stainless steel	1,463,995 (US$ 44,600)	b	1,342,444 (US$ 40,897)	- -	1,342,444 (US$ 40,897)	- (US$ -)	-	-	(211,970)	-	885,723
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	1,431,170 (US$ 43,600)	b	429,351 (US$ 13,080)	- -	- -	429,351 (US$ 13,080)	50,830	30.00	(15,249)	377,951	1,001,819
XiAn Walsin United Technology Co., Ltd.	Electronic devices and module	3,279,218 (US$ 99,900)	b	3,281,121 (US$ 99,958)	- -	- -	3,281,121 (US$ 99,958)	(355,823)	100.00	(355,823)	(742,536)	-
Nanjing Walsin Expo Exhibition Ltd.	Exhibition and conference organizing service	14,410 (US$ 439)	b	8,699 (US$ 265)	- -	- -	8,699 (US$ 265)	(514)	60.00	(305)	1,355	-
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	32,825 (US$ 1,000)	b	32,825 (US$ 1,000)	- -	- -	32,825 (US$ 1,000)	(9,211)	100.00	(9,211)	(836,783)	-
XiAn Lv Jing Technology Co., Ltd.	Solar Module Assembly	1,483,690 (US$ 45,200)	c	656,500 (US$ 20,000)	- -	- -	656,500 (US$ 20,000)	(9,671)	100.00	(9,671)	791,473	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon Production	6,066,060 (RMB 1,200,000)	b	- (US$ -)	- -	- -	- (US$ -)	(92,991)	19.00	-	677,377 (Note 13)	-
Xian Walsin Opto-electronic Limited	LED, micro projector, and solar cell assembly	4,924 (US$ 150)	b	4,924 (US$ 150)	- -	- -	4,924 (US$ 150)	(5,401)	100.00	(5,401)	(145,967)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	50,551 (RMB 10,000)	b	9,979 (US$ 304)	- -	- -	9,979 (US$ 304)	387	20.00	76	10,211	-
Shaanxi Optoelectronics Technology Co., Ltd.	Communication equipment and electronic components	505,505 (RMB 100,000)	b	- (RMB -)	- -	- -	- (RMB -)	(4,804)	19.00	-	96,046	-
Walsin (Nanjing) Construction Limited	Construction, rental and sale of buildings and industrial factories	1,898,384 (RMB 375,542)	b	1,898,384 (RMB 375,542) (Note 14)	- -	- -	1,898,384 (RMB 375,542) (Note 14)	(66,899)	99.60	(66,632)	4,352,893	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	5,055 (RMB 1,000)	b	- (RMB -)	- -	- -	- (RMB -)	4,830	99.60	4,814	(30,078)	-

(Continued)

2. The upper limit on investment of the Company in Mainland China was as follows:

Accumulated Investment in Mainland China as of December 31, 2015 (NT$ and US$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (NT$ and US$ in Thousands)	Upper Limit on Investment (NT$ in Thousands)
$ 23,256,775 (US$ 708,508)	$ 24,562,685 (US$ 748,292)	N/A (Note 18)

Note:

1. Investments can be classified into three types as follows:

   a. Direct investment in Mainland China.
   b. Reinvestment in Mainland China through third country companies
   c. Others.

2. Including US$4,500 thousand investment through Walsin (China) Investment Co., Ltd.

3. Including US$4,929 thousand investment through Walsin (China) Investment Co., Ltd.

4. Including US$2,800 thousand investment through Walsin (China) Investment Co., Ltd., and US$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.

5. Capital investment of US$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.

6. Including US$8,000 thousand investment through Walsin Specialty Steel Corp. and US$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.

7. Including US$4,800 thousand investment through Walsin (China) Investment.

8. Investment through Walsin (China) Investment.

9 Including US$3,500 thousand revaluation increment of assets.

10: By the dividends of US$43,521 thousand appropriated from Nanjing Walsin Photoelectric Co., Ltd. to Renowned International Limited and the dividends of US$300 thousand appropriated from Jiangyin Walsin Steel Cable Co., Ltd. to Walsin (China) Investment Co., Ltd.

11. By own capital of Walsin (China) Investment Co., Ltd. US$9,000 thousand.

12. Including by own capital of RMB578,796 of Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand investments made through Changzhou Wujin NSL. Co., Ltd. Including US$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. were merged.

13. The amount included Walsin Lihwa Holdings purchase of Lead Hero Limited equity at purchase cost of US$1 and indirectly through Shaanxi Tianhong Silicon Industrial Corporation with carrying value RMB168,000 thousand, and by own capital of RMB60,000 thousand of XiAn Lv Jing Technology Co., Ltd. And the amount was adjusted by own capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and by the fair value.

14 The amount included investment through Joint Success Enterprise Limited approved in the previous years.

15. Amounts are stated in thousands of N.T. dollars and Renminbi and U.S. dollars as indicated.

16. The currency exchange rates as of December 31, 2015 were as follows: US$ to NT$ = 1:32.825, RMB to NT$ = 1:5.05505. The average exchange rates of December 31, 2015 were as follows: US$ to NT$ = 1:31.739, RMB to NT$ = 1:5.08871.

17. Amount was recognized based on the audited financial statements.

18. Upper limit on investment:

    The Company had been approved as operation headquarters by Industrial Development Bureau, Ministry of Economic Affairs, thus exempted from the related regulations of “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China”.

(Continued)

3. Significant direct or indirect transactions between the Company and investees in Mainland China

(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship	Transaction Type	Amount	% to Total	Transaction terms			Notes/Accounts Payable or Receivable		Unrealized Loss
					Unit Price	Payment Terms	Compare to General Transactions	Ending Balance	% to Total	
Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	$ (243,117)	-	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	$ 25,209	1	$ (2,812)
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	〃	〃	(136,195)	-				29,994	1	(2,048)
Walsin Precision Technology Sdn. Bhd.	〃	〃	(310,068)	-	〃	〃	〃	10,019	-	-
Wuxi Xingcheng Walsin Steel Products Co., Ltd.	Associates (non-associates after July 2015)	〃	(236,403)	-	〃	〃	〃	-	-	-

(Continued)

B. Chin-Cherng Construction Co.

1. The names of investee companies in Mainland China, main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying value, accumulated inward remittance of earnings and upper limit on investment in Mainland China were as follows:

(In Thousands of Renminbi)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Walsin (Nanjing) Construction Limited	Construction, rental and sale of buildings and industrial factories	$ 375,542	Note 1	$ 375,542	$ -	$ -	$ 375,542	$ (13,147)	50.95	$ (6,698)	$ 440,480	$ -
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	1,000	Note 2	-	-	-	-	949	50.95	484	(3,043)	-

2. The upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2015 (RMB in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (RMB in Thousands)	Upper Limit on Investment (NT$ in Thousands)
RMB375,542	RMB375,542	NT$2,248,000 (Note 3)

Note 1: Investing in companies in China through the companies already established and existing in the areas other than Taiwan and China.

Note 2: Amount was recognized based on the audited financial statements.

Note 3: The upper limit on investment in Mainland China was as follows:

NT$3,746,667 thousand × 60% = NT$2,248,000 thousand.

(Continued)

C. Walsin Info-Electric Corp.

1. The name of investee company in Mainland China, main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying value, accumulated inward remittance of earnings and upper limit on investment in Mainland China were as follows:

(In Thousands of U.S. Dollars/Renminbi)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Shanghai Walsin Info-electric Inc.	Design of electrical and mechanical engineering, management advisory services and wholesale of electrical and mechanical facilities and its components	$ 8,200	Note 1	$ 8,200	$ -	$ 8,200	$ -	$ 3	100.00	$ 3	$ -	US$ 2,089

2. The upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2015 (RMB in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (RMB in Thousands)	Upper Limit on Investment (NT$ in Thousands)
RMB -	RMB -	NT$173,385 (Note 3)

The investment schemes were as follows:

Note 1: Investing in companies in China through the companies already embellished and existing in the areas other than Taiwan and China.

Note 2: Amount was recognized based on the audited financial statements.

Note 3: The upper limit on investment in Mainland China was as follows:

NT$288,975 thousand × 60% = NT$173,385 thousand

(Concluded)

TABLE 9

WALSIN LIHWA CORPORATION AND INVESTEES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars or U.S. Dollars or Renminbi)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
	2015						
0	Walsin Lihwa Corporation	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	$ 25,209	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin Precision Technology Sdn. Bhd.	Transactions between parent company and subsidiaries	Trade receivables	10,019	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	29,944	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin Lihwa Holding Limited	Transactions between parent company and subsidiaries	Trade receivables	436,959	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	243,117	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin Precision Technology Sdn. Bhd.	Transactions between parent company and subsidiaries	Sales	310,068	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	136,195	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin Lihwa Holdings Limited	Transactions between parent company and subsidiaries	Sales	5,090,389	The terms are set by quotations on the local market, and are similar to those of general customers.	3
1	Walsin Lihwa Holdings Limited	Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 576,933	The terms are set by quotations on the local market, and are similar to those of general customers.	3
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 1,911,625	The terms are set by quotations on the local market, and are similar to those of general customers.	9
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 18,707	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 419,568	Based on capital demand	2
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 10,216	Based on capital demand	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 9,198	Based on capital demand	-
		XiAn Walsin United Technology Co., Ltd.	Transactions between subsidiaries	Other receivables	US$ 27,229	Based on capital demand	1
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 2,161,864	The terms are set by quotations on the local market, and are similar to those of general customers.	7

(Continued)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
		Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 569,422	The terms are set by quotations on the local market, and are similar to those of general customers.	2
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 23,717	The terms are set by quotations on the local market, and are similar to those of general customers.	-
2	Nanjing Walsin Metal Co., Ltd.	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 607,270	The terms are set by quotations on the local market, and are similar to those of general customers.	2
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 30,075	The terms are set by quotations on the local market, and are similar to those of general customers.	-
3	Concord Industries Limited	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 55,777	Based on capital demand	2
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 76,212	Based on capital demand	2
4	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 48,175	Based on capital demand	2
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 25,005	Based on capital demand	1
5	Joint Success Enterprise Limited	Walsin (Nanjing) Construction Limited	Transactions between parent company and subsidiaries	Other receivables	RMB 179,558	Based on capital demand	1
6	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US$ 4,900	Based on capital demand	-
7	Yantai Walsin Stainless Steel Co., Ltd.	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 1,013,990	The terms are set by quotations on the local market, and are similar to those of general customers.	3
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 141,442	The terms are set by quotations on the local market, and are similar to those of general customers.	1
8	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 178,749	The terms are set by quotations on the local market, and are similar to those of general customers.	1
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 23,567	The terms are set by quotations on the local market, and are similar to those of general customers.	-

(Continued)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
	2014						
0	Walsin Lihwa Corporation	Walsin Precision Technology Sdn. Bhd.	Transactions between parent company and subsidiaries	Trade receivables	$ 2,216	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	151,881	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	10,652	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin Lihwa Holding Limited	Transactions between parent company and subsidiaries	Trade receivables	234,301	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	137,125	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin Precision Technology Sdn. Bhd.	Transactions between parent company and subsidiaries	Sales	529,722	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	412,482	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	118,277	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Walsin Lihwa Holdings Limited	Transactions between parent company and subsidiaries	Sales	3,766,142	The terms are set by quotations on the local market, and are similar to those of general customers.	2
1	Walsin Lihwa Holdings Limited	Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 578,395	The terms are set by quotations on the local market, and are similar to those of general customers.	3
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	RMB 2,047,036	The terms are set by quotations on the local market, and are similar to those of general customers.	10
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 185,742	The terms are set by quotations on the local market, and are similar to those of general customers.	1
		Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 408,586	Based on capital demand	2
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 10,217	Based on capital demand	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 9,195	Based on capital demand	-
		XiAn Walsin United Technology Co., Ltd.	Transactions between subsidiaries	Other receivables	US$ 27,218	Based on capital demand	1
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 2,265,949	The terms are set by quotations on the local market, and are similar to those of general customers.	7

(Continued)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
		Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 572,457	The terms are set by quotations on the local market, and are similar to those of general customers.	2
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 185,742	The terms are set by quotations on the local market, and are similar to those of general customers.	1
2	Nanjing Walsin Metal Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Transactions between subsidiaries	Sales	RMB 165,308	The terms are set by quotations on the local market, and are similar to those of general customers.	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 660,321	The terms are set by quotations on the local market, and are similar to those of general customers.	2
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 1,141	The terms are set by quotations on the local market, and are similar to those of general customers.	-
3	Concord Industries Limited	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 5,818	Based on capital demand	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	RMB 26,996	The terms are set by quotations on the local market, and are similar to those of general customers.	-
4	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 48,151	Based on capital demand	1
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US$ 25,043	Based on capital demand	1
5	Joint Success Enterprise Limited	Walsin (Nanjing) Construction Limited	Transactions between parent company and subsidiaries	Other receivables	RMB 165,614	Based on capital demand	1
6	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US$ 4,900	Based on capital demand	-
7	Yantai Walsin Stainless Steel Co., Ltd.	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 1,146,529	The terms are set by quotations on the local market, and are similar to those of general customers.	3
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 117,645	The terms are set by quotations on the local market, and are similar to those of general customers.	1
8	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 279,080	The terms are set by quotations on the local market, and are similar to those of general customers.	1
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 33,695	The terms are set by quotations on the local market, and are similar to those of general customers.	-
		Concord Industries Limited	Transactions between subsidiaries and parent company	Sales	RMB 26,984	The terms are set by quotations on the local market, and are similar to those of general customers.	-

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Walsin Lihwa Corporation

We have audited the accompanying balance sheets of Walsin Lihwa Corporation (the "Company") as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of certain equity-method investees included in the financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014 were audited by other independent auditors. Our opinion, insofar as it relates to such investments, is based solely on the reports of other auditors. The investments in such investees amounted to NT$2,354,263 thousand and NT$3,589,703 thousand which constituted 2.48% and 4.32% of the total assets as of December 31, 2015 and 2014, and the investment gain amounted to NT$291,096 thousand and NT$175,234 thousand for the years ended December 31, 2015 and 2014.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and their financial performance and their cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Deloitte & Touche

February 26, 2016

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

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

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

WALSIN LIHWA CORPORATION

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,094,947	2	$ 387,234	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	142,105	-	105,575	-
Notes receivable (Notes 4 and 9)	11,214	-	23,262	-
Trade receivables (Notes 4 and 9)	1,648,504	2	1,734,705	2
Trade receivables from related parties (Notes 4, 9 and 26)	503,259	-	425,601	1
Other receivables	559,430	1	379,392	-
Inventories (Notes 4 and 10)	5,494,344	6	6,515,894	8
Other current assets	216,280	-	417,917	1
Total current assets	10,670,083	11	9,989,580	12
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	1,743,806	2	3,038,429	4
Financial assets measured at cost - non-current (Notes 4 and 11)	1,105,823	1	1,119,436	1
Investment accounted for using equity method (Notes 4 and 12)	60,247,699	64	47,293,875	57
Property, plant and equipment (Notes 4 and 13)	11,625,911	12	11,427,661	14
Investments properties (Notes 4 and 14)	8,857,932	9	9,001,143	11
Deferred tax assets - non-current (Notes 4 and 21)	635,920	1	995,920	1
Refundable deposits	64,877	-	26,524	-
Other non-current assets	167,963	-	179,240	-
Total non-current assets	84,449,931	89	73,082,228	88
TOTAL	$ 95,120,014	100	$ 83,071,808	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 2,499,990	3	$ 3,095,477	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	1,462	-
Derivative financial liabilities hedging - current (Notes 4 and 16)	11,628	-	742	-
Trade payables	2,740,035	3	2,647,773	3
Current tax liabilities (Notes 4 and 21)	195,000	-	-	-
Other payables	1,329,360	1	1,340,966	2
Current portion of long-term borrowings (Note 15)	2,550,000	3	1,020,000	1
Other current liabilities	83,865	-	235,658	-
Total current liabilities	9,409,878	10	8,342,078	10
NON-CURRENT LIABILITIES				
Derivative financial liabilities hedging - non-current (Notes 4 and 16)	-	-	683	-
Long-term borrowings (Note 15)	21,630,000	23	9,280,000	11
Deferred tax liabilities - non-current (Notes 4 and 21)	131,132	-	131,132	-
Net defined benefit liabilities (Notes 4 and 17)	1,386,742	1	1,274,680	2
Other non-current liabilities (Note 12)	882,192	1	543,920	1
Total non-current liabilities	24,030,066	25	11,230,415	14
Total liabilities	33,439,944	35	19,572,493	24
EQUITY (Note 18)				
Share capital	35,760,002	38	35,760,002	43
Capital surplus	15,766,866	17	15,647,004	19
Retained earnings				
Legal reserve	2,664,570	3	2,438,101	3
Special reserve	2,712,250	3	2,712,250	3
Unappropriated earnings	6,006,305	6	4,782,167	6
Total retained earnings	11,383,125	12	9,932,518	12
Other equity				
Exchange difference on translating foreign operations	1,428,373	1	2,035,498	2
Unrealized (loss) gain on available-for-sale financial assets	(1,960,168)	(2)	419,051	1
Cash flow hedges	(89,318)	-	(1,865)	-
Total other equity	(621,113)	(1)	2,452,684	3
Treasury shares (Notes 4 and 18)	(608,810)	(1)	(292,893)	(1)
Total equity	61,680,070	65	63,499,315	76
TOTAL	$ 95,120,014	100	$ 83,071,808	100

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

(With Deloitte & Touche auditors' report dated February 26, 2016)

WALSIN LIHWA CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 19)	$ 71,574,888	100	$ 70,179,109	100
OPERATING COSTS (Note 10)	(67,490,137)	(94)	(67,095,111)	(96)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	5,898	-	9,676	-
GROSS PROFIT	4,090,649	6	3,093,674	4
OPERATING EXPENSES				
Selling and marketing expenses	577,530	1	549,201	1
General and administrative expenses	484,883	1	451,948	-
Research and development expenses	31,807	-	33,686	-
Total operating expenses	1,094,220	2	1,034,835	1
PROFIT FROM OPERATIONS	2,996,429	4	2,058,839	3
NON-OPERATING INCOME AND EXPENSES				
Interest income	4,687	-	2,987	-
Dividend income	41,827	-	37,843	-
Other income	47,839	-	108,883	-
Gain (loss) on disposal of property, plant and equipment	15,376	-	(5,784)	-
Foreign exchange gain, net	149,246	-	165,361	-
Gain on valuation of financial assets and liabilities	37,993	-	52,676	-
Impairment loss (Note 20)	(46,177)	-	(925)	-
Other expense	(125,400)	-	(47,528)	-
Interest expense	(364,891)	-	(267,056)	-
Gain (loss) on disposal of investments (Note 20)	200,138	-	(350,806)	(1)
Share of (loss) gain of subsidiaries and associates under equity method	(799,246)	(1)	531,201	1
Total non-operating income and expenses	(838,608)	(1)	226,852	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,157,821	3	2,285,691	3
INCOME TAX EXPENSE (Notes 4 and 21)	(556,095)	(1)	(21,000)	-
NET INCOME FOR THE YEAR	1,601,726	2	2,264,691	3

(Continued)

WALSIN LIHWA CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (105,215)	-	$ (79,680)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange (loss) gain on translation of foreign operations	(607,781)	(1)	1,579,201	2
Unrealized loss on available-for-sale financial assets	(1,158,358)	(1)	(253,751)	-
Cash flow hedges loss	(87,453)	-	(1,865)	-
Share of other comprehensive (loss) income of subsidiaries and associates under equity method	(1,247,586)	(2)	294,390	-
Other comprehensive (loss) income for the year	(3,206,393)	(4)	1,538,295	2
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (1,604,667)	(2)	$ 3,802,986	5
EARNINGS PER SHARE (Note 22)				
Basic	$ 0.45		$ 0.64	
Diluted	$ 0.45		$ 0.64	

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

(With Deloitte & Touche auditors' report dated February 26, 2016) (Concluded)

WALSIN LIHWA CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2014	$ 35,760,002	$ 15,629,054	$ 2,438,101	$ 3,507,455	$ 1,813,125	$ 317,266	$ 506,269	$ -	$ -	$ 59,971,272
Appropriation of 2013 earnings										
Reversal of special reserve	-	-	-	(794,296)	794,296	-	-	-	-	-
Disposal of investment in associates under equity method	-	-	-	(909)	909	-	-	-	-	-
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	311	-	-	-	-	-	-	-	311
Change in capital surplus from investments in subsidiaries and associates under equity method	-	17,644	-	-	-	-	-	-	-	17,644
Net profit for the year ended December 31, 2014	-	-	-	-	2,264,691	-	-	-	-	2,264,691
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(90,854)	1,718,232	(87,218)	(1,865)	-	1,538,295
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	2,173,837	1,718,232	(87,218)	(1,865)	-	3,802,986
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(292,893)	(292,893)
Others	-	(5)	-	-	-	-	-	-	-	(5)
BALANCE, DECEMBER 31, 2014	35,760,002	15,647,004	2,438,101	2,712,250	4,782,167	2,035,498	419,051	(1,865)	(292,893)	63,499,315
Appropriation of 2014 earnings										
Legal reserve	-	-	226,469	-	(226,469)	-	-	-	-	-
Excess of the consideration received over the carrying amount of the subsidiaries' net assets disposed of	-	(311)	-	-	(18,523)	-	-	-	-	(18,834)
Change in capital surplus and retained earnings from investments in subsidiaries and associates under equity method	-	120,174	-	-	-	-	-	-	-	120,174
Net profit for the year ended December 31, 2015	-	-	-	-	1,601,726	-	-	-	-	1,601,726
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	-	(132,596)	(607,125)	(2,379,219)	(87,453)	-	(3,206,393)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	1,469,130	(607,125)	(2,379,219)	(87,453)	-	(1,604,667)
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(315,917)	(315,917)
Others	-	(1)	-	-	-	-	-	-	-	(1)
BALANCE, DECEMBER 31, 2015	$ 35,760,002	$ 15,766,866	$ 2,664,570	$ 2,712,250	$ 6,006,305	$ 1,428,373	$ (1,960,168)	$ (89,318)	$ (608,810)	$ 61,680,070

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated February 26, 2016)

WALSIN LIHWA CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 2,157,821	$ 2,285,691
Adjustments for:		
Depreciation expenses	1,125,981	1,122,704
Amortization expenses	7,283	7,805
Impairment loss recognized on trade receivables	679	1,500
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(37,993)	(52,676)
Interest expense	364,891	267,056
Interest income	(4,687)	(2,987)
Dividend income	(41,827)	(37,843)
Share of loss (gain) of subsidiaries and associates under equity method	799,246	(531,201)
(Gain) loss on disposal of property, plant and equipment	(15,376)	5,784
(Gain) loss on disposal of investments	(200,138)	350,806
Impairment loss recognized on financial assets	7,040	-
Impairment loss recognized on property, plant and equipment	39,137	925
Net (gain) loss on foreign currency exchange	(2,286)	1,730
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(75,044)	(225,039)
Decrease in notes receivable	12,048	10,868
Decrease in trade receivables	7,864	285,817
Increase in other receivables	(28,200)	(160,104)
Decrease (increase) in inventories	1,021,550	(1,470,549)
Decrease in other current assets	198,938	82,426
Decrease (increase) in other operating assets	410	(2,218)
Increase (decrease) in trade payables	92,262	(299,593)
Increase in other payable	10,885	27,375
Increase (decrease) in net defined benefit liabilities	6,847	(2,044)
Decrease in other current liabilities	(151,793)	(3,407)
Decrease in other operating liabilities	(4,953)	(1,335)
Cash generated from operations	5,290,585	1,661,491
Interest paid	(348,639)	(265,486)
Interest received	4,395	2,987
Dividend received	179,004	63,493
Income tax paid	(1,095)	(222)
Net cash generated from operating activities	5,124,250	1,462,263
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at cost	-	(712,807)
Proceeds from capital return and liquidation return of investees in associates under equity method	2,376,145	4,589,450
Proceeds from capital return of investees in financial assets measured at cost	6,573	8,128

(Continued)

WALSIN LIHWA CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Purchase of associates under equity method	$ (17,599,101)	$ (2,138,154)
Proceeds from disposal of associates under equity method	392,612	43,029
Purchase of property, plant and equipment	(1,225,650)	(883,498)
Proceeds from disposal of property, plant and equipment	56,127	22,026
(Increase) decrease in refundable deposits	(38,352)	1,484
Proceeds from sale of available-for-sale financial assets	180,158	65,534
Other investing activities	(535,930)	(488,923)
Net cash (used in) generated from investing activities	(16,387,418)	506,269
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(593,201)	(1,886,326)
Increase in long-term borrowings	15,000,000	100,000
Decrease in long-term borrowings	(1,120,000)	-
Cash paid for acquisition of treasury shares	(315,917)	(292,893)
Other financing activities	(1)	(5)
Net cash generated from (used in) financing activities	12,970,881	(2,079,224)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,707,713	(110,692)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	387,234	497,926
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,094,947	$ 387,234

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

(With Deloitte & Touche auditors' report dated February 26, 2016) (Concluded)

WALSIN LIHWA CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

Walsin Lihwa Corporation ("the Company") was incorporated in December 1966 and commenced business in December 1966. The Company made various investments in construction, electronics, material science, real estate, etc., to diversify its operations. The Company's main products are wires, cables and specialty steel.

The Company's shares have been listed on the Taiwan Stock Exchange ("TSE") since November 1972. In October 1995 and November 2010, the Company increased its share capital and issued Global Depositary Shares ("GDR"), which are listed on the Luxembourg Stock Exchange under stock number 168527.

The financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 26, 2016.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

The Company according to Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "New IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Company's accounting policies:

1) Revision to IAS 28 "Investments in Associates and Joint Ventures"

Revised IAS 28 requires when a portion of an investment in associates meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Previously, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

2) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required by the previous standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015.

3) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under the previous IAS 1, there were no such requirements.

The Company retrospectively applied the above amendments starting in 2015. Items not reclassified to profit or loss are remeasurements of defined benefit plans. Items reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associate accounted for using the equity method. However, the application of the above amendments did not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) Revision to IAS 19 “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations changes in the fair value of plan assets when they occur, and hence eliminates the “corridor approach” permitted under previous IAS 19 and accelerates the recognition of past service costs. The revision requires all remeasurements of defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Remeasurement of defined benefit plans is presented separately as other equity.

Furthermore, the interest cost and expected return on plan assets used in previous IAS 19 were replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

5) Amendments to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

6) Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

7) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” and IAS 34 “Interim Financial Reporting” were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Company and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

8) Recognition and measurement of financial liabilities designated as at fair value through profit or loss

For financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

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

The Company has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 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 impending initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

<u>Recognition and measurement of financial assets</u>

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

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

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

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

<u>The impairment of financial assets</u>

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

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

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

2) IFRIC 21 "Levies"

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

3) Annual Improvements to IFRSs: 2010-2012 Cycle

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

The amended IFRS 2 changes the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Company or another entity in the same group or the market price of the equity instruments of the Company or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Company as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Company, but also of other entities outside the Company.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

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

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

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

4) Annual Improvements to IFRSs: 2011-2013 Cycle

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

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

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

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

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

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

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

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

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

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

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) IFRS 15 “Revenue from Contracts with Customers”

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 from January 1, 2017.

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

a) Identify the contract with the customer;

b) Identify the performance obligations in the contract;

c) Determine the transaction price;

d) Allocate the transaction price to the performance obligations in the contracts; and

e) Recognize revenue when the entity satisfies a performance obligation.

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

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

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

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

8) Annual Improvements to IFRSs: 2012-2014 Cycle

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

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

9) IFRS 16 "Leases"

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

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Company 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 consolidated statements of comprehensive income, the Company 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 consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

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

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

10) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

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

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

As of the date the consolidated financial statements were authorized for issue, the Company is continuing to assess 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 complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

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

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

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

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

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the reporting period, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the reporting period. Property, plant and equipment, intangible assets, other than assets classified as current are classified as non-current. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the reporting period. Liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

d. Foreign currencies

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

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

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

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

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

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

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

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries with currencies used different from 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 (attributed to the owners of the Company and non-controlling interests as appropriate).

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

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

e. Inventories

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

f. Investments accounted for using equity method

Investments in subsidiaries, associates and jointly controlled entities are accounted for by the equity method.

1) Investment in subsidiaries

Subsidiaries (including special purpose entities) are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

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

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

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

When testing for impairment, the cash-generating unit is determined based on the financial statements as a whole by comparing its recoverable amount with its carrying amount. If the recoverable amount of the asset subsequently increases, the reversal of the impairment loss is recognized as a gain, but the increased carrying amount of an asset after a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized on the asset in prior years. An impairment loss recognized on goodwill shall not be reversed in a subsequent period.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

2) Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

When the Company subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of equity of associates. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

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

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

g. Property, plant and equipment

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

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

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

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

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

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

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

i. Intangible assets

Intangible assets are measured initially at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss.

j. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined 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.

k. Financial instruments

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

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

Financial assets

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

1) Measurement category

The categories of financial assets held by the Company are financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

a) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

b) Available-for-sale financial assets

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

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

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

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

c) Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

2) Impairment of financial assets

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

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situation.

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

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

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

For all other financial assets, objective evidence of impairment could include:

a) Significant financial difficulty of the issuer or counterparty; or

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

c) It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

d) The disappearance of an active market for that financial asset because of financial difficulties.

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

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

3) Derecognition of financial assets

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

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

Financial liabilities

1) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

2) Derecognition of financial liabilities

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

Derivative financial instruments

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

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

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

l. Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Company revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

m. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

n. Revenue recognition

Revenue from sales of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable. The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

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

1) Rendering of services

Service income is recognized when services are provided. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

2) Dividend and interest income

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

o. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

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

q. Income tax

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all (deductible temporary differences and unused loss carry forward) to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The accounts include allowance for doubtful trade receivable accounts, inventory valuation losses, depreciation, impairment, pension, deferred tax assets, etc. 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 audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the main assumptions and sources of estimation uncertainty at the end of financial reporting period:

a. Deferred tax assets

As of December 31, 2015 and 2014, the carrying amount of the deferred tax assets in relation to unused tax losses was NT$635,920 thousand and NT$995,920 thousand, respectively. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

b. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

c. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

As of December 31, 2015 and 2014, the carrying amount of the net defined benefit liabilities was NT$1,386,742 thousand and NT$1,274,680 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	2014
Cash on hand	$ 3,280	$ 1,230
Checking accounts and cash in bank	2,091,667	386,004
	$ 2,094,947	$ 387,234

The ranges of market rates of cash in bank at the end of the reporting period were as follows (except the market rate of checking account was zero):

	December 31	
	2015	2014
Bank balance	0.13%-0.40%	0.01%-0.40%

Cash in bank in the total of EUR29,097 thousand and EUR2,205 thousand at December 31, 2015 and 2014, respectively, were intended for payment of equipment for use in the Taichung Port. The deposits are designated as cash flow hedge to manage exposures to exchange rate fluctuations.

Certain time deposits as of December 31, 2015 and 2014 were classified and pledged as follows:

	Purpose	December 31 2015	December 31 2014
Non-current assets			
Refundable deposits	To meet required security deposit	$ 4,300	$ 600
	To meet contract requirements for completing contractions	32,800	-
		$ 37,100	$ 600

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2015	December 31 2014
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts	$ 132,175	$ 211
Exchange rate swap contracts	9,930	-
Forward exchange contracts	-	105,364
Financial assets at FVTPL	$ 142,105	$ 105,575
Current	$ 142,105	$ 105,575
Non-current	-	-
	$ 142,105	$ 105,575
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate swap contracts	$ -	$ 1,462
Financial liabilities at FVTPL	$ -	$ 1,462
Current	$ -	$ 1,462
Non-current	-	-
	$ -	$ 1,462

As of December 31, 2015 and 2014, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Expiration Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
December 31, 2015							
Commodity futures							
Copper	Buy	9,825	2015.09.23-2015.12.23	2016.01.22-2016.10.19	US$ 46,791	US$ 45,945	US$ (846)
Copper	Sell	3,375	2015.12.21-2015.12.31	2016.01.20	US$ 15,863	US$ 15,868	US$ (5)
Nickel	Sell	2,952	2015.10.12-2015.10.30	2016.01.08-2016.01.29	US$ 30,879	US$ 26,001	US$ 4,878
December 31, 2014							
Commodity futures							
Copper	Buy	6,300	2014.09.11-2014.12.31	2015.02.18-2015.11.18	US$ 40,378	US$ 39,522	US$ (856)
Copper	Sell	4,550	2014.11.28	2015.02.27	US$ 29,574	US$ 28,711	US$ 863

As of December 31, 2014, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currencies	Contract Expiration Date	Contract Amount (In Thousands)
December 31, 2014			
Buy forward exchange contracts	USD to NTD	2015.03.10-2015.08.03	USD290,000/NTD9,057,195

As of December 31, 2015 and 2014, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	Currencies	Contract Expiration Date	Contract Amount (In Thousands)
December 31, 2015	USD to NTD	2016.01.29-2016.12.22	USD100,000/NTD3,275,280
December 31, 2014	USD to NTD	2015.03.16	USD25,000/NTD792,425

For the years ended December 31, 2015 and 2014, the Company's strategy for commodity futures contracts, forward exchange contracts and exchange rate swap contracts was to hedge exposures to fluctuations of essential materials' prices and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; and therefore, they were not accounted for by hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31 2015	December 31 2014
Domestic investments		
Listed shares and emerging market stocks		
HannStar Display Corp.	$ 923,067	$ 1,876,981
Hannstar Board Corp.	613,139	965,448
Taiwan High Speed Rail Corp.	207,600	196,000
	$ 1,743,806	$ 3,038,429
Current	$ -	$ -
Non-current	1,743,806	3,038,429
	$ 1,743,806	$ 3,038,429

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31 2015	December 31 2014
Notes receivable		
Notes receivable	$ 10,724	$ 22,416
Notes receivable from related parties	490	846
	$ 11,214	$ 23,262
Trade receivables		
Trade receivables	$ 1,650,683	$ 1,736,205
Less: Allowance for impairment loss	(2,179)	(1,500)
	1,648,504	1,734,705
Trade receivables from related parties	503,259	425,601
	$ 2,151,763	$ 2,160,306

The average credit period on sales of goods was 60 days. In determining the collectability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss based on estimated uncollectible amounts determined by reference to age of receivables, past default experience of the counterparties and an analysis of their current financial position.

The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

The Company did not recognize impairment loss on trade receivables balances that were past due at the end of the reporting period because there was no significant change in credit quality and the amounts were still considered collectible.

The aging of receivables was as follows:

	December 31	
	2015	2014
Not overdue	$ 2,001,929	$ 1,919,031
Less than 90 days	47,676	137,116
91-180 days	-	1,322
Overdue more than one year	104,337	104,337
	$ 2,153,942	$ 2,161,806

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

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

	December 31	
	2015	2014
Less than 90 days	$ 47,676	$ 137,116
91-180 days	-	1,322
	$ 47,676	$ 138,438

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

Movements in the allowance for impairment loss recognized on trade receivables were as follows:

	Individually Assessed Impairment Loss	Group Assessed Impairment Loss	Total
Balance at January 1, 2014	$ -	$ -	$ -
Add: Impairment losses recognized on receivables	1,500	-	1,500
Balance at December 31, 2014	$ 1,500	$ -	$ 1,500
Balance at January 1, 2015	$ 1,500	$ -	$ 1,500
Add: Impairment losses recognized on receivables	679	-	679
Balance at December 31, 2015	$ 2,179	$ -	$ 2,179

10. INVENTORIES

	December 31	
	2015	2014
Raw materials	$ 1,424,970	$ 1,288,698
Raw materials in transit	422,761	929,519
Supplies	581,583	574,702
Work-in-process	$ 688,571	$ 858,234
Finished goods and merchandise	2,376,459	2,844,428
Contracts in progress	-	20,313
	$ 5,494,344	$ 6,515,894

The cost of inventories recognized as cost of goods sold in the years ended December 31, 2015 and 2014 was NT$67,065,243 thousand and NT$66,718,517 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2015 included reversal of inventory write-downs of NT$23,218 thousand. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 included inventory write-downs of NT$176,925 thousand. Previous write-downs had been reversed according to the result of inventory close-out.

Contracts in progress of the manufacturing industry included construction costs of cable and wire installation projects not completed as of the balance sheet dates.

11. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2015	2014
Domestic unlisted common shares		
Kuong Tai Welding Ind. Co., Ltd.	$ 114,355	$ 114,355
Powertec Energy Corp.	905,706	905,706
Others	85,762	99,375
	$ 1,105,823	$ 1,119,436
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 1,105,823	$ 1,119,436

The Company participated in Powertec Energy Corp's capital increase by cash on June 17, 2014. The investment was NT$700,000 thousand. The shares held by the Company were 302,483 thousand shares and the ownership percentage was 17.8% after the issuance.

Management believed that fair value of the above unlisted equity investments held by the Company cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore, the investments were measured at cost less impairment at the end of reporting period.

The Company recognized impairment loss on financial assets measured at cost of NT$7,040 thousand for the year ended December 31, 2015, after appropriate evaluation.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2015	2014
Investments in subsidiaries	$ 44,838,761	$ 31,184,871
Investments in associates	15,408,938	16,109,004
	$ 60,247,699	$ 47,293,875

a. Investments in subsidiaries

	December 31			
	2015		2014	
Name of Associate	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies:				
Walsin Lihwa Holdings Limited	$ 24,790,527	100.00	$ 10,916,799	100.00
Concord Industries Limited	11,063,039	100.00	11,375,343	100.00
Energy Pilot Limited	627,028	100.00	1,790,984	100.00
Market Pilot Limited	1	100.00	1	100.00
Ace Result Limited	853,885	100.00	-	-
Chin-Cherng Construction Co., Ltd.	3,717,443	99.22	3,809,443	99.18
P.T Walsin Lippo Industries	528,812	70.00	-	-
Joint Success Enterprises Limited	2,662,689	49.05	2,713,296	49.05
Others	595,337		579,005	
	$ 44,838,761		$ 31,184,871	

b. Investments in associates

	December 31			
	2015		2014	
Name of Associate	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Material associates				
Winbond Electronics Corp.	$ 8,886,320	22.66	$ 8,836,627	22.95
Walton Advanced Engineering, Inc.	1,753,480	22.70	1,713,689	21.90
Walsin Technology Corp.	2,532,931	18.30	2,655,979	18.30
Associates that are not individually Materials				
Others	2,236,207		2,902,709	
	$ 15,408,938		$ 16,109,004	

Refer to Table 6 “Information on Investees” and Table 7 “Information on Investments in Mainland China” for the nature of activities, principal place of business and country of incorporation of the associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
	2015	2014
Winbond Electronics Corp.	$ 6,401,374	$ 9,201,793
Walton Advanced Engineering, Inc.	$ 994,329	$ 1,617,019
Walsin Technology Corp.	$ 2,039,373	$ 1,518,771

All the associates are accounted for using the equity method.

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

1) Material associates

December 31, 2015

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Current assets	$ 19,345,192	$ 3,728,689	$ 2,893,125
Non-current assets	40,151,080	11,698,386	18,202,053
Current liabilities	(10,878,475)	(2,799,825)	(3,900,455)
Non-current liabilities	(9,715,827)	(4,960,419)	(3,436,768)
Equity	$ 38,901,970	$ 7,666,831	$ 13,757,955
Proportion of the Company's ownership	22.66%	22.70%	18.30%
Equity attributable to the Company	$ 8,815,186	$ 1,740,371	$ 2,517,706
Other adjustments	71,134	13,109	15,225
Carrying amount	$ 8,886,320	$ 1,753,480	$ 2,532,931
Operating revenue	$ 30,843,606	$ 7,291,020	$ 8,020,914
Net profit for the year	$ 3,291,251	$ 143,530	$ 1,205,666
Other comprehensive income (loss)	(1,749,603)	70,609	(455,960)
Total comprehensive income for the year	$ 1,541,648	$ 214,139	$ 749,706

December 31, 2014

	Winbond Electronics Corp	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Current assets	$ 18,128,962	$ 4,031,098	$ 2,716,839
Non-current assets	43,932,619	12,585,065	18,293,961
Current liabilities	(13,194,495)	(2,835,437)	(4,126,494)
Non-current liabilities	(10,683,842)	(5,957,337)	(2,450,921)
Equity	$ 38,183,244	$ 7,823,389	$ 14,433,385
Proportion of the Company's ownership	22.95%	21.90%	18.30%

(Continued)

	Winbond Electronics Corp	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Equity attributable to the Company	$ 8,763,054	$ 1,713,322	$ 2,641,309
Change in ownership interest	-	-	27,668
Other adjustments	73,573	367	(12,998)
Carrying amount	$ 8,836,627	$ 1,713,689	$ 2,655,979
Operating revenue	$ 30,929,689	$ 9,406,126	$ 7,036,671
Net profit for the year	$ 3,075,969	$ 875,940	$ 550,916
Other comprehensive income	288,731	128,458	724,541
Total comprehensive income for the year	$ 3,364,700	$ 1,004,398	$ 1,275,457

(Continued)

2) Associates that are not individually material

	Year Ended December 31	
	2015	2014
The Company's share of:		
Profit (loss) from continuing operations	$ 6,938	$ (23,990)
Other comprehensive (loss) income	(693,746)	68,712
Total comprehensive (loss) income for the year	$ (686,808)	$ 44,722

Market Pilot Limited was incorporated in July 2010 as an investment holding company. Due to operating losses, as of December 31, 2015 and 2014, respectively, the equity has become negative. Because the recognized losses exceeded the equity interest, except for NT$1 thousand retained in investments accounted for using equity method, the remaining amount of NT$709,363 thousand and NT$366,137 thousand were recorded as other non-current liabilities - investment with credit balance, respectively.

Winbond Electronics Corp. ("WEC") designs, develops, manufactures and sells very large scale integration (VLSI) integrated circuits (ICs) used in a variety of microelectronic applications. The Company sold its 36,764 thousand shares and 10,000 thousand shares of WEC to third parties at market value on the Taiwan Stock Exchange in December 2015 and 2014 that resulted in disposal gain of NT$12,027 thousand and NT$7,054 thousand recorded as gain on disposal of investments, respectively.

The Company's share of profit and other comprehensive income of associates for the years ended December 31, 2015 and 2014 was based on the associates' financial statements audited by independent auditors for the same period. The financial statements of certain equity-method investees included the consolidated financial statement referred to above were not audited by the auditors of WLC, but were audited by other independent auditors. The investment in such investee amounted to NT$2,354,263 thousand and NT$3,589,703 thousand as of December 31, 2015 and 2014; investment gain amounted to NT$291,096 thousand and NT$175,234 thousand for the years ended December 31, 2015 and 2014.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance at January 1, 2014	$ 2,147,122	$ 5,782,161	$ 14,413,654	$ 3,667,405	$ 264,139	$ 26,274,481
Additions	19	29,761	204,033	74,154	404,946	712,913
Disposals	(22,656)	(21,065)	(83,750)	(93,958)	-	(221,429)
Reclassified	-	74,099	107,750	22,361	(204,210)	-
Balance at December 31, 2014	$ 2,124,485	$ 5,864,956	$ 14,641,687	$ 3,669,962	$ 464,875	$ 26,765,965
Accumulated depreciation and impairment						
Balance at January 1, 2014	$ 12,000	$ 3,388,997	$ 8,444,284	$ 2,709,433	$ -	$ 14,554,714
Disposals	(3,933)	(13,223)	(83,479)	(92,984)	-	(193,619)
Depreciation expense	-	216,535	600,066	159,683	-	976,284
Impairment losses recognized in profit or loss	-	-	1,372	(447)	-	925
Reclassified	-	-	(2,357)	2,357	-	-
Balance at December 31, 2014	$ 8,067	$ 3,592,309	$ 8,959,886	$ 2,778,042	$ -	$ 15,338,304
Carrying amounts at December 31, 2014	$ 2,116,418	$ 2,272,647	$ 5,681,801	$ 891,920	$ 464,875	$ 11,427,661
Cost						
Balance at January 1, 2015	$ 2,124,485	$ 5,864,956	$ 14,641,687	$ 3,669,962	$ 464,875	$ 26,765,965
Additions	7,617	22,831	253,768	107,722	871,014	1,262,952
Disposals	(860)	(27,581)	(529,687)	(187,615)	-	(745,743)
Reclassified	-	1,014	43,172	98,035	(142,221)	-
Balance at December 31, 2015	$ 2,131,242	$ 5,861,220	$ 14,408,940	$ 3,688,104	$ 1,193,668	$ 27,283,174
Accumulated depreciation and impairment						
Balance at January 1, 2015	$ 8,067	$ 3,592,309	$ 8,959,886	$ 2,778,042	$ -	$ 15,338,304
Disposals	-	(12,591)	(524,077)	(159,994)	-	(696,662)
Depreciation expense	-	197,434	626,832	158,504	-	982,770
Impairment losses recognized in profit or loss	-	-	(23,444)	56,295	-	32,851
Reclassified	-	328	(55,210)	54,882	-	-
Balance at December 31, 2015	$ 8,067	$ 3,777,480	$ 8,983,987	$ 2,887,729	$ -	$ 15,657,263
Carrying amounts at December 31, 2015	$ 2,123,175	$ 2,083,740	$ 5,424,953	$ 800,375	$ 1,193,668	$ 11,625,911

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

The Company's main building and electrical and mechanical power equipment are depreciated over their estimated useful lives of 50 years and 20 years, respectively.

The Company owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, the Company keeps in its possession the land titles with the annotation of being pledged to the Company. As of December 31, 2015 and 2014, the recorded total carrying value of such parcels of land amounted to NT$443,240 thousand and NT$438,960 thousand, respectively.

The Company recognized impairment loss on property, plant and equipment of NT$32,851 thousand and NT$925 thousand, respectively, which was recorded as impairment loss for the years ended December 31, 2015 and 2014, after appropriate evaluation.

14. INVESTMENT PROPERTIES

	December 31	
	2015	**2014**
Completed investment property	$ 8,857,932	$ 9,001,143

	Completed Investment Property
Cost	
Balance at January 1, 2014	$ 9,772,725
Balance at December 31, 2014	$ 9,772,725
Balance at January 1, 2015	$ 9,772,725
Balance at December 31, 2015	$ 9,772,725
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ 625,162
Depreciation expense	146,420
Balance at December 31, 2014	$ 771,582
Balance at January 1, 2015	$ 771,582
Depreciation expense	143,211
Balance at December 31, 2015	$ 914,793

The completed investment properties are depreciated under straight-line method over 20 to 50 years.

The main investment properties of the Company are the Walsin Xin Yi Building. The building valuation was commissioned by independent rating agencies (a third party). As of December 31, 2015 and 2014, the completed investment properties' real estate value was NT$27,789,261 thousand and NT$26,962,179 thousand, respectively.

15. BORROWINGS

	December 31 2015	December 31 2014
Short-term borrowings	$ 2,499,990	$ 3,095,477
Current portion of long-term borrowings	$ 2,550,000	$ 1,020,000
Long-term borrowings	$ 21,630,000	$ 9,280,000

a. Short-term borrowings as of December 31, 2015 and 2014 were as follows:

	December 31 2015 Interest Rate %	2015 Amount	2014 Interest Rate %	2014 Amount
Materials procurement loans	0.82-1.38	$ 419,990	0.80-1.04	$ 630,477
Bank lines of credit	1.13-1.30	2,080,000	1.25-1.34	2,465,000
		$ 2,499,990		$ 3,095,477

b. Long-term borrowings as of December 31, 2015 and 2014 were as follows:

	December 31 2015 Significant Covenant	2015 Rate	2015 Amount	2014 Amount
Taipei Fubon Bank and others	Credit loan; every six months to repay the principal at 30%, 35%, 35% from the end of the fourth year from drawing date (September 2015)	1.80%	$ 15,000,000	$ -
Bank of Taiwan and others	Credit loan; every six months to repay the principal at 10%, 10%,15%, 15%, 50% from the end of the third year from drawing date (August 2012)	1.59%	9,180,000	10,200,000
Industrial Bank of Taiwan	Credit loan; monthly interest payment and principal repayment in full at maturity on January 13, 2017 and repaid early in September 2015	-	-	100,000
			24,180,000	10,300,000
Less current portion of long-term borrowings			(2,550,000)	(1,020,000)
			$ 21,630,000	$ 9,280,000

Under the loan agreements, the Company should maintain certain financial ratios calculated on annual and semi-annual financial statements audited by independent auditors, during the loan term. The financial ratios are as follows:

1) Ratio of current assets to current liabilities not less than 100%;

2) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;

3) Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%;

4) Tangible net worth (net worth less intangible assets) not less than NT$50,000,000 thousand.

As of December 31, 2015 and 2014, the Company's current portion of long-term borrowings was NT$2,550,000 thousand and NT$1,020,000 thousand under the loan agreement, respectively. The Company's financial reports for the years ended December 31, 2015 and 2014 showed that the Company was in compliance with these ratio requirements.

16. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2015	**2014**
Derivative financial liabilities under hedge accounting		
Cash flow hedges - foreign exchange forward contracts	$ 11,628	$ 1,425
Current	$ 11,628	$ 742
Non-current	-	683
	$ 11,628	$ 1,425

The Company's hedge strategy is to enter foreign exchange forward contracts to avoid firm commitment of its exchange rate exposure. When forecast sales and purchases actually take place, the carrying amounts of the non-financial hedged items will be adjusted accordingly.

The Company signed foreign exchange forward contracts to avoid its exchange rate exposure due to the equipment purchase contracts signed with foreign suppliers. Those foreign exchange forward contracts were designated as cash flow hedges.

The terms of the foreign exchange forward contracts had been negotiated to match the terms of the respective designated hedged items. As of December 31, 2015 and 2014, the outstanding foreign exchange forward contracts of the Company were as follows:

	Currencies	Contract Expiration Date	Contract Amount (In Thousands)
December 31, 2015			
Buy forward exchange contracts	EUR to NTD	2016.05.02-2016.06.01	EUR4,204/NTD162,805
December 31, 2014			
Buy forward exchange contracts	EUR to NTD	2015.04.15-2016.06.01	EUR37,832/NTD1,459,196

During the years ended December 31, 2015 and 2014, loss of NT$173,729 thousand and loss of NT$1,425 thousand, respectively, on fair value had been recognized in other comprehensive income (loss) due to the valuation adjustments of the foreign exchange forward contracts for the exchange rate exposure of expected future equipment purchase.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The total expense recognized in profit or loss for the years ended December 31, 2015 and 2014 was NT$62,448 thousand and NT$60,382 thousand, respectively, which represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law are operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The Company has no right to influence the investment policy and strategy.

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

	December 31	
	2015	**2014**
Present value of defined benefit obligation	$ 1,395,962	$ 1,279,575
Fair value of plan assets	(8,169)	(3,855)
Net defined benefit liabilities	$ 1,387,793	$ 1,275,720

As of December 31, 2015 and 2014, net defined benefit liabilities of NT$1,051 thousand and NT$1,040 thousand, respectively, was recorded as "other payables - accrued expense."

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2014	$ 1,205,178	$ (7,074)	$ 1,198,104
Service cost			
Current service cost	15,221	-	15,221
Net interest expense (income)	25,257	(151)	25,106
Recognized in profit or loss	40,478	(151)	40,327

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Remeasurement			
Actuarial loss - changes in financial assumptions	19,699	16	19,715
Actuarial loss - experience adjustments	59,965	-	59,965
Recognized in other comprehensive income (loss)	79,664	16	79,680
Contributions from the employer	-	(42,290)	(42,290)
Benefits paid	(45,644)	45,644	-
Account paid	(101)	-	(101)
Balance at December 31, 2014	1,279,575	(3,855)	1,275,720
Service cost			
Current service cost	16,110	-	16,110
Net interest expense (income)	25,031	(27)	25,004
Recognized in profit or loss	41,141	(27)	41,114
Remeasurement			
Actuarial loss - changes in financial assumptions	49,554	-	49,554
Actuarial (gain) loss - experience adjustments	55,768	(107)	55,661
Recognized in other comprehensive income (loss)	105,322	(107)	105,215
Contributions from the employer	-	(32,808)	(32,808)
Benefits paid	$ (28,628)	$ 28,628	$ -
Account paid	(1,448)	-	(1,448)
Balance at December 31, 2015	$ 1,395,962	$ (8,169)	$ 1,387,793

(Concluded)

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

	For the Year Ended December 31	
	2015	2014
Operating costs	$ 25,149	$ 24,986
Selling and marketing expenses	3,070	3,553
General and administrative expenses	12,804	11,725
Research and development expenses	91	63
	$ 41,114	$ 40,327

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

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

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

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

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

	December 31	
	2015	**2014**
Discount rate(s)	1.6%	2.00%
Expected return on plan assets	-	1.25%
Expected rate(s) of salary increase	2.0%	2.00%

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 decrease/increase as follows:

	December 31	
	2015	**2014**
Discount rates		
0.5% increase	$ (67,666)	$ (64,157)
0.5% decrease	$ 72,900	$ 69,262
Expected rates of salary increase		
0.5% increase	$ 72,252	$ 47,694
0.5% decrease	$ (67,742)	$ (82,875)

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.

18. EQUITY

	December 31	
	2015	2014
Share capital		
Common shares	$ 35,760,002	$ 35,760,002
Capital surplus	15,766,866	15,647,004
Retained earnings	11,383,125	9,932,518
Others	(621,113)	2,452,684
Treasury shares	(608,810)	(292,893)
	$ 61,680,070	$ 63,499,315

a. Share capital

Common shares

	December 31	
	2015	2014
Number of shares authorized (in thousands)	$ 6,500,000	$ 6,500,000
Amount of authorized shares	$ 65,000,000	$ 65,000,000
Number of shares issued and fully paid (in thousands)	$ 3,576,001	$ 3,576,001
Amount of issued shares	$ 35,760,002	$ 35,760,002

As of December 31, 2015 and 2014, the balance of the Company's capital account was NT$35,760,002 thousand, divided into 3,576,001 thousand shares at NT$10.00 par value.

b. Capital surplus

	December 31	
	2015	2014
Premium from issuance of common shares	$ 10,938,230	$ 10,938,230
Arising from the excess of the consideration receivable over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	311
Arising from share of changes in capital surplus from investments in associates under equity method	137,818	17,644
Arising from treasury share transactions	1,589,157	1,589,157
Arising from gain on disposal of property plant and equipment	2,074,231	2,074,231
Others	1,027,430	1,027,431
	$ 15,766,866	$ 15,647,004

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's capital surplus and once a year).

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

Based on the Company Act of the ROC and the Company's Articles of Incorporation, 10% of the Company's annual earnings, net of tax and any deficit, should be appropriated as legal reserve until this reserve equals the Company's paid-in capital. Also, the Company appropriated earnings to special reserve based on the applicable laws and regulations. Any remaining balance of distributable earnings resolved by the stockholders will be retained partially by the Company or be distributed to stockholders.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on January 15, 2016 and are subject to the resolution of the shareholders in their meeting to be held on May 25, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 20.

The Company appropriates or reverses special reserve in accordance with Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs".

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

On June 11, 2014, the stockholders of Company approved the reversal of special reserve in the amount of NT$794,296 thousand under Rule No. 1010012865 issued by the FSC. There were no available earnings for distribution after offset of deficit at the end of year. The appropriation of 2013 earnings was approved not to make distribution except to make up for deficit for the year.

On May 27, 2015, the stockholders of the Company approved not to make distribution from 2014 earnings except to appropriate the legal reserve of NT$226,469 thousand.

The appropriations of earnings for 2015 had been proposed by the Company's board of directors on February 26, 2016. The appropriations and dividends per share were as follows:

The appropriations of earnings for 2015 are subject to the resolution of the shareholders' meeting to be held on May 25, 2016.

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 160,173	$ -
Cash dividends	701,200	0.2
	$ 861,373	

Information on the bonus to employees directors and supervisors resolved by the stockholders of the Company is available on the Market Observation Post System (MOPS) on the web site of the Taiwan Stock Exchange.

d. Special reserves

	December 31	
	2015	2014
Special reserves	$ 2,712,250	$ 2,712,250

Information regarding the above special reserve was as follows:

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 2,712,250	$ 3,507,455
Reversal		
Reversal according to law	-	(794,296)
Disposal of subsidiaries and associates	-	(909)
Balance at December 31	$ 2,712,250	$ 2,712,250

e. Other equity items

1) Foreign currency translation reserve

	2015	2014
Balance at January 1	$ 2,035,498	$ 317,266
Share of exchange difference of associates for using the equity method	(606,216)	1,677,857
Disposal of associates under equity method	(909)	(88)
Disposal of subsidiaries	-	40,463
Balance at December 31	$ 1,428,373	$ 2,035,498

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

2) Investments revaluation reserve

	2015	2014
Balance at January 1	$ 419,051	$ 506,269
Unrealized loss arising on revaluation of available-for-sale financial assets	(1,158,358)	(253,751)
Share of unrealized (loss) gain on revaluation of available-for-sale financial assets of associates under equity method	(1,217,706)	167,382
Disposal of associates under equity method	(3,155)	(849)
Balance at December 31	$ (1,960,168)	$ 419,051

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

3) Cash flow hedging reserve

	2015	2014
Balance at January 1	$ (1,865)	$ -
Loss arising on changes in fair value of hedging instruments entered into for cash flow hedges		
Forward foreign exchange contracts	(173,729)	(1,425)
Others	86,276	(440)
Balance at December 31	$ (89,318)	$ (1,865)

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that was recognized and accumulated under the heading cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

f. Treasury shares

Treasury shares transactions for the year ended December 31, 2015 were summarized as follows:

Purpose for Reacquisition of Common Shares	Number of Treasury Shares as of January 1, 2015	Treasury Share Increase During the Year	Treasury Share Decrease During the Year	Number of Treasury Shares as of December 31, 2015
Common shares held by the Company as reserve for employee incentives	30,000,000	40,000,000	-	70,000,000

Treasury shares transactions for the year ended December 31, 2014 were summarized as follows:

Purpose for Reacquisition of Common Shares	Number of Treasury Shares as of January 1, 2014	Treasury Share Increase During the Year	Treasury Share Decrease During the Year	Number of Treasury Shares as of December 31, 2014
Common shares held by the Company as reserve for employee incentives	-	30,000,000	-	30,000,000

Article 28.2 of the Securities and Exchange Law stipulates that the number of treasury shares held by the Company should not exceed 10% of the number of shares issued and that the cost of acquisition of treasury shares should not exceed the total of retained earnings, additional-paid-in capital and other realized capital surplus. In addition, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote, or exercise other stockholder's rights on the treasury shares.

19. REVENUE

	For the Year Ended December 31	
	2015	2014
Sales revenue	$ 70,622,611	$ 69,338,446
Revenue from the rendering of services	78,209	70,424
Construction contract revenue	119,497	47,479
Rental income	690,825	655,963
Other revenue	63,746	66,797
	$ 71,574,888	$ 70,179,109

20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Non-operating Income and Expense - (Gain) Loss on Disposal of Investment

	For the Year Ended December 31	
	2015	2014
(Loss) gain on disposal of investments - forward exchange contracts settled	$ (17,949)	$ 151,019
Gain on disposal of available-for-sale financial assets - non-current	43,893	11,284
Gain (loss) on disposal of investment - commodity futures settled	10,850	(494,286)
Gain (loss) on disposal of investment - exchange rate swap contracts settled	151,317	(16,000)
Gain (loss) on disposal of investments - associates under equity method	12,027	(2,823)
	$ 200,138	$ (350,806)

Non-operating Income and Expense - Impairment Loss

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	$ 32,851	$ 925
Financial assets measured at cost - non-current	7,040	-
Others	6,286	-
	$ 46,177	$ 925

Employee Benefits Expense, Depreciation and Amortization

	For the Year Ended December 31, 2015			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits				
Salary	$ 1,292,243	$ 676,098	$ -	$ 1,968,341
Labor/health insurance	$ 111,659	$ 41,333	$ -	$ 152,992
Post-employment benefits	$ 68,751	$ 34,811	$ -	$ 103,562
Depreciation				
Property, plant and equipment	$ 905,133	$ 77,637	$ -	$ 982,770
Investment property	134,876	8,335	-	143,211
	$ 1,040,009	$ 85,972	$ -	$ 1,125,981
Amortization	$ 2,811	$ 392	$ 4,080	$ 7,283

	For the Year Ended December 31, 2014			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits				
Salary	$ 1,206,731	$ 621,452	$ -	$ 1,828,183
Labor/health insurance	$ 108,620	$ 39,866	$ -	$ 148,486
Post-employment benefits	$ 67,402	$ 33,307	$ -	$ 100,709
Depreciation				
Property, plant and equipment	$ 868,417	$ 107,867	$ -	$ 976,284
Investment property	145,453	967	-	146,420
	$ 1,013,870	$ 108,834	$ -	$ 1,122,704
Amortization	$ 3,137	$ 588	$ 4,080	$ 7,805

As of December 31, 2015 and 2014, the Company had 2,200 and 2,149 employees, respectively.

Under the existing Articles of Incorporation, the Company did not accrue for bonus to employees and remuneration to directors and supervisors due to the fact that earnings for 2014 had not been distributed. To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors amounted to NT$21,962 thousand and NT$16,335 thousand, representing 1% and 0.7%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors in cash for the year ended December 31, 2015 have been approved by the Company's board of directors on February 26, 2016 and are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the shareholders in their meeting to be held on May 25, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. The major components of tax expense were as follows:

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	$ 1,723	$ (4,080)
Income tax expense of unappropriated earnings	195,000	-
In respect of prior periods	(628)	4,000
	196,095	(80)
Deferred tax		
In respect of the current year	360,000	21,080
Income tax expense recognized in profit or loss	$ 556,095	$ 21,000

A reconciliation of accounting profit and income tax expenses, average effective tax rate and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2015	2014
Income before tax from continuing operations	$ 2,157,821	$ 2,285,691
Income tax expense calculated at the statutory rate	$ 366,830	$ 389,000
Net gain on disposal of investments	(10,000)	(8,000)
(Gain) loss on disposal of land-exemption of taxation	(2,115)	1,000
Equity in investees' net loss (gain)	57,896	(173,000)
Dividend income	(7,111)	(6,000)
Realized loss on liquidation of investment	(74,035)	(196,000)
Income tax on unappropriated earnings	195,000	-
Adjustments for prior years' tax	(628)	4,000
Unrecognized deductible temporary differences	27,330	-
Others	2,928	10,000
Income tax expense recognized in profit or loss	$ 556,095	$ 21,000

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

b. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable (recorded under other non-current assets)	$ 159,174	$ 159,756
Current tax liabilities		
Income tax payable	$ 195,000	$ -

c. Deferred tax assets and liabilities:

	December 31	
	2015	2014
Deferred tax assets (liabilities)		
Net operating loss carryforwards	$ 183,000	$ 450,000
Pension expense not currently deductible	231,000	232,000
Provision for permanent devaluation loss on long-term investments	22,000	282,920
Provision for devaluation loss on obsolete and slow-moving inventories	70,000	74,000
Provision for impairment loss on idle assets	18,000	16,000
Others	111,920	(59,000)
Deferred income tax liabilities		
Reserve for land revaluation increment tax	(131,132)	(131,132)
	$ 504,788	$ 864,788
Deferred income tax assets - non-current	$ 635,920	$ 995,920
Deferred income tax liabilities - non-current	(131,132)	(131,132)
	$ 504,788	$ 864,788

d. The Company's loss carryforwards as of December 31, 2015 for income tax purposes were as follows:

Expiry Year	Net Operating Loss Tax Credit
2024	$ 183,000

e. The information on imputation credit accounts was as follows:

	December 31	
	2015	2014
Unappropriated earnings		
Generated on and after January 1, 1998	$ 6,006,305	$ 4,782,167
Balance of Imputation Credit Account (included current tax liabilities)	$ 1,326,426	$ 1,107,606

	For the Year Ended December 31	
	2015 (Expected)	2014
Creditable ratio for distribution of earnings	22.08%	-

Effective from January 1, 2015, according to the revised Article 66 - 6-1 of the Income Tax Law, the creditable ratio for individual shareholders residing in the Republic of China will be half of the original creditable ratio.

f. The Company's income tax returns through 2013 had been examined and cleared by the tax authorities. However, the Company did not agree the examined contents and was applying an appeal.

22. EARNINGS PER SHARE

	For the Year Ended December 31, 2015			For the Year Ended December 31, 2014		
	Amounts (Numerator)		Earnings Per Share (In Dollars)	Amounts (Numerator)		Earnings Per Share (In Dollars)
	After Income Tax (Attributable to Parent's Stockholders)	Shares (Denominator) (In Thousands)	After Income Tax (Attributable to Parent's Stockholders)	After Income Tax (Attributable to Parent's Stockholders)	Shares (Denominator) (In Thousands)	After Income Tax (Attributable to Parent's Stockholders)
Basic earnings per share						
Net income	$ 1,601,726	3,527,914	$ 0.45	$ 2,264,691	3,553,297	$ 0.64
Effect of dilutive potential common shares	-	19,029				
Diluted earnings per share						
Net income plus dilutive effect	$ 1,601,726	3,543,943	$ 0.45			

23. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

As of December 31, 2015, the Company's future minimum lease payments on non-cancellable operating lease commitments were as follows:

Years of 2016	$ 16,082
2027-2021	50,101
After 2022	56,685
	$ 122,868

b. The Company as lessor

Lease arrangements

Operating leases relate to the investment property owned by the Company with lease terms between 5 and 10 years, with an option to extend for additional 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of December 31, 2015 and 2014, deposits received under operating leases amounted to NT$162,876 thousand and NT$156,769 thousand, respectively (recorded under other liabilities - non-current).

As of December 31, 2015, the Company's future minimum lease receivables on non-cancellable operating lease commitments were as follows:

Years of 2016	$ 663,331
2017-2021	1,377,844
	$ 2,041,175

24. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, debt repayments and dividends spending.

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

Key management personnel of the Company review the capital structure on a quarterly basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

25. FINANCIAL INSTRUMENTS

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

Except for financial assets measured at cost, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximate of fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 132,175	$ 9,930	$ -	$ 142,105
Available-for-sale financial assets	1,743,806	-	-	1,743,806
	$ 1,875,981	$ 9,930	$ -	$ 1,885,911
Derivative financial liabilities for hedging	$ -	$ 11,628	$ -	$ 11,628

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 211	$ 105,364	$ -	$ 105,575
Available-for-sale financial assets	3,038,429	-	-	3,038,429
	$ 3,038,640	$ 105,364	$ -	$ 3,144,004
Financial liabilities at FVTPL	$ -	$ 1,462	$ -	$ 1,462
Derivative financial liabilities for hedging	-	1,425	-	1,425
	$ -	$ 2,887	$ -	$ 2,887

There were no transfers between Levels 1 and 2 for the years ended December 31, 2015 and 2014.

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - forward exchange contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - exchange rate swaps contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2015	2014
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 2,094,947	$ 387,234
Notes receivable and trade receivables (included related parties)	2,162,977	2,183,568
Other receivables	559,430	379,392
Refundable deposits	64,877	26,524
Financial assets at FVTPL (current and non-current)	142,105	105,575
Available-for-sale financial assets (current and non-current)	1,743,806	3,038,429
Financial assets measured at cost - non-current	1,105,823	1,119,436

(Continued)

	December 31	
	2015	2014
Financial liabilities		
Financial liabilities at FVTPL (current and non-current)	-	1,462
Derivative financial liabilities for hedging (current and non-current)	11,628	1,425
Amortized cost		
Short-term borrowings	2,499,990	3,095,477
Notes payable and trade payables	2,740,035	2,647,773
Other payables	1,329,360	1,340,966
Long-term borrowings (included current portion)	24,180,000	10,200,000
Deposits received (recorded as other non-current liabilities - other)	171,493	176,445

(Concluded)

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and investments, trade receivable, trade payables. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

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

1) Market risk

The Company is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses forward foreign exchange contracts and interest rate swaps contracts to hedge foreign currency risk and interest rate risk.

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

a) Foreign currency risk

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

It is the Company's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows.

	December 31	
	2015	**2014**
Assets		
U.S. dollars	$ 1,626,454	$ 1,121,204
Japanese yen	18,008	38,862
Euro	1,261,204	110,753
Hong Kong dollars	9,513	14,514
Australian dollar	-	2,216
Liabilities		
U.S. dollars	1,190,826	691,996
Euro	6,304	35,840

The carrying amounts of the Company's derivatives exposed to foreign currency risk at the end of the reporting period were as follows.

	December 31	
	2015	**2014**
Assets		
U.S. dollars	$ 3,282,500	$ 9,969,750
Euro	150,825	1,455,412

The Company was mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period.

	U.S. Dollar Impact	
	Year Ended December 31	
	2015	**2014**
Profit or loss	$ 37,181	$ 103,990

b) Interest rate risk

The Company's interest rate risk arises primarily from fixed and floating rate deposits and borrowings.

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

	December 31	
	2015	2014
Cash flow interest rate risk		
Financial liabilities	$ 26,679,990	$ 13,395,477

Sensitivity analysis

The sensitivity analyses below shows the possible effect on profit and loss assuming a change in the interest rates at the end of the reporting period.

If interest rates at the end of the reporting period increased by 1% and all other variables were held constant, the Company's pre-tax income for the years ended December 31, 2015 and 2014 would have been decreased by NT$266,800 thousand and NT$133,955 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge their obligation and financial guarantees would equal to the following:

a) The carrying amount of the respective recognized financial assets as stated in the condensed balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst the approved counterparties. Credit exposure is controlled by setting credit limits that are reviewed and approved by the risk management committee annually.

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

3) Liquidity risk

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

a) The Company's non-derivative financial liabilities with their agreed repayment period were as follows:

December 31, 2015

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Variable interest rate liabilities	$ 5,049,990	$ 21,630,000	$ -	$ -	$ 26,679,990
Non-interest bearing	4,069,395	-	-	-	4,069,395
	$ 9,119,385	$ 21,630,000	$ -	$ -	$ 30,749,385

December 31, 2014

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative financial liabilities					
Variable interest rate liabilities	$ 4,115,477	$ 9,280,000	$ -	$ -	$ 13,395,477
Non-interest bearing	3,988,739	-	-	-	3,988,739
	$ 8,104,216	$ 9,280,000	$ -	$ -	$ 17,384,216

b) The Company's derivative financial instruments with agreed settlement date were as follows:

December 31, 2015

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Net settled					
Commodity futures contracts	$ 150,676	$ (9,101)	$ (9,400)	$ -	$ 132,175
Forward exchange contracts	-	-	(11,628)	-	(11,628)
Exchange rate swaps contracts	3,050	1,894	4,986	-	9,930
	$ 153,726	$ (7,207)	$ (16,042)	$ -	$ 130,477

December 31, 2014

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Net settled					
Commodity futures contracts	$ -	$ 20,186	$ (19,975)	$ -	$ 211
Forward exchange contracts	-	39,952	64,670	(683)	103,939
Exchange rate swaps contracts	-	(1,462)	-	-	(1,462)
	$ -	$ 58,676	$ 44,695	$ (683)	$ 102,688

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the parent company and consolidated subsidiaries had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties were disclosed below.

a. Sales

	Year Ended December 31	
	2015	2014
Subsidiaries	$ 5,771,708	$ 4,974,027
Other related parties	236,403	493,973
	$ 6,008,111	$ 5,468,000

b. Rental income

	Year Ended December 31	
	2015	2014
Subsidiaries	$ 240	$ 357
Associates	17,680	17,286
Other related parties	12,948	14,512
	$ 30,868	$ 32,155

c. Purchases

	Year Ended December 31	
	2015	2014
Subsidiaries	$ 200,791	$ 298,157
Other related parties	71,332	-
	$ 272,123	$ 298,157

d. Administrative expenses

	Year Ended December 31	
	2015	2014
Subsidiaries	$ 301	$ 301
Associates	9,811	9,616
Other related parties	7,568	8,651
	$ 17,680	$ 18,568

The stock registration matters of the Company and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

e. Notes receivable

	December 31	
	2015	2014
Associates	$ 490	$ 763
Other related parties	-	83
	$ 490	$ 846

f. Trade receivable

	December 31	
	2015	2014
Associates	$ 503,259	$ 401,430
Other related parties	-	24,171
	$ 503,259	$ 425,601

g. Trade payables

	December 31	
	2015	2014
Subsidiaries	$ 159,759	$ 43,008

h. Other receivables

	December 31	
	2015	2014
Subsidiaries	$ 53	$ 26
Associates	2,329	1,439
Other related parties	1,969	1,761
	$ 4,351	$ 3,226

i. Property, plant and equipment acquired

	Price Year Ended December 31 2015	Price Year Ended December 31 2014
Subsidiaries	$ 9,041	$ 192

j. Property, plant and equipment disposed

	Year Ended December 31			
	2015		2014	
Related Parties Types	Price	Gain on Disposal	Price	Gain on Disposal
Subsidiaries	$ -	$ -	$ 271	$ -
Associates	-	-	13	13
Other related parties	706	681	-	-
	$ 706	$ 681	$ 284	$ 13

k. Financial assets acquired

For the year ended December 31, 2015

Related Parties Types	Account Items	Number of Shares	Underlying Assets	Price
Subsidiaries	Investment accounted for using equity method	10,500	P.T Walsin Lippo Industries	$ 481,663
Subsidiaries	Investment accounted for using equity method	1,050,000	PT. Walsin Lippo Kabe	11,656
				$ 493,319

l. Loan guarantees

	December 31	
Related Parties Types	2015	2014
Subsidiaries	US$ 36,500	US$ 500,428

m. Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	Year Ended December 31	
	2015	2014
Short-term benefits	$ 151,311	$ 165,470
Post-employment benefits	4,534	4,819
	$ 155,845	$ 170,289

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for bank borrowings and guarantees for tariff of imported raw materials:

	December 31	
	2015	2014
Other non-current assets - refundable deposits	$ 37,100	$ 600

28. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2015 and 2014 were as follows:

a. Outstanding letters of credit not reflected in the accompanying financial statements as of December 31, 2015 and 2014 were as follows (in thousands):

	December 31	
	2015	2014
U.S. dollars	US$ 28,296	US$ 25,963
Japanese yen	JPY 60,064	JPY 161,168
Euro	EUR 37,008	EUR 43,725
New Taiwan dollars	NT$ 54,424	NT$126,270

b. As of December 31, 2015 and 2014, outstanding standby letters of credit not reflected in the accompanying financial statements amounted to approximately NT$412,262 thousand and NT$392,831 thousand; tariff letters of credit amounted to approximately NT$695,000 thousand and NT$325,000 thousand; guarantees for the borrowings of its affiliates amounted to US$36,500 thousand and US$500,428 thousand.

c. Noncancelable copper and nickel procurement contracts with total contract value of US$24,745 thousand US$49,571 thousand were in effect as of December 31, 2015 and 2014.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2015

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
U.S. dollars	$ 49,549	32.825	$ 1,626,454
Japanese yen	66,034	0.2727	18,008
Euros	$ 35,151	35.880	$ 1,261,204
Hong Kong dollars	2,246	4.235	9,513
Nonmonetary items			
U.S. dollars	4,329	32.825	142,105
Investments accounted for using equity method			
U.S. dollars	35,212	32.825	1,155,840
Renminbi	7,772,256	5.05505	39,289,141
Indonesian rupiah	106,250	0.0024	255
Financial liabilities			
Monetary items			
U.S. dollars	36,278	32.825	1,190,826
Euros	176	35.880	6,304
Swiss francs	17	33.185	564
Japanese yen	1,212	0.2727	330
Nonmonetary items			
Euros	324	35.880	11,628

December 31, 2014

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
U.S. dollars	$ 35,425	31.650	$ 1,121,204
Japanese yen	146,871	0.265	38,862
Euros	2,879	38.470	110,753
Singapore dollars	304	23.940	7,278
Hong Kong dollars	3,557	4.080	14,514
Australian dollars	86	25.905	2,216
Non-monetary items			
U.S. dollars	3,336	31.650	105,575
Investments accounted for using equity method			
U.S. dollars	56,587	31.650	1,790,984
Renminbi	4,834,248	5.17256	25,005,438
Financial liabilities			
Monetary items			
U.S. dollars	21,864	31.650	691,996
Euros	932	38.470	35,840
Swiss francs	17	31.975	543
Swedish Krona	32	4.090	130
Nonmonetary items			
U.S. dollars	46	31.650	1,462
Euros	37	38.470	1,425

For the years ended December 31, 2015 and 2014, realized and unrealized net foreign exchange gain (loss) amounts were gain of NT$149,246 thousand and loss of NT$165,361 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the numerous foreign currency transactions and functional currencies of the Company entities.

30. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Lending funds to others: None;

b. Providing endorsements or guarantees for others: Please see Table 1 attached;

c. Holding of securities at the end of the period: Please see Table 2 attached;

d. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more: Please see Table 3 attached;

e. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None;

f. Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None;

g. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: Please see Table 4 attached;

h. Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more: Please see Table 5 attached;

i. Trading in derivative instruments: Please see Notes 7 and 16;

j. Information on investees: Please see Table 6 attached;

Information on investments in mainland China:

a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Please see Table 7 attached;

b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None.

   1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   3) The amount of property transactions and the amount of the resultant gains or losses.

   4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

   5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

   6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.

31. OPERATION SEGMENT FINANCIAL INFORMATION

The Company has provided the operating segments financial information in the consolidated financial statements. These parent company only financial statements do not provide such information.

TABLE 1

WALSIN LIHWA CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Each Guaranteed Party's Endorsement/ Guarantee Amounts (Note 3)	Highest Balance for the Period	Ending Balance (Note 4)	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statement (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 3)	Guaranteed Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	Walsin Lihwa Corporation	Walsin Lihwa Holdings	b	NT$ 61,680,070	NT$ 13,805,400 (US$ 420,000)	NT$ - (US$ -)	NT$ - (US$ -)	$ -	-	NT$ 61,680,070	Yes	No	No
		Borrego Solar Systems, Inc.	c	NT$ 1,909,562 (US$ 58,174)	NT$ 854,620 (US$ 26,000)	NT$ 853,450 (US$ 26,000)	NT$ 687,881 (US$ 20,956)	-	1		Yes	No	No
		Green Lake Exchange, LLC.	c	NT$ 1,229,559 (US$ 37,458)	NT$ 345,135 (US$ 10,500)	NT$ 344,663 (US$ 10,500)	NT$ - (US$ -)	-	1		Yes	No	No
					NT$ 15,005,155	NT$ 1,198,113	NT$ 687,881		2				

Notes:

1. The information on Walsin Lihwa Corporation and the subsidiaries is listed and labeled on the "No." column.

   a. "0" represents Walsin Lihwa Corporation.
   b. Subsidiaries are numbered starting at 1.

2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into six types.

   a. The entity is with business transactions.
   b. The subsidiary in which over 50% of common stock was held by the parent company directly.
   c. The invested company in which over 50% of common stock was held directly/indirectly by Walsin Lihwa Corporation and the subsidiaries.
   d. The parent company which held directly or indirectly through subsidiaries over 50% of common stock of Walsin Lihwa Corporation.
   e. The mutually endorsed companies due to the requirement of the project work.
   f. The Company which was endorsed due to the co-investment agreement. The endorsement percentage of each investor is based on the investment percentage.

3. According to the Article of endorsement/guarantee and financing provided of Walsin Lihwa Corporation, the total limited amount of endorsement/guarantee cannot exceed 100% of the net value of Walsin Lihwa Corporation's current financial statement (including the consolidated financial statement). The limited amount of the endorsement/guarantee and financing provided to the single enterprise cannot exceed the net value of the guaranteed company. The limited amount of the guarantee to the invested company in which over 66.67% of the common stock was held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly owned holding companies incorporated in duty-free area overseas.

   a. The limited amount of endorsement/guarantee provided was as follows:

      NT$61,680,070 × 100% = NT$61,680,070.

   b. The limited amount of endorsement/guarantee provided to the single entity was as follows:

      Borrego Solar Systems, Inc.: US$29,696 × 250% × 78.36% = US$58,174.
      Green Lake Exchange, LLC.: US$14,983 × 250% × 100% = US$37,458.

4. The currency exchange rate as of December 31, 2015 was as follows: US$ to NT$ = 1:32.825.

TABLE 2

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Walsin Lihwa Corporation	Stock							
	HannStar Display	Chairman of the board of directors is an immediate relative of the chairman of the board of directors of Walsin Lihwa Corporation	Available-for-sale financial assets - non-current	237,292,180	$ 923,067	7.34	$ 923,067	
	HannStar Board	-	〃	58,955,639	613,139	12.94	613,139	
	Taiwan High Speed Rail	The holding company is a director of the issuer company	〃	20,000,000	207,600	0.36	207,600	
	Powertec Energy Corp.	The holding company is a director of the issuer company	Financial assets measured at cost - non-current	302,483,333	905,706	17.80	-	
	Kuong Tai Metal Industrial Co., Ltd.	〃	〃	9,631,802	114,355	9.39	-	
	One-Seven Trading Co., Ltd.	-	〃	30,000	300	6.67	-	
	Global Investment Holdings	The holding company is a director of the issuer company	〃	5,562,000	43,680	2.93	-	
	WK Technology Fund	-	〃	2,377,984	27,213	1.91	-	
	Universal Venture Capital Investment	〃	〃	1,400,000	13,280	1.16	-	
	Parawin Venture Capital Corp.	〃	〃	564,556	1,289	0.87	-	

TABLE 3

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount
Walsin Lihwa Corporation	Stock													
	Walsin Lihwa Holdings Limited	Investments accounted for using equity method	Capital investment	Subsidiary	101,147,848	$ 10,916,799	420,000,000	$ 13,873,728 (Note)	-	$ -	$ -	$ -	521,147,848	$ 24,790,527
	Concord Industries Limited	〃	〃	〃	434,549,602	11,375,343	75,000,000	567,236 (Note)	40,346,415	879,540	879,540	-	469,203,187	11,063,039
	Ace Result Global Limited	〃	〃	〃	-	-	53,000,001	853,885 (Note)	-	-	-	-	53,000,001	853,885
	P.T Walsin Lippo Industries	〃	〃	〃	-	-	10,500	528,812 (Note)	-	-	-	-	10,500	528,812
	Energy Pilot Limited	〃	Capital reduction	〃	60,670,001	1,790,984	-	100,094 (Note)	40,000,000	1,264,050	1,264,050	-	20,670,001	627,028
	Winbond Electronics Corp.	〃	Sale	Associates	848,091,531	8,836,627	-	430,278 (Note)	36,764,000	392,612	380,585	12,027	811,327,531	8,886,320

Note: The amount included investment income or loss and adjustments on cumulative translation adjustments.

TABLE 4

WALSIN LIHWA CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Walsin Lihwa Corporation	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	$ (243,117)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	$ 25,209	1	
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	〃	〃	(136,195)	-	〃	〃	〃	29,944	1	
	Walsin Precision Technology Sdn. Bhd.	〃	〃	(310,068)	-	〃	〃	〃	10,019	-	
	Walsin Lihwa Holdings Limited	Subsidiary	〃	(5,090,389)	(7)	〃	〃	〃	436,959	20	
	Wuxi Xingcheng Walsin Steel Products Co., Ltd.	Associates (non-associates after July 2015)	〃	(236,403)	-	〃	〃	〃	-	-	
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Purchase	159,832	-	〃	〃	〃	(43,951)	(2)	

TABLE 5

WALSIN LIHWA CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Subsidiary	Trade receivables $ 436,959	15.17	$ -	-	$ 436,959	$ -

TABLE 6

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2015

1. Information of investees that Walsin Lihwa Corporation has control ability or significant influence was as follows (in thousands of New Taiwan dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	Investments	$ 16,201,161	$ 3,113,746	521,147,848	100.00	$ 24,790,527	$ 340,416	$ 340,204	
	Concord Industries Limited	Trident Chambers Wickhams Cay P.O. Box 146, Road Town, Tortola, British Virgin Islands	Investments	17,529,838	16,069,316	470,750,532	100.00	11,063,039	(1,448,036)	(1,448,036)	
	Touch Micro-System Technology Corp.	566 Gaoshin Road, Yangmei Township, Taoyuan 326 Taiwan, R.O.C.	OEM on MEMS foundry service	750,000	750,000	2,100,000	100.00	9,386	68	68	
	Ace Result Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	1,676,504	-	53,000,001	100.00	853,885	(42,544)	(42,544)	
	Energy Pilot Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	562,829	1,826,879	20,670,001	100.00	627,028	79,834	79,834	
	Market Pilot Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investments	2,926,037	2,926,037	100,000,000	100.00	(709,362)	(353,885)	(353,885)	
	Chin-Cherng Management Service Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Business administration consultation, analysis and building management	-	7,206	-	-	-	(13)	(13)	
	Min Maw Precision Industry Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Solar power systems management, design, and installation	180,368	180,368	24,150,000	100.00	299,987	47,738	47,738	
	Chin-Cherng Construction Co.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Construction business	611,675	609,875	220,570,348	99.22	3,717,443	3,183	3,157	
	Walsin Info - Electric Corp.	2nd Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Mechanical and electrical, communications, and power systems	208,778	208,778	23,728,623	98.87	285,709	4,584	4,532	
	P.T Walsin Lippo Industries	JI. MH. Thamrin Block A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Dekasi 17550, Indonesia	Steel wires	494,156	-	10,500	70.00	528,812	47,094	14,694	
	P.T Walsin Lippo Kabel	Kawasan Newton J 7-5 Rt. 001 Rw. 04, Serang, Cikarang Selatan, Bekasi	Production and sale of cables and wires	11,656	-	1,050,000	70.00	255	(16,653)	(11,657)	
	Joint Success Enterprises Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	Investments	1,224,479	1,224,479	38,020,000	49.05	2,662,689	(15,956)	11,107	
	Chin-Xin Investment Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Investments	2,237,969	2,237,969	179,468,270	37.00	1,597,963	58,063	21,483	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
	Concord VII Venture Capital Co., Ltd.	11th Floor, 132 Min-Sheng East Road Sec. 3, Taipei 104, Taiwan, R.O.C.	Venture capital	$ 212,480	$ 212,480	21,248,000	43.24	$ 64,719	$ 936	$ 405	
	Walsin Color Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Management of investments and conglomerate	416,849	416,849	47,114,093	33.97	362,717	117,338	39,860	
	Concord II Venture Capital Co., Ltd.	11th Floor, 132 Min-Sheng East Road Sec. 3, Taipei 104, Taiwan, R.O.C.	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	210,808	(129,223)	(34,505)	
	Winbond Electronics Corp.	No. 8, Keya 1st Rd., Daya Township, Taichung County 428, Taiwan R.O.C.	Research, development, production and sale of semiconductors and related components	5,834,460	6,098,839	811,327,531	22.66	8,886,320	3,291,251	732,303	
	Walton Advanced Engineering, Inc.	No. 18, Yugang N. 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan, R.O.C.	Production, sale, and test of semiconductors	1,185,854	1,185,854	109,628,376	22.70	1,753,482	143,530	32,912	
	Walsin Technology Corp.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	Production and sale of ceramics capacitors	1,784,827	2,010,034	102,481,049	18.30	2,532,931	1,205,666	221,774	

(Concluded)

TABLE 7

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars/U.S. Dollars or Renminbi)

Walsin Lihwa Corporation

A. The names of investee companies in Mainland China, main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying value, accumulated inward remittance of earnings and upper limit on investment in Mainland China were as follows:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 17)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	$ 656,500 (US$ 20,000)	b	$ 492,375 (US$ 15,000) (Note 2)	$ - -	$ - -	$ 492,375 (US$ 15,000) (Note 2)	$ 64,998	75.00	$ 48,750	$ 872,562	-
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	512,956 (US$ 15,627)	b	490,931 (US$ 14,956) (Note 3)	- -	- -	490,931 (US$ 14,956) (Note 3)	43,315	95.71	41,458	1,073,864	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	5,320,276 (US$ 162,080)	b	1,510,278 (US$ 46,010) (Note 4)	1,739,725 (US$ 53,000)	- -	3,250,003 (US$ 99,010) (Note 4)	(428,184)	48.53	(207,797)	1,386,565	-
Walsin (China) Investment Co., Ltd.	Investments	2,580,045 (US$ 78,600)	b	2,580,045 (US$ 78,600) (Note 5)	- -	- -	2,580,045 (US$ 78,600) (Note 5)	135,141	100.00	132,902	4,622,352	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	3,184,025 (US$ 97,000)	b	3,184,025 (US$ 97,000) (Note 6)	- -	- -	3,184,025 (US$ 97,000) (Note 6)	(703,214)	100.00	(703,214)	2,032,176	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	1,280,175 (US$ 39,000)	b	1,280,175 (US$ 39,000) (Note 7)	- -	- -	1,280,175 (US$ 39,000) (Note 7)	(565,610)	100.00	(565,610)	(1,333,720)	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	853,450 (US$ 26,000)	b	853,450 (US$ 26,000) (Note 8)	- -	- -	853,450 (US$ 26,000) (Note 8)	311,836	100.00	311,836	2,337,324	-
Nanjing Walsin Metal Co., Ltd.	New copper metal material	2,665,390 (US$ 81,200) (Note 9)	b	1,994,381 (US$ 60,758) (Note 10)	- -	- -	1,994,381 (US$ 60,758) (Note 10)	279,950	78.26	219,079	3,874,529	-
Jiangyin Walsin Precision Metal Technology Co., Ltd.	Precision alloy wire	1,608,425 (US$ 49,000)	b	1,608,425 (US$ 49,000) (Note 11)	- -	- -	1,608,425 (US$ 49,000) (Note 11)	(611,997)	100.00	(611,997)	467,214	-
XiAn Walsin Metal Product Co., Ltd.	Manufacture and sale of specialized stainless steel plates	328,250 (US$ 10,000)	b	328,250 (US$ 10,000)	- -	- -	328,250 (US$ 10,000)	(44,531)	100.00	(44,531)	(1,053,687)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	5,090,009 (US$ 155,065) (Note 12)	b	1,080,829 (US$ 32,927)	- -	- -	1,080,829 (US$ 32,927)	(618,000)	100.00	(618,000)	(107,937)	-

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 17)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Walsin Lihwa (Changzhou) Investment Co., Ltd.	Commerce and investments	$ 1,608,425 (US$ 49,000)	b	$ 1,608,425 (US$ 49,000)	$ - -	$ - -	$ 1,608,425 (US$ 49,000)	$ 56,098	100.00	$ 56,098	$ 1,591,598	$ -
Wuxi Xingcheng Walsin Steel Products Co., Ltd.	Manufacture and sale of stainless steel	1,463,995 (US$ 44,600)	b	1,342,444 (US$ 40,897)	- -	1,342,444 (US$ 40,897)	- (US$ -)	-	-	(211,970)	-	885,723
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	1,431,170 (US$ 43,600)	b	429,351 (US$ 13,080)	- -	- -	429,351 (US$ 13,080)	50,830	30.00	(15,249)	377,951	1,001,819
XiAn Walsin United Technology Co., Ltd.	Electronic devices and module	3,279,218 (US$ 99,900)	b	3,281,121 (US$ 99,958)	- -	- -	3,281,121 (US$ 99,958)	(355,823)	100.00	(355,823)	(742,536)	-
Nanjing Walsin Expo Exhibition Ltd.	Exhibition and conference organizing service	14,410 (US$ 439)	b	8,699 (US$ 265)	- -	- -	8,699 (US$ 265)	(514)	60.00	(305)	1,355	-
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	32,825 (US$ 1,000)	b	32,825 (US$ 1,000)	- -	- -	32,825 (US$ 1,000)	(9,211)	100.00	(9,211)	(836,783)	-
XiAn Lv Jing Technology Co., Ltd.	Solar Module Assembly	1,483,690 (US$ 45,200)	c	656,500 (US$ 20,000)	- -	- -	656,500 (US$ 20,000)	(9,671)	100.00	(9,671)	791,473	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon Production	6,066,060 (RMB 1,200,000)	b	- (US$ -)	- -	- -	- (US$ -)	(92,991)	19.00	-	677,377 (Note 13)	-
Xian Walsin Opto-electronic Limited	LED, micro projector, and solar cell assembly	4,924 (US$ 150)	b	4,924 (US$ 150)	- -	- -	4,924 (US$ 150)	(5,401)	100.00	(5,401)	(145,967)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	50,551 (RMB 10,000)	b	9,979 (US$ 304)	- -	- -	9,979 (US$ 304)	387	20.00	76	10,211	-
Shaanxi Optoelectronics Technology Co., Ltd.	Communication equipment and electronic components	505,505 (RMB 100,000)	b	- (RMB -)	- -	- -	- (RMB -)	(4,804)	19.00	-	96,046	-
Walsin (Nanjing) Construction Limited	Construction, rental and sale of buildings and industrial factories	1,898,384 (RMB 375,542)	b	1,898,384 (RMB 375,542) (Note 14)	- -	- -	1,898,384 (RMB 375,542) (Note 14)	(66,899)	99.60	(66,632)	4,352,893	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	5,055 (RMB 1,000)	b	- (RMB -)	- -	- -	- (RMB -)	4,830	99.60	4,814	(30,078)	-

(Continued)

B. The upper limit on investment of the Company in Mainland China was as follows:

Accumulated Investment in Mainland China as of December 31, 2015 (NT$ and US$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (NT$ and US$ in Thousands)	Upper Limit on Investment (NT$ in Thousands)
$ 23,256,775 (US$ 708,508)	$ 24,562,685 (US$ 748,292)	N/A (Note 18)

Note:

1. Investments can be classified into three types as follows:

    a. Direct investment in Mainland China.
    b. Reinvestment in Mainland China through third country companies.
    c. Others.

2. Including US$4,500 thousand investment through Walsin (China) Investment Co., Ltd.

3. Including US$4,929 thousand investment through Walsin (China) Investment Co., Ltd.

4. Including US$2,800 thousand investment through Walsin (China) Investment Co., Ltd., and US$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.

5. Capital investment of US$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.

6. Including US$8,000 thousand investment through Walsin Specialty Steel Corp. and US$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.

7. Including US$4,800 thousand investment through Walsin (China) Investment.

8. Investment through Walsin (China) Investment.

9 Including US$3,500 thousand revaluation increment of assets.

10: By the dividends of US$43,521 thousand appropriated from Nanjing Walsin Photoelectric Co., Ltd. to Renowned International Limited and the dividends of US$300 thousand appropriated from Jiangyin Walsin Steel Cable Co., Ltd. to Walsin (China) Investment Co., Ltd.

11. By own capital of Walsin (China) Investment Co., Ltd. US$9,000 thousand.

12. Including by own capital of RMB578,796 of Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand investments made through Changzhou Wujin NSL. Co., Ltd. Including US$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. were merged.

13. The amount included Walsin Lihwa Holdings purchase of Lead Hero Limited equity at purchase cost of US$1 and indirectly through Shaanxi Tianhong Silicon Industrial Corporation with carrying value RMB168,000 thousand, and by own capital of RMB60,000 thousand of XiAn Lv Jing Technology Co., Ltd. And the amount was adjusted by own capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and by the fair value.

14 The amount included investment through Joint Success Enterprise Limited approved in the previous years.

15. Amounts are stated in thousands of N.T. dollars and Renminbi and U.S. dollars as indicated.

16. The currency exchange rates as of December 31, 2015 were as follows: US$ to NT$ = 1:32.825, RMB to NT$ = 1:5.05505. The average exchange rates of December 31, 2015 were as follows: US$ to NT$ = 1:31.739, RMB to NT$ = 1:5.08871.

17. Amount was recognized based on the audited financial statements.

18. Upper limit on investment:

    The Company had been approved as operation headquarters by Industrial Development Bureau, Ministry of Economic Affairs, thus exempted from the related regulations of "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China".

(Continued)

C. Significant direct or indirect transactions between the Company and investees in Mainland China

(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship	Transaction Type	Amount	% to Total	Transaction terms			Notes/Accounts Payable or Receivable		Unrealized Loss
					Unit Price	Payment Terms	Compare to General Transactions	Ending Balance	% to Total	
Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	$ (243,117)	-	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	$ 25,209	1	$ (2,812)
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	〃	〃	(136,195)	-				29,994	1	(2,048)
Walsin Precision Technology Sdn. Bhd.	〃	〃	(310,068)	-	〃	〃	〃	10,019	-	-
Wuxi Xingcheng Walsin Steel Products Co., Ltd.	Associates (non-associates after July 2015)	〃	(236,403)	-	〃	〃	〃	-	-	-

(Concluded)

6.The Impact of any Financial Difficulties Encountered by the Company or Its Affiliates in the Past Year and up to the Annual Report Publication Date:None

VI Review of Financial Conditions, Financial Performance, and Risk Management

1.Analysis of Financial Status

Unit：NT Thousands

Items \ Year	2014	2015	Difference	
			Amount	%
Current Assets	52,140,435	51,200,394	(940,041)	(1.80)
Property,Plant and Equipment	18,439,033	17,575,655	(863,378)	(4.68)
Intangible Assets	201,172	199,080	(2,092)	(1.04)
Other Assets	37,976,806	35,708,162	(2,268,644)	(5.97)
Total Assets	108,757,446	104,683,291	(4,074,155)	(3.75)
Current Liabilities	19,971,882	17,078,873	(2,893,009)	(14.49)
Non-current Liabilities	23,370,603	24,035,959	665,356	2.85
Total Liabilities	43,342,485	41,114,832	(2,227,653)	(5.14)
Capital Stock	35,760,002	35,760,002	0	0.00
Capital Surplus	15,647,004	15,766,866	119,862	0.77
Retained Earnings	9,932,518	11,383,125	1,450,607	14.60
Note: The reasons, effects and future plans about that changes in assets, liabilities and equity which over 20% or NT$10 millions in last two years: None.				

2. Analysis of Financial Performance

Unit：NT Thousands

Items \ Year	2014	2015	Difference	
			Amount	%
Operating Revenue	162,987,384	149,338,115	(13,649,269)	(8.37)
Operating Costs	155,424,125	143,528,560	(11,895,565)	(7.65)
Gross Profit	7,563,259	5,809,555	(1,753,704)	(23.19)
Operating Expense	4,059,669	3,851,811	(207,858)	(5.12)
Profit from Operations	3,503,590	1,957,744	(1,545,846)	(44.12)
Non-operating Revenue and Expense	157,734	507,687	349,953	221.86
Profit before Taxes	3,661,324	2,465,431	(1,195,893)	(32.66)
Tax Expense	1,125,792	737,299	(388,493)	(34.51)
Net Income	2,535,532	1,728,132	(807,400)	(31.84)

一、The variance analysis in last two years:(Variable proportion over 20%)

1.The gross profit margin of 2014 was 4.6% including the completed and delivered real estate.The sales revenue was NT$5.2 billion and gorss profit was NT$2.2 billion. After deduct this effect, the gross profit margin was 3.4% nearly the gross profit margin 3.9% in 2015.

2.Non-operating revenue increased NT$0.3 billion in 2015 compared to 2014 because the decrease of loan and decline in interest rates lead to the NT$0.3 billion decrease of interest expense.

3.Tax expense decrease $0.4 billion in 2015 compared to 2014 was due to the land value increment tax and tax expense from sales of real estate in 2014.

二、The reason for the changes in business content changes: None.

三、The expected sales volume in the next year and its main reason:

1.Expected sales volume in the next year:

2016(Unit：ton)

Bare copper wire	500,280
Power line	52,296
Strand	124,540
Stainless steel	336,550
Hot rods	276,000
Seamless steel pipe	16,000

2.The basis of the expected sales volume and Possible future impact on the Company's financial operations and response plans:see the contents (5)-Business Overview

3. Analysis of Cash Flow

(1) Cash flow analysis for the current year

Unit：NT Thousands

Cash and Cash Equivalents at the beginning of the year	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Effects of Exchange Rate Changes	Cash and Cash Equivalents at the ending of the year	Note
6,417,086	4,011,706	78,896	(1,317,699)	(302,435)	2,470,468	

Analysis of change in cash flow in the current year

1.The inflows of net cash used in operating activities NT$4,011,706 thousand due to the profit before taxes and the decrease of trade receivables.

2.The inflows of net cash used in investing activities was NT$78,896 thousand due to the decrease of financial assets held for trading.

3.The outflows of net cash used in financing activities was NT$1,317,699 thousand due to the decrease of short-term borrowings.

4.The inflows of net cash in the year was NT$2,470,468 thousands，and the ending balance of cash was NT$8,887,554 thousand.

(2)Remedy for cash Deficit and Liquidity Analysis: Not applicable。

(3)Cash flow Analysis for the coming Year

Unit：NT Thousands

Cash and Cash Equivalents at the beginning of the year	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Effects of Exchange Rate Changes	Cash and Cash Equivalents at the ending of the year	Note
8,887,554	1,903,994	(2,422,407)	183,238	0	8,552,379	

Analysis of change in cash flow for the coming year:

1.The inflows of net cash used in operating activities due to the profit before taxes.

2.The outflows of net cash used in investing activities due to the increase of capital expenditures and renewal of equipments.

4. Effect of Major Capital Expenditure on Financial Business Operation:

(1) Utilization of Funds on Major Capital Expenditures and Sources of Funds:

Unit: NT$ million

Project	Source of funds	Actual or estimated completion date	Investment	Actual or Expected Status of Spending				
				2014	2015	2016	2017	2018
New capital expenditure on hot-rolled stainless steel coil plant	Working Capital	August 2016	2,167	146	309	1,539	173	
Pre-cold rolled Manufacturing Equipment	Working Capital	July 2017	1,436			347	908	181

(2) Project Benefits:

Expanding the steel coil product portfolio and productivity in preparation for future demand for plates.

5. Investment Policy of the Past Year, Profit/Loss Analysis, Improvement Plan and Investment Plan for the Coming Year:

(1) Investment Policy and Profit/Loss in the Past Year:

1. On a consolidated basis, the Company expanded its reinvestment policy to include DRAM, TFT LCD passive components apart from cable, stainless steel and other core businesses.
2. On a consolidated basis, in 2015, the gains for affiliated enterprises recognized by equity method was NT$644 million, most of which came from recognizing the gain for Winbond Electronics Corporation and Walsin Technology Corporation.

(2) Main Reasons for Profit：

On a consolidated basis, the Company continued to focus on its core businesses, with moderate growth in profits over 2014 in the cable and stainless steel businesses. Additionally, affiliates recognized under the equity method maintained steady profits in 2015.

(3) Investment Plan for the Coming Year:

To continue to focus on core businesses and seek stability and progress.

6. Risk Management and Assessment:

(1)Risk Management Organizational Framework:

Risks	Accountable Department	Business Risk Items
Strategic, business and market risks	Wire & Cable BG	Manufacture and sales of products, production technology improvement and engineering management; commitment to improving product quality, lowering costs and improving production systems
	Stainless Steel BG	
	Commerce & Real Estate BG	
	Metals Division	Responsible for the procurement transactions of raw materials, management and control of raw material price risks and other related matters
Financial and liquidity risks	Finance Div.	Responsible for capital allocation and utilization, financial planning, investment management, risk management and other related matters
Credit risk	Accounting Div.	Responsible for accounting, asset management, credit management, business analysis and other related matters
Legal risk	Legal Office	Responsible for avoiding and reducing legal risks faced by the Company in order to protect tangible and intangible assets
Management risk	Auditing Office	Planning internal audit system, audit operations, and review of Company regulations
Information risk	Information Technology Div.	Information security, development and promotion of core systems, providing the Company and its business units with information and information integrated services
Corporate image risk	Press and Media Dept.	Maintaining the Company's corporate image, communicating with the media, internal communication, etc.

(2)Impact of Interest Rate and Exchange Rate Changes and Inflation on the Company’s Profit and Countermeasures:

Affected item	Impact	Response measures:
Interest Rate Change	Net interest expense (interest expense less interest income) in 2015 was approximately NT$314.4 million.	Based on the particular timing of capital requirements of the annual budget, the Company will acquire cheaper sources of capital from the market at specific points in time, and will also utilize market instruments (e.g. interest rate swaps) to lock in interest rate costs for long-term capital needs.
Exchange Rate Change	Foreign exchange gains for 2015 were approximately NT$196 million (including profit/loss from trading foreign exchange derivative products).	Based on foreign currency positions, the Company will utilize market instruments (e.g. forward foreign exchange contracts) for hedging purposes.
Inflation	The Company's principal products are not for general public consumption therefore inflation has no direct impact on the Company.	None.

(3) Policies of Engaging in High-risk, High-leverage Investments, Lending to Others, Providing Endorsements and Guarantees and Derivatives Transactions, Profit/loss Analysis and Future Countermeasures:

Item	Policy	Major causes of profit or loss	Future response measures
High-risk, High-Leverage Investments	The Company does not engage in any high-risk, high-leverage investment activities.	None	None
Lending to Others	Conducted in accordance with the provisions of the Company's "Management Guidelines on Lending Company Funds to Others"	None	None
Endorsements/ Guarantees	Conducted in accordance with the provisions of the Company's "Management Guidelines on Endorsement/Guarantee"	None	None
Derivative Instrument Transactions	With respect to derivative instruments, the Company has mainly engaged in hedging transactions related to business operations and investment activities (foreign exchange and non-ferrous metals). For non-ferrous metals, the Company may carry out non-hedging transactions based on authorized positions and under risk management control for the purpose of curbing price volatilities in raw materials. The authorization is conducted in accordance with the Company's "Procedure for Derivatives Products Trades."	None	None

(4) Future R&D Plans and Projected R&D Investments: The research and development plans of each business group have been included in the business activities section of the Business Overview, and these plans have relatively low risks. Please refer to “Business Overview—A. Business Activities— (3) Overview of Technology and R&D”.

(5) Major Changes in Domestic and Foreign Government Policies and Laws and Impact on the Company’s Finances and Business: None

(6) Impact of Recent Technological and Market Changes on the Company's Finances and Business, and Countermeasures: None

(7) Impact of Change in Corporate Image on Risk Management and Countermeasures: None

(8) Expected Benefits and Potential Risks of Merger and Acquisition: None

(9) Expected Benefits and Potential Risks of Capacity Expansion: All capacity expansion for plants under Walsin and its group members has to undergo careful assessments. All major capital expenditure has to be submitted to the Board of Directors for review. Hence, investment benefits and potential risks will have been taken into account.

(10) Risks Associated with Over-concentration in Purchases or Sales and Countermeasures: None

(11) Impact of Mass Transfer(s) of Equity by or Change of Directors, Supervisors, or Shareholders Holding 10% or more Interest on the Company, the Associated Risks and Countermeasures: None

(12) Impact of Change of Control on the Company, Associated risks and Countermeasures: None

(13) Final and Non-appealable and Pending Material Litigious, Non-litigious or Administrative Legal Proceedings involving the Company, the Directors, the Supervisors and the President during the Most Recent Year and up to the Annual Report Publication Date:

1. With respect to pending litigious events as of the date of report, Yu-Cheng Chiao, the Company's Vice Chairman, has made a reply to the Company as follows:

(1) I am involved in only one pending lawsuit as of the date of your Company's annual report.

(2) Description of the lawsuit：

A. Facts, claim amount, lawsuit commencement date, main parties:

The Securities and Futures Investor Protection Center (“SFIPC”) filed a lawsuit with Taiwan Taipei District Court on April 27, 2005 over misrepresentation of the financial statements of Pacific Electric Wire & Cable Co., Ltd. (“Pacific Electric”). The lawsuit names myself and others (including other directors, supervisors and accounting firm) as co-defendants on grounds that I acted as a director of Pacific Electric between 1999 and 2001 and SFIPC requests compensation for damages from the co-defendants (Case No.: Taiwan Taipei District Court (referred to as “Taipei District Court” hereunder) 94-Jing-Zi-#22).

When SFIPC first initiated the action on April 27, 2005, it sought compensation in the amount of NT$7,910,422,313 from 277 defendants including Pacific Electric. SFIPC later added Fubon Life Insurance and Hsing Yo Investment to the list of defendants on June 21, 2005 bringing the number of defendants to 279. The number of people appointing SFIPC as their representative in the class action suit subsequently increased and settlements were reached with several defendants. So far, SFIPC has reached settlement with 248 defendants involving a total settlement amount of NT$196,100,000. Due to multiple changes in the calculation method and made several expansions and reductions in the number of claims, the claim filed as in the oral argument brief of May 21, 2014 was NT$7,836,447,750. The court intends to continue oral argument proceedings on April 13, 2016 and it is difficult to predict how many rounds of oral arguments there will be.

B. Current status:

This case is currently in the first instance of proceedings in the Taipei District Court.

C. My and my attorney's views and handling plan for the case:

The case is still in the first instance of proceedings. Oral argument has begun, but is yet to be concluded. Thus my appointed attorney and I are not in a position to assess the results of the trial at the present time.

D. Possible maximum loss and possible amount of indemnification from the case:

Based on the settlement information provided by SFIPC, the amount of settlement reached between SFIPC and individual directors or supervisors of Pacific Electric ranges between NT$12,330,000 and NT$26,000,000. Thus even if I am later found to be liable for damages as a director of Pacific Electric at one time, my liability should not be too far off the amounts of settlement described above.

E. I am not financially strapped or in danger of losing my good credit standing as of the date of this reply.

An evaluation of the aforementioned lawsuit by the Company concludes that because the lawsuit is a personal affair of the Vice Chairman and does not involve the Company's finances or business, it is not expected to have any material impact on the interests of the Company's shareholders or stock price。

(14) Other significant risks and response measures:

1.The Company's KPIs:

(1)Financial indicators: Optimizing financial structure and control of bank financing agreements

Ratio	Formula	Target KPI	2015	2014
Debt ratio	Net liabilities (Total liabilities - Cash and cash equivalents) / Tangible assets	<=120%	52.40%	58.34%
Current ratio	Current assets / Current liabilities	>=100%	299.78%	261.06%
Times interest earned	Net income before income tax and interest expense / Current interest expense	>=150%	681.97%	581.00%
Tangible assets	Shareholders' equity - Intangible assets	>=NT$50 billion	NT$61.5 billion	NT$63.3 billion

(2)Performance indicators: Return on shareholder's equity and income before accrued interest, tax,depreciation and amortization

Ratio	Formula	Target KPI	2015	2014
Return on shareholder's equity	Net Income after tax / Average of total shareholders' equity	4.67%	2.67%	3.97%
Return before accrued interest,tax, depreciation and amortization	Income before interest and tax＋depreciation and amortization	5,367	4,728	6,311

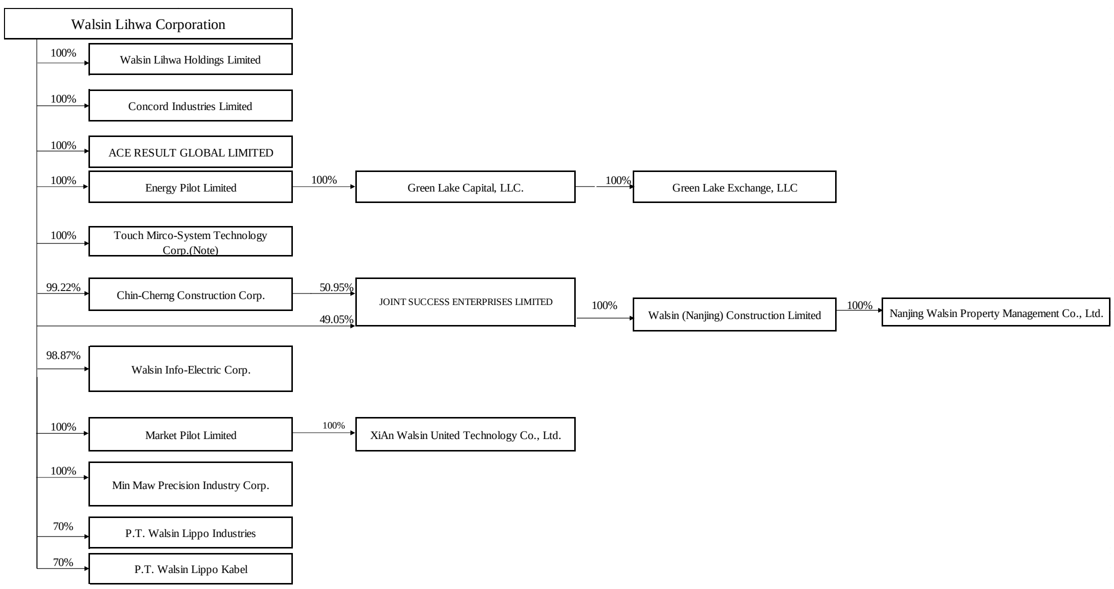
7. Other major issues and events: None

VII Special Disclosures

1. Summary of Affiliates Companies

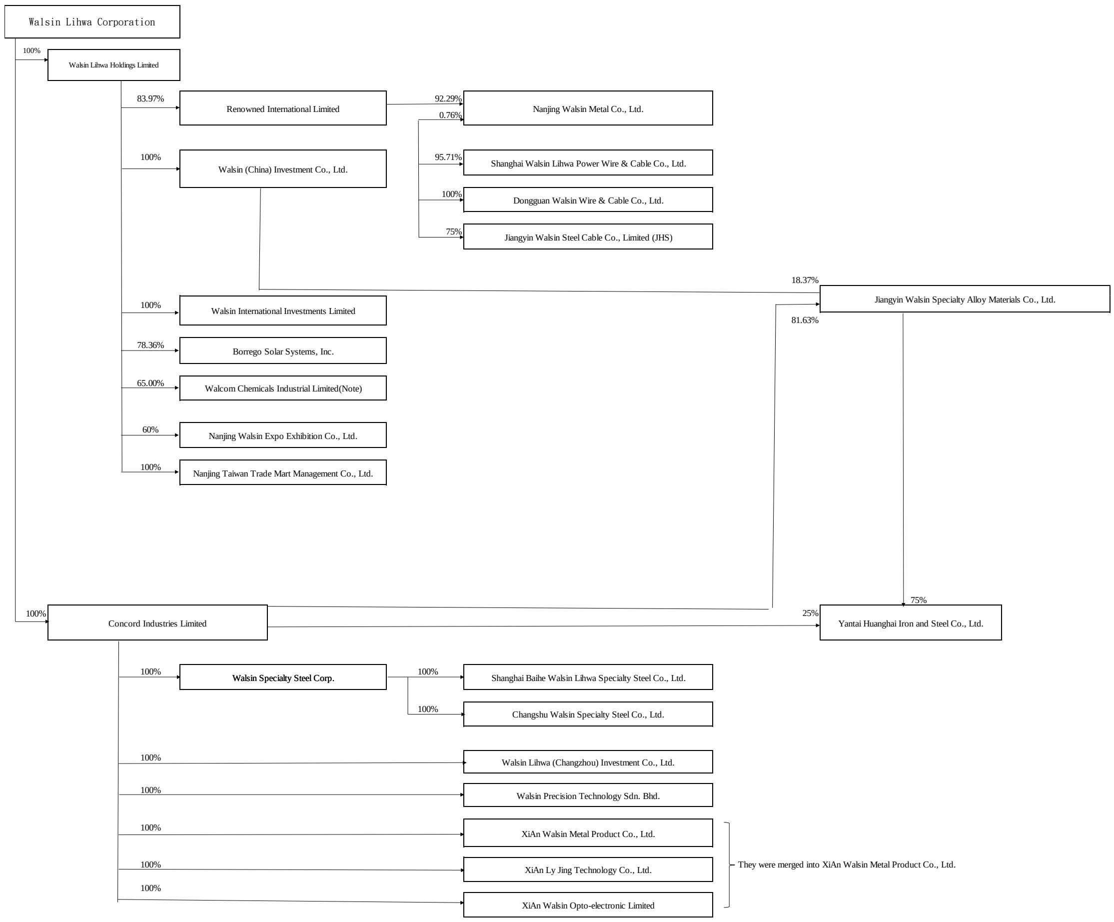
(1) Affiliates

1.Affiliated Organization Chart (2015.12.31)



Note: Liquidating

2. Affiliated Organization Chart (2015.12.31)



Note:WLC does not real control the company, it is not included in the consolidated financial statements of affiliated companies

(2) Background Information of the Affiliated Companies

Unit: NT thousands/Original thousands

Entity	Date of Incorporation	Address	Capital		Main Operation or Business Items
Walsin Lihwa Holdings Limited	1992/7/15	Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	USD	521,148	Investment holding
Renowned International Limited	1993/3/4	Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	USD	20,172	Investments
Nanjing Walsin Metal Co., Ltd.	2004/12/27	No. 59, HengJing Road Nanjing Economical & Technical Development Zone, Jiangsu Province, China	RMB	620,827	Copper alloy, copper wires cable
Walsin (China) Investment Co., Ltd.	1995/11/2	Rm. 2804, 28th Floor, Shanghai Mart Tower, No. 2299, Yanan Road (West), Shanghai, China	USD	78,600	Investments
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	1995/3/21	No. 1128 Liuxiang Road, Nanxiang Town, Jiading, Shanghai	USD	15,627	Cables and wires
Dongguan Walsin Wire & Cable Co., Ltd.	2000/1/26	Xiniupo Industrial Zone District, Dalang Town, Dongguan, Guangdong	USD	26,000	Bare copper cables and wires
Jiangyin Walsin Steel Cable Co., Ltd.	1992/12/16	No. 679 Binjiang Road (West), Binjiang Economic & Technology Development Zone, Jiangyin, Jiangsu	USD	20,000	Strand, steel wire, galvanized wire
Walsin International Investments Limited	1993/12/2	Unit 9-15, 22/F, Millennium City, 378Kwun Tong Road, Kwun Tong, Kooloon, Hong Kong	HKD	0.002	Investments
Borrego Solar Systems, Inc.	2002/3/1	6210 Lake Shore Drive San Diego, CA 92119, USA	USD	13,821	Solar electric systems
Walcom Chemicals Industrial Limited	1988/12/29	Unit 714, 7/F, Miramar Tower, 1-23 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong	HKD	500	Commerce
Nanjing Walsin Expo Exhibition Ltd.	2009/5/6	No. 199 Yanshan Road, Nanjing	RMB	3,000	Exhibition and conference organizing service
Nanjing Taiwan Trade Mart Management Co., Ltd.	2010/4/14	Room 205, 2/F, No. 156, Mengdu Avenue, Jianye Zone, Nanjing	USD	1,000	Business management, property management, marketing,planning, advertising and consulting;marketing facilities leasing and marketing management; electronics,machinery, agricultural products, textiles,handicrafts and export,commission agency (except auction)
Concord Industries Limited	1992/8/25	Trident Chambers Wickhams Cay P.O.Box 146, Road Town, Tortola,British Virgin Islands	USD	469,203	Investment holding
Walsin Specialty Steel Corp	1997/8/7	Offshore Incorporations Centre, Road Town Tortola, British Virgin Islands	USD	198,600	Commerce and Investments
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	1997/8/8	No. 2402, Waiqingsong Road, Baihe Town, Qing Pu Zone, Shanghai	USD	39,000	Manufacture and sale of stainless steel flanges and fittings, elbows, tees, valves, bar length, precision straight bar, wire and tube products
Changshu Walsin Specialty Steel Co., Ltd.	1997/12/24	Haiyu Town, Changshu City, Jiangsu Province (Mailing address：No. 2,Hai Yang Road ,Haiyu Town, Changshu City, Jiangsu Province)	USD	97,000	Production and sales of special steel, rod, wire, stainless steel pipe, architectural hardware and household heating equipment

(Next)

(Last)

Unit: NT thousands/Original thousands

Entity	Date of Incorporation	Address	Capital		Main Operation or Business Items
Yantai Huanghai Iron and Steel Co., Ltd.	2007/3/19	No. 2 Wuzhishan Road. ETDZ Yantai City, Shantung Province,	USD	155,065	Manufacture and sale of steel billets and wire rods, import and export steel products and related technologies, recycle waste materials, wholesale business
Walsin Lihwa (Changzhou) Investment Co., Ltd.	2013/12/16	6/F, No.2, Tenglong Road, Wujin Economic Development Area, Jiangsu	USD	49,000	Investment holding
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	2005/3/10	No. 677, Binjiang West Road, Jiangyin City, Jiangsu	USD	49,000	Cold-rolled stainless steel and flat-rolled products
Walsin Precision Technology Sdn. Bhd.	2000/3/15	2115-1,Kawasan Perindustrian air Keroh, Fasaiv, Air Keroh, 75450 Melaka, Malaysia	USD	8,470	stainless steel plates
XiAn Walsin Metal Product Co., Ltd. (Note1)	2008/6/20	2/F, Building B, No. 15, Shanglinyuan First Road, New Industrial Park, Hi-and-New Tech Park of Xian, Shaanxi	USD	10,000	Production and sale of medium and heavy specialized stainless steel plates.
XiAn LyJing Technology Co., Ltd. (Note1)	2007/8/8	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of Xi'an, Shaanxi	USD	45,200	Solar module assembly
Xian Walsin Opto-electronic Limited (Note 1)	2010/12/17	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of Xi'an, Shaanxi	USD	150	LED, micro projector, and solar cell assembly
ACE RESULT GLOBAL LIMITED	2014/10/8	P.O.Box 957, Offshore Incorporations Centre, Road Town Tortola, BVI	USD	53,000	Investment holding
ENERGY PILOT LIMITED	2009/7/28	P.O.Box 957, Offshore Incorporations Centre, Road Town Tortola, BVI	USD	20,670	Investment holding
Green Lake Capital, LLC.	2009/8/24	1209 Orange Street, Wilmington, Delaware 19801	USD	20,670	Solar power business
Green Lake Exchange, LLC.	2011/8/23	160 Greentree Drive, Suite 101, Dover, Delaware 19904	USD	11,355	Solar power project development
Touch Micro-System Technology Corp.	2004/4/2	566 Gaoshin Road, Yangmei Township, Taoyuan 326 Taiwan, R.O.C.	NTD	21,000	OEM on MEMS foundry service
Chin-Cherng Construction Co.	1973/6/28	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	NTD	2,794,256	Construction business
JOINT SUCCESS ENTERPRISES LIMITED	2004/1/8	P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD	77,520	Investments
Walsin (Nanjing) Construction Limited	2005/8/9	No. 236 Jiangdong Road,Jianye District, Nanjing, Jiangsu Province	USD	50,000	Construction, rental and sale of buildings and industrial factories
Nanjing Walsin Property Management Co., Ltd.	2013/1/30	No. 230, Hexi Avenue, Jianye Zone, Nanjing, Jiangsu	RMB	1,000	Property management, business management and housing leasing
Walsin Info-Electric Corp.	1995/6/21	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	NTD	240,000	Solar Engineering, mechanical and electrical engineering, and Power engineering
MARKET PILOT LIMITED	2010/7/1	P.O.Box 957, Offshore Incorporations Centre, Road Town Tortola, BVI	USD	100,000	Investment holding
XiAn Walsin United Technology Co., Ltd.	2006/4/24	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of Xian, Shaanxi	USD	99,900	Electronic devices and module
Min Maw Precision Industry Corp.	1970/10/17	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	NTD	241,500	Solar power systems management, design, and installation
P.T Walsin Lippo Industries	1991/4/29	JI. MH. Thamrin Blok A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	USD	15,000	Steel wires
P.T. Walsin Lippo Kabel	1997/12/29	Lippo Centre LT. 11 JL. Jend. Gatot Subroto Kav. 35-36, Jakarta Selatan	USD	1,500	None

Note1：They were merged into XiAn Walsin Metal Product Co., Ltd.

(3) Presumed to have control and affiliation Common Shareholders Information: Not applicable

(4)The main Industries of affiliated companies:

1. Wire and cable industry

2. Special steel industry

3. Business real estate

4. General investment industry

Above table incloude the main operation or business items of each affiliated company.

The division of work of affiliated companies:

Each line of business affiliates operate independently, partially some affiliates have the purchases, sales, engineering contracting trading and marketing agency services and other projects with each other.

(5)Directors, Supervisors, and Presidents of the Affiliated Companies(2015.12.31)

Share：USD thousands or RMB thousands；per；%

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
Walsin Lihwa Corporation	Chairman	Chiao, Yu-Lon	45,961,773	1.29%
	Vice Chairman	Chiao, Yu-Cheng	39,508,661	1.10%
	Director	Chiao, Yu-Heng	58,392,197	1.63%
	Director	Yang, Jih-Chang	0	0.00%
	Director	Cheng, Hui-Ming	1,000,000	0.03%
	Director	Chang, Wen-Chung	1,200,786	0.03%
	Director	Hong, Wu-Shung	859,316	0.02%
	Director	Ma, Wei-Shin	244,033	0.01%
	Independent Director	Hsueh, Ming-Ling	0	0.00%
	Independent Director	Du, King-Ling	0	0.00%
	Independent Director	Chen, Shiang-Chung	0	0.00%
	Supervisor	Chu, Wen-Yuan	3,774,276	0.11%
	Supervisor	Walsin Technology Corp.	19,657,000	0.55%
	Supervisor of legal representative	Representative of Walsin Technology Corp.：Chu, Yeu-Yuh	55,065	0.00%
	Supervisor	Hsu, In-Shek	0	0.00%
	CEO	Chiao, Yu-Lon	45,961,773	1.29%
	General manager	Cheng, Hui-Ming	1,000,000	0.03%
	General manager	Chang, Wen-Chung	1,200,786	0.03%
	General manager	Chiao, Yu-Hwei	80,279,006	2.24%
	Vice general manager	Chen, Cheng-Chiang	244,722	0.01%
	Vice general manager	Chen, Tien-Rong	25,300	0.00%
	Vice general manager	Lu, Chin-Jen	40,900	0.00%
	Vice general manager	Lin, Tung-Ben	0	0.00%
	Vice general manager	Liao, Chih-Cheng	70,963	0.00%
	Vice general manager	Pan, Wen-Hu	107,300	0.00%
	Vice general manager	Chen, Juei-Lung	100,800	0.00%
Walsin Lihwa Holdings Limited	Director	Representative of Walsin Lihwa Corporation ：Chiao, Yu-Cheng、Chiao, Yu-Lon、Wen, Ter-Chen	521,147,848	100.00%
Renowned International Limited	Director	Representative of Walsin Lihwa Holdings Limited：Chiao, Yu-Hwei、Cheng, Chung-Wu、Lin, Yu-Tsung	16,937,020	83.97%
	Director	Representative of Itochu Corporation：Hiroshi Ichinose	1,396,964	6.93%
	Director	Representative of Marubeni Corporation：Kunihiko Akiyama	1,396,964	6.93%

(Next)

(Last) Share：USD thousands or RMB thousands；per；%

Entity	Title	Name of the Representation	Shareholding(contribution)		
			Shares		Holding
Nanjing Walsin Metal Co., Ltd.	Chairman	Chiao, Yu-Hwei	RMB	0	0.00%
	Vice Chairman	Xiao, Bao-Min	RMB	0	0.00%
	Vice Chairman	Yu , Mu-Hsun	RMB	0	0.00%
	General manager	Hu, Zhen- Zhong	RMB	0	0.00%
	Director	Representative of Renowned International Limited ：Chiao, Yu-Hwei、Yu , Mu-Hsun、Lin, Tung-Ben、Wu, Chin-Sheng、Liao, Chih-Cheng、Kunihiko Akiyama、Hiroshi Ichinose	RMB	572,961	92.29%
	Director	Representative of Nanjing Xingang：Xiao, Bao-Min	RMB	32,407	5.22%
	Director	Representative of Nanjing Suyi Industrial Limited Company：Wu Jun	RMB	7,760	1.25%
	Director	Representative of China Netcom Jiangsu Branch：He, Jian-Quan	RMB	2,980	0.48%
	Director	Representative of Walsin (China) Investment Co., Ltd.：Cao, Jian-Hua	RMB	4,718	0.76%
	Supervisor	Representative of Renowned International Limited Lin, Yu-Tsung	RMB	572,961	92.29%
	Supervisor	Representative of Nanjing Xingang High-Tech Co., Ltd. ：Lu, Tang-Jun	RMB	32,407	5.22%
	Employee representative	Xu Jun	RMB	0	0.00%
Walsin (China) Investment Co., Ltd.	Chairman	Cao, Jian-Hua	USD	0	0.00%
	General manager	Pan, Wen-Hu	USD	0	0.00%
	Director	Representative of Walsin Lihwa Holdings Limited：Cao, Jian-Hua、Chen, Cheng-Chiang、Pan, Wen-Hu	USD	78,600	100.00%
	Supervisor	Representative of Walsin Lihwa Holdings Limited： ：Wu, Chin-Sheng	USD	78,600	100.00%
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Chairman	Chiao, Yu-Hwei	USD	0	0.00%
	General manager	Lin, San-Lang	USD	0	0.00%
	Director	Representative of Shanghai Nanxiang Development Zone Industrial Co. Ltd. ：Zhang Jianming、Cheng Hang	USD	671	4.29%
	Director	Representative of Walsin (China) Investment Co., Ltd. ：Chiao, Yu-Hwei、Lin, San-Lang、Cheng, Chung-Wu、Lin, Tung-Ben、Lu, Chin-Jen	USD	14,956	95.71%
	Director	Representative of Walsin (China) Investment Co., Ltd.：Wu, Chin-Sheng	USD	14,956	95.71%
Dongguan Walsin Wire & Cable Co., Ltd.	Chairman	Chiao, Yu-Hwei	USD	0	0.00%
	General manager	Chuang, Chih-Ming	USD	0	0.00%
	Director	Representative of Walsin (China) Investment Co., Ltd.:Chiao, Yu-Hwei、Lin, Yu-Tsung、Cheng, Chung-Wu、Lin, San-Lang、Lin, Tung-Ben	USD	26,000	100.00%
Jiangyin Walsin Steel Cable Co., Limited (JHS)	Chairman	Liao, Chih-Cheng	USD	0	0.00%
	Vice Chairman	Cheng, Chung-Wu	USD	0	0.00%
	Vice Chairman	Xiang Liu	USD	0	0.00%
	General manager	Zhou Qi	USD	0	0.00%
	Director	Representative of Fasten Group ：Xiang Liu、Yue Zhang	USD	5,000	25.00%
	Director	Representative of Walsin (China) Investment Co., Ltd. ：Cheng, Chung-Wu、Liao, Chih-Cheng、Chiao, Yu-Hwei、Lin, Tung-Ben、Qu, Jing-Wei	USD	15,000	75.00%
	Supervisor	Representative of Walsin (China) Investment Co., Ltd.：Wu, Chin-Sheng	USD	15,000	75.00%

(Next)

(Last)

Share：USD thousands or RMB thousands；per；%

Entity	Title	Name of the Representation	Shareholding(contribution)		
			Shares		Holding
Walsin International Investments Limited	Director	Chen, Cheng-Chiang、Pan, Wen-Hu		2	100.00%
Borrego Solar Systems, Inc.	Chairman	Stan Chang		0	0.00%
	General manager	Michael Adam Hall		58,587	3.20%
	Director	Representative of Walsin Lihwa Holdings Limited：Stan Chang、Lin, Shu-Ting、Wen, Ter-Chen		1,460,458	78.36%
	Director	Aaron Stephen Hall		147,174	8.05%
	Director	Michael Adam Hall		58,587	3.20%
Walcom Chemicals Industrial Limited	Director	Chi Hao		174,999	35.00%
	Director	Liang Qi Ying		1	0.00%
	Director	Chen Yong Taig		0	0.00%
Nanjing Walsin Expo Exhibition Co., Ltd.	Chairman	Zhang Qing-Xuan	RMB	0	0.00%
	General manager	Wu Xue-Wu	RMB	0	0.00%
	Director	Representative of Walsin Lihwa Holdings Limited：Chiao, Yu-Lon、Wu Xue-Wu、Zhou Min (Changing registration)	RMB	1,800	60.00%
	Director	Representative of Nanjing Hexi Convention and Exhibition Co.,Ltd.：Zhang Qing-Xuan、Zhao, Chun-Le	RMB	1,200	40.00%
	Supervisor	Representative of Walsin Lihwa Holdings Limited ： Lin, Shu-Ting (Changing registration)	RMB	1,800	60.00%
Nanjing Taiwan Trade Mart Management Co., Ltd.	Chairman	Chiao, Tzu-Yi	USD	0	0.00%
	General manager	Zhou Min	USD	0	0.00%
	Director	Representative of Walsin Lihwa Holdings Limited：Chiao, Tzu-Yi、Wu Xue-Wu、Zhou Min	USD	1,000	100.00%
	Supervisor	Representative of Walsin Lihwa Holdings Limited：Pan, Sy-Ru	USD	1,000	100.00%
Concord Industries Limited	Director	Representative of Walsin Lihwa Corporation：Chiao, Yu-Cheng、Chiao, Yu-Lon、Wen, Ter-Chen		469,203,187	100.00%
Walsin Specialty Steel Corp.	Director	Representative of Walsin Lihwa Corporation：Chiao, Yu-Cheng、Chiao, Yu-Lon、Wen, Ter-Chen		198,600,000	100.00%
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Chairman	Chang, Wen-Chung	USD	0	0.00%
	General manager	Sheu, Horng-Sheng	USD	0	0.00%
	Director	Representative of Walsin Specialty Steel Corp. ：Chang, Wen-Chung、Chen, Cheng-Chiang、Chen, Tien-Rong、Hung, Wen-Nan	USD	39,000	100.00%
	Supervisor	Representative of Walsin Specialty Steel Corp ：Wu, Chin-Sheng	USD	39,000	100.00%
Changshu Walsin Specialty Steel Co., Ltd.	Chairman	Chang, Wen-Chung	USD	0	0.00%
	Vice Chairman	Chen, Tien-Rong	USD	0	0.00%
	General manager	Lin, Shih-Chieh	USD	0	0.00%
	Director	Representative of Walsin Specialty Steel Corp ： Chang, Wen-Chung 、 Chen, Tien-Rong 、 Cao, Jian-Hua 、 Lin, Shih-Chieh 、 Wang, Chih-Ta	USD	97,000	100.00%
	Supervisor	Representative of Walsin Specialty Steel Corp.：Wu, Chin-Sheng	USD	97,000	100.00%

(Next)

(Last)

Share：USD thousands or RMB thousands；per；%

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
Yantai Walsin Stainless Steel Co., Ltd.	Chairman	Chang, Wen-Chung	USD 0	0.00%
	General manager	Sheu, Horng-Sheng	USD 0	0.00%
	Director	Representative of Jiangyin Walsin Specialty Alloy Materials Co., Ltd. ：Chang, Wen-Chung、Chen, Cheng-Chiang	USD 116,313	75.00%
	Director	Representative of Concord Industries Limited ：Chen, Tien-Rong	USD 38,753	25.00%
	Supervisor	Representative of Jiangyin Walsin Specialty Alloy Materials Co., Ltd.：Wu, Chin-Sheng	USD 116,313	75.00%
Walsin Lihwa (Changzhou) Investment Co., Ltd.	Chairman	Cao, Jian-Hua	USD 0	0.00%
	General manager	Pan, Wen-Hu	USD 0	0.00%
	Director	Representative of Concord Industries Limited ：Cao, Jian-Hua、Pan, Wen-Hu、Wen, Ter-Chen	USD 49,000	100.00%
	Supervisor	Representative of Concord Industries Limited ：Wu, Chin-Sheng	USD 49,000	100.00%
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Chairman	Chang, Wen-Chung	USD 0	0.00%
	General manager	Sheu, Horng-Sheng	USD 0	0.00%
	Director	Representative of director ：Chang, Wen-Chung、Sheu, Horng-Sheng、Lin, Shu-Ting	USD 49,000	100.00%
	Supervisor	Representative of supervisor ：Wu, Chin-Sheng	USD 49,000	100.00%
Walsin Precision Technology Sdn. Bhd	Chairman	Chang, Wen-Chung	0	0.00%
	General manager	Chang, Chien-Hsin	0	0.00%
	Director	Representative of Concord Industries Limited：Chang, Wen-Chung、Chang, Chien-Hsin、Chen, Jen-Yang、Wu, Chin-Sheng	32,178,385	100.00%
XiAn Walsin Metal Product Co., Ltd. (Merging, cannot change the registration)	Chairman	Chen, Cheng-Chiang	USD 0	0.00%
	General manager	Kuo, Ching-Tang	USD 0	0.00%
	Director	Representative of Concord Industries Limited：Chen, Cheng-Chiang 、Wen, Ter-Chen、Yang, Hsiang-Hsin	USD 10,000	100.00%
	Supervisor	Representative of Concord Industries Limited：Wu, Chin-Sheng	USD 10,000	100.00%
XiAn LyJing Technology Co., Ltd. (Merging, cannot change the registration)	Chairman	Chen, Cheng-Chiang	USD 0	0.00%
	General manager	Hsieh, Kun-Han	USD 0	0.00%
	Director	Representative of Concord Industries Limited：Chen, Cheng-Chiang、Hsieh, Kun-Han、Wu, Chin-Sheng	USD 45,200	100.00%
	Supervisor	Representative of Concord Industries Limited：Pan, Sy-Ru	USD 45,200	100.00%
Xian Walsin Opto-electronic Limited (Merging, cannot change the registration)	Chairman	Hu, Ching-Jen	USD 0	0.00%
	General manager	Kuo, Yung-Chun	USD 0	0.00%
	Director	Representative of Concord Industries Limited：Hu, Ching-Jen、Kuo, Yung-Chun、Wu, Chin-Sheng	USD 150	100.00%
	Supervisor	Representative of Concord Industries Limited：Lin, Shu-Ting	USD 150	100.00%
ACE RESULT GLOBAL LIMITED	Director	Representative of Walsin Lihwa Corporation：Tang, Ji-Ming、Lin, Shu-Ting	53,000,001	100.00%
Energy Pilot Limited	Director	Representative of Walsin Lihwa Corporation：Tang, Ji-Ming、Wen, Ter-Chen	20,670,001	100.00%
Green Lake Capital, LLC.	Co-manager	Jason Tai	USD 20,670	100.00%
Green Lake Exchange, LLC.		Corporate shareholders representative of Green Lake Capital, LLC.：Jason Tai	USD 11,355	100.00%
Touch Micro-System Technology Corp.	Liquidator	Pan, Sy-Ru	0	0.00%

(Next)

(Last)

Share：USD thousands or RMB thousands；per；%

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
Chin-Cherng Construction Co.	Chairman	Hong, Wu-Shung	211,163	0.08%
	General manager	Pan, Wen-Hu	0	0.00%
	Director	Representative of Walsin Lihwa Corporation：Chiao, Yu-Cheng、Chiao, Yu-Lon、Pan, Wen-Hu、Wen, Ter-Chen	277,256,940	99.22%
	Supervisor	Wu, Chin-Sheng	0	0.00%
Joint Success Enterprises Limited	Director	Representative of Chin-Cherng Construction Co.：Tang, Ji-Ming 、Pan, Wen-Hu	39,500,000	50.95%
Walsin (Nanjing) Construction Limited	Chairman	Cao, Jian-Hua	USD 0	0.00%
	General manager	Pan, Wen-Hu	USD 0	0.00%
	Director	Representative of Joint Success Enterprises Limited ：Chiao, Yu-Lon、Hong, Wu-Shung、Cao, Jian-Hua	USD 50,000	100.00%
	Supervisor	Representative of Joint Success Enterprises Limited ：Pan, Sy-Ru	USD 50,000	100.00%
Nanjing Walsin Property Management Co., Ltd.	Chairman	Pan, Wen-Hu	RMB 0	0.00%
	General manager	Chen Lin	RMB 0	0.00%
	Director	Representative of Walsin (Nanjing) Construction Limited ：Pan, Wen-Hu、Chiao, Tzu-Yi、Lee, Jeng-Chang	RMB 1,000	100.00%
	Supervisor	Representative of Walsin (Nanjing) Construction Limited ：Wu, Chin-Sheng	RMB 1,000	100.00%
Walsin Info-Electric Corp.	Chairman	Chiao, Yu-Lon	0	0.00%
	Vice Chairman	Lin Wang-Tsai	0	0.00%
	General manager	Wen, Ter-Chen	0	0.00%
	Director	Representative of Walsin Lihwa Corporation：Chiao, Yu-Lon、Lin Wang-Tsai、Wen, Ter-Chen、Tang, Ji-Ming、Wu, Chin-Sheng	23,728,623	98.87%
	Supervisor	Pan, Sy-Ru	0	0.00%
Market Pilot Limited	Director	Representative of Walsin Lihwa Corporation：Tang, Ji-Ming、Wen, Ter-Chen	100,000,000	100.00%
XiAn Walsin United Technology Co., Ltd.	Chairman	Lin, Shu-Ting	USD 0	0.00%
	General manager	Lin, Shu-Ting (Changing registration)	USD 0	0.00%
	Director	Representative of Market Pilot Limited ：Lin, Shu-Ting、Chen, Xiao-Wei、Su, Fan -Chun	USD 99,900	100.00%
	Supervisor	Representative of Market Pilot Limited ：Wu, Chin-Sheng	USD 99,900	100.00%
Min Maw Precision Industry Corp.	Chairman	Wen, Ter-Chen	0	0.00%
	General manager	Wen, Ter-Chen	0	0.00%
	Director	Representative of Walsin Lihwa Corporation：Wen, Ter-Chen、Lin, Shu-Ting、Yang, Hsiang-Hsin	24,150,000	100.00%
	Supervisor	Representative of Walsin Lihwa Corporation：Pan, Sy-Ru	24,150,000	100.00%
P.T. Walsin Lippo Industries	President Commissioner	Representative of P.T. Multi Prima Sejahtera, Tbk,：Rudy Nanggulangi	4,500	30.00%
	President Director	Representative of Walsin Lihwa Corporation：Ou Yang Kai-Dai	10,500	70.00%
	Vice President Director	Representative of P.T. Multi Prima Sejahtera, Tbk,：Hery Soegiarto	4,500	30.00%
	Director	Representative of Walsin Lihwa Corporation：Pan, Sy-Ru、David Karman、Ardinand Roynald P、Andre Kelsen, Foe	10,500	70.00%

(Next)

(Last)

Share：USD thousands or RMB thousands；per；%

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
P.T. Walsin Lippo Kabel (Changing registration)	President Commissioner	Representative of P.T. Multi Prima Sejahtera, Tbk,：Rudy Nanggulangi	450,000	30.00%
	Vice President Commissioner	Representative of Walsin Lihwa Corporation：Cheng, Chung-Wu	1,050,000	70.00%
	Commissioner	Representative of Walsin Lihwa Corporation：Lin, Shu-Ting	1,050,000	70.00%
	President	Representative of Walsin Lihwa Corporation：Ou Yang Kai-Dai	1,050,000	70.00%
	Vice President Director	Representative of P.T. Multi Prima Sejahtera, Tbk, ：Suhendra Atmadja	450,000	30.00%
	Director	Representative of Walsin Lihwa Corporation：David Karman、Ardinand Roynald Pangkerego	1,050,000	70.00%

(6)Operating Condition of the Affiliated Companies

Unit：NT$ thousands

Entity		Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (loss)	Net Income (loss)	EPS (NT$)
Walsin Lihwa Corporation		35,760,002	95,120,014	33,439,944	61,680,070	71,574,888	2,996,429	1,601,726	0.45
Walsin Lihwa Holdings Limited (Note 1)		17,106,678	34,368,821	7,948,409	26,420,412	73,838,473	868,222	340,416	N/A
The Subsidiaries of Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	2,580,045	19,109,759	14,487,407	4,622,352	21,643	(70,766)	135,141	N/A
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	512,956	2,025,066	903,070	1,121,996	4,199,052	72,587	43,315	N/A
	Dongguan Walsin Wire & Cable Co., Ltd.	853,450	12,227,351	9,890,027	2,337,324	17,891,602	(7,227)	311,836	N/A
	Jiangyin Walsin Steel Cable Co., Limited	656,500	2,267,098	1,103,679	1,163,419	2,412,645	141,878	64,998	N/A
	Renowned International Limited	662,138	4,573,233	0	4,573,233	0	(49)	242,518	12.02
	Nanjing Walsin Metal Co., Ltd.	2,665,390	8,644,760	3,693,661	4,951,099	44,821,380	208,558	279,950	N/A
	Walsin International Investments Limited	0	7,576	95,700	(88,124)	0	(6,775)	(11,899)	N/A
	Nanjing Walsin Expo Exhibition Co., Ltd.	14,410	3,006	750	2,256	4,172	(514)	(514)	N/A
	Borrego Solar Systems, Inc.	453,666	2,952,340	1,977,557	974,783	6,726,156	280,133	204,443	109.70
	Nanjing Taiwan Trade Mart Management Co., Ltd.	32,825	31,710	868,493	(836,783)	96,257	18,275	(9,211)	N/A
	Walcom Chemicals Industrial Limited	2,118	2	74,210	(74,208)	0	(26)	(26)	N/A
Concord Industries Limited (Note 2)		15,401,595	17,193,178	6,043,945	11,149,233	8,621,086	(1,214,739)	(1,448,036)	N/A
The Subsidiaries of Concord Industries Limited	XiAn Walsin Metal Product Co., Ltd.	328,250	357,142	1,410,829	(1,053,687)	0	(1,543)	(44,531)	N/A
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	1,608,425	2,327,265	1,860,051	467,214	32,942	(33,336)	(611,997)	N/A
	Walsin Precision Technology Sdn. Bhd.	278,028	544,219	137,411	406,808	661,841	(310)	6,093	N/A
	Walsin Specialty Steel Corp	6,519,045	4,041,636	1,613	4,040,023	0	(7,527)	(1,039,458)	N/A
	Changshu Walsin Specialty Steel Co., Ltd.	3,184,025	4,666,819	2,634,643	2,032,176	3,366,045	(430,075)	(703,214)	N/A
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	1,280,175	2,957,469	4,291,189	(1,333,720)	5,427,593	(294,860)	(565,610)	N/A
	Yantai Walsin Stainless Steel Co., Ltd.	5,090,009	3,061,768	3,169,705	(107,937)	5,207,007	(420,566)	(618,000)	N/A
	XiAn Ly Jing Technology Co., Ltd.	1,483,690	857,349	65,876	791,473	0	(14,991)	(9,671)	N/A
	Xian Walsin Opto-electronic Limited	4,924	2,007	147,974	(145,967)	0	(235)	(5,401)	N/A
	Walsin Lihwa (Changzhou) Investment Co., Ltd.	1,608,425	1,591,990	392	1,591,598	0	(2,618)	56,098	N/A
Ace Result Limited		1,647,586	853,885	0	853,885	0	0	(42,544)	N/A
P.T Walsin Lippo Kabel		22,706	17,367	17,003	364	0	(16,653)	(16,653)	N/A
Energy Pilot Limited		678,493	627,028	0	627,028	0	0	79,834	N/A
The Subsidiaries of Energy Pilot Limited	Green Lake Capital, LLC. (Note 3)	678,493	662,039	35,021	627,018	481,154	96,939	79,829	N/A
	Green Lake Exchange, LLC.	372,731	501,346	9,524	491,822	481,154	102,293	102,293	N/A
Touch Micro-System Technology Corp.		21,000	9,708	322	9,386	0	0	68	0.03
Walsin Info-Electric Corp.		240,000	339,542	50,567	288,975	53,390	(6,071)	4,584	0.19
The Subsidiaries of Walsin Info-Electric Corp.	Huatong International Corp.	0	0	0	0	0	(1)	(848)	N/A
	Shanghai Walsin Info-electric Inc.	0	0	0	0	0	0	31	N/A
Market Pilot Limited(Note 4)		3,282,500	717,320	1,426,682	(709,362)	32,177	(258,707)	(353,885)	N/A
The Subsidiaries of Market Pilot Limited	XiAn Walsin United Technology Co., Ltd.	3,279,218	684,148	1,426,684	(742,536)	32,177	(258,661)	(355,823)	N/A
P.T. Walsin Lippo Industries		492,375	1,144,213	388,768	755,445	1,443,374	75,315	47,094	3,139.57
Chin-Cherng Construction Co (Note 5)		2,794,256	3,756,155	9,488	3,746,667	33,676	7,636	3,183	0.01
The Subsidiaries of Chin-Cherng Construction Co.	Joint Success Enterprises Limited	2,861,503	5,352,564	83,166	5,269,398	0	(3,339)	(15,956)	N/A
	Walsin (Nanjing) Construction Limited	1,898,384	11,586,744	7,216,484	4,370,260	60,199	(170,445)	(66,899)	N/A
	Nanjing Walsin Property Management Co., Ltd.	5,055	26,549	56,745	(30,196)	83,696	2,803	4,830	N/A
Min Maw Precision Industry Corp.		241,500	1,157,619	857,632	299,987	96,383	74,231	47,738	1.98

Note 1：The assets, liabilities and net income of Walsin Lihwa Holdings Limited include the subsidiaries'.
Note 2：The assets, liabilities and net income of Concord Industries Limited include the subsidiaries'.
Note 3：The net income of Energy Pilot Limited include the subsidiaries'.
Note 4：The assets, liabilities and net income of Market Pilot Limited include the subsidiaries'.
Note 5：The net income of Chin-Cherng Construction Co. include the subsidiaries'.
Note 6：The currency exchange rate as of December 31, 2015 was as follows: US$/NT$=1：32.825 (average rate ：US$/NT$ =1：31.739) RMB/NT$=1：5.05505（average rate ：RMB/NT$=1：5.08871）

2.Progress of private placement of securities during the latest year and up to the date of annual report publication: None

3.The subsidiaries' shareholding or disposal of the company's shares during the latest year and up to the date of annual report publication: None

4.Other supplemental information: None

5.Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act during the most recent year and up to the annual report publication date: None.