U.D. ELECTRONIC CORP. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2016 and 2015 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
U.D. ELECTRONIC CORP.

We have reviewed the accompanying consolidated balance sheets of U.D. ELECTRONIC CORP. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 - " Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 5, 2016

Notice to Readers

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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent accountants' review 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 independent accountants' review report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2016 (Reviewed)		December 31, 2015 (Audited)		March 31, 2015 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 264,447	6	$ 394,355	9	$ 833,481	17
Financial assets at fair value through profit or loss - current (Note 7)	-	-	-	-	1,079	-
Notes receivable (Note 9)	103,613	2	74,742	2	74,170	1
Trade receivables (Note 9)	966,266	23	1,053,528	23	957,363	20
Trade receivables from related parties (Note 28)	-	-	-	-	30,715	1
Other receivables (Note 9)	35,905	1	29,750	1	36,266	1
Inventories (Note 10)	1,360,024	32	1,471,833	32	1,423,627	29
Prepayments (Notes 15 and 16)	48,820	1	55,354	1	63,998	1
Other current financial assets (Notes 16 and 29)	100	-	100	-	6,437	-
Other current assets (Note 16)	72,310	2	99,413	2	91,367	2
Total current assets	2,851,485	67	3,179,075	70	3,518,503	72
NON-CURRENT ASSETS						
Financial assets measured at cost - non-current (Note 8)	92,796	2	89,608	2	89,608	2
Property, plant and equipment (Note 12)	1,030,296	24	971,034	21	964,850	20
Computer software, net (Note 14)	9,759	-	6,595	-	12,647	-
Goodwill (Note 13)	6,103	-	6,103	-	6,103	-
Deferred tax assets (Note 4)	4,306	-	4,717	-	9,478	-
Prepayments for equipment (Notes 16 and 28)	96,187	2	111,908	3	122,207	3
Long-term prepayments for lease (Note 15)	68,216	2	69,618	2	15,611	-
Other non-current financial assets (Notes 16 and 29)	-	-	-	-	10,292	-
Other non-current assets (Note 16)	100,568	3	81,976	2	118,253	3
Refundable deposits (Note 16)	14,562	-	13,503	-	16,110	-
Total non-current assets	1,422,793	33	1,355,062	30	1,365,159	28
TOTAL	$ 4,274,278	100	$ 4,534,137	100	$ 4,883,662	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	$ 741,675	17	$ 761,820	17	$ 563,400	11
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	7,000	-
Trade payables (Note 19)	418,597	10	528,820	12	479,786	10
Other payables (Note 20)	407,830	10	508,424	11	692,413	14
Other payables from related parties (Note 28)	-	-	-	-	374	-
Current tax liabilities	21,551	-	12,956	-	94,067	2
Current portion of long-term bonds payable (Note 18)	-	-	17,015	-	120,146	2
Other current liabilities (Note 20)	25,906	1	21,712	1	30,155	1
Total current liabilities	1,615,559	38	1,850,747	41	1,987,341	40
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 4)	8,115	-	12,512	-	12,437	-
Guarantee deposits received (Note 20)	4,913	-	5,014	-	26,519	1
Total non-current liabilities	13,028	-	17,526	-	38,956	1
Total liabilities	1,628,587	38	1,868,273	41	2,026,297	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)						
Share capital						
Ordinary shares	696,758	16	696,758	15	696,758	14
Capital surplus (Note 18)	726,551	17	726,715	16	726,715	15
Retained earnings						
Legal reserve	241,124	6	241,124	6	190,273	4
Special reserve	7,778	-	7,778	-	30,887	1
Unappropriated earnings (Note 23)	931,971	22	920,109	20	1,135,776	23
Total retained earnings	1,180,873	28	1,169,011	26	1,356,936	28
Other equity						
Exchange differences on translating foreign operations (Note 21)	20,457	-	50,262	1	44,627	1
Total equity attributable to owners of the parent	2,624,639	61	2,642,746	58	2,825,036	58
NON-CONTROLLING INTERESTS	21,052	1	23,118	1	32,329	1
Total equity	2,645,691	62	2,665,864	59	2,857,365	59
TOTAL	$ 4,274,278	100	$ 4,534,137	100	$ 4,883,662	100

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Note 28)				
Sales	$ 1,107,174	100	$ 1,098,059	100
OPERATING COSTS (Notes 10 and 22)				
Cost of goods sold	(914,253)	(83)	(849,672)	(77)
GROSS PROFIT	192,921	17	248,387	23
OPERATING EXPENSES (Note 22)				
Selling and marketing	(44,297)	(4)	(54,156)	(5)
General and administrative	(78,169)	(7)	(85,608)	(8)
Research and development	(65,915)	(6)	(42,707)	(4)
Total operating expenses	(188,381)	(17)	(182,471)	(17)
PROFIT FROM OPERATIONS	4,540	-	65,916	6
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 22)	11,240	1	4,962	-
Other gains and losses (Note 22)	13,210	1	25,576	2
Finance costs (Notes 18 and 22)	(2,603)	-	(2,746)	-
Total non-operating income and expenses	21,847	2	27,792	2
PROFIT BEFORE INCOME TAX	26,387	2	93,708	8
INCOME TAX EXPENSE (Notes 4 and 23)	(16,591)	(1)	(31,621)	(3)
NET PROFIT FOR THE PERIOD	9,796	1	62,087	5

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 21)	$ (35,910)	(3)	$ (29,763)	(3)
Income tax benefit (expense) related to components of other comprehensive income that may be reclassified subsequently (Notes 21 and 23)	6,105	-	5,060	1
Other comprehensive income (loss) for the period, net of income tax	(29,805)	(3)	(24,703)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ (20,009)	(2)	$ 37,384	3
NET PROFIT ATTRIBUTABLE TO:				
Owner of the parent	$ 11,862	1	$ 63,934	6
Non-controlling interests	(2,066)	-	(1,847)	-
	$ 9,796	1	$ 62,087	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the parent	$ (17,943)	(2)	$ 39,231	3
Non-controlling interests	(2,066)	-	(1,847)	-
	$ (20,009)	(2)	$ 37,384	3
EARNINGS PER SHARE (NTD; Note 24)				
Basic	$ 0.17		$ 0.92	
Diluted	$ 0.17		$ 0.90	

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent									
		Capital Surplus			Retained Earnings			Exchange Differences on Translating Foreign Operations		
	Share Capital	Share Premium	Others	Share Option	Legal Reserve	Special Reserve	Unappropriated Earnings		Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2015	$ 696,758	$ 720,999	$ -	$ 5,716	$ 190,273	$ 30,887	$ 1,071,842	$ 69,330	$ 34,176	$ 2,819,981
Net profit for the three months ended March 31, 2015	-	-	-	-	-	-	63,934	-	(1,847)	62,087
Other comprehensive loss for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	-	-	(24,703)	-	(24,703)
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	-	63,934	(24,703)	(1,847)	37,384
BALANCE AT MARCH 31, 2015	$ 696,758	$ 720,999	$ -	$ 5,716	$ 190,273	$ 30,887	$ 1,135,776	$ 44,627	$ 32,329	$ 2,857,365
BALANCE AT JANUARY 1, 2016	$ 696,758	$ 720,999	$ 4,935	$ 781	$ 241,124	$ 7,778	$ 920,109	$ 50,262	$ 23,118	$ 2,665,864
Other changes in capital surplus: Adjustment of capital surplus from convertible bonds (Notes 18 and 21)	-	-	617	(781)	-	-	-	-	-	(164)
Net profit for the three months ended March 31, 2016	-	-	-	-	-	-	11,862	-	(2,066)	9,796
Other comprehensive income for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	-	-	(29,805)	-	(29,805)
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	-	11,862	(29,805)	(2,066)	(20,009)
BALANCE AT MARCH 31, 2016	$ 696,758	$ 720,999	$ 5,552	$ -	$ 241,124	$ 7,778	$ 931,971	$ 20,457	$ 21,052	$ 2,645,691

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 26,387	$ 93,708
Adjustments for:		
Depreciation expenses	54,213	47,565
Amortization expenses	1,934	3,133
Impairment loss (reversal of impairment loss) recognized on trade receivables	(3,094)	27
Net gain on fair value change of financial assets at fair value through profit or loss	-	(5,897)
Finance costs	2,603	2,746
Interest income	(282)	(1,572)
Reversal of impairment loss recognized on non-financial assets	(18)	(346)
Loss on disposal of property, plant and equipment	10	206
Unrealized gain on foreign exchange, net	25,390	932
Changes in operating assets and liabilities		
Notes receivable	(28,935)	(11,150)
Trade receivables	57,838	84,493
Trade receivables from related parties	-	27,332
Other receivables	(6,842)	32,504
Inventories	106,227	(120,681)
Prepayment	21,945	25,565
Other current assets	(70)	1,566
Financial liabilities held for trading	-	(1,646)
Trade payables	(104,369)	(22,824)
Other payables	(54,752)	(51,208)
Other payables from related parties	-	377
Other current liabilities	4,470	3,649
Cash generated from operations	102,655	108,479
Interest received	282	1,476
Interest paid	(2,952)	(1,903)
Income tax paid	(5,797)	(10,012)
Net cash generated from operating activities	94,188	98,040
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(103,768)	(130,785)
Proceeds from disposal of property, plant and equipment	3,360	-
Increase in refundable deposits	(1,271)	(8,740)
Payments for intangible assets	(5,131)	(287)
Increase in other financial assets	-	(541)
Increase in other non-current assets	(3,373)	(77,485)

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2016	**2015**
Increase in prepayments for equipment	$ (21,881)	$ (49,159)
Payment to acquire financial assets measured at cost	(3,188)	(40,000)
Net cash used in investing activities	(135,252)	(306,997)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(5,453)	15,650
Guarantee deposits (refunded) received	(91)	24,460
Payments for buy-back of convertible bonds	(17,200)	-
Net cash (used in) generated from financing activities	(22,744)	40,110
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(66,100)	(11,079)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(129,908)	(179,926)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	394,355	1,013,407
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 264,447	$ 833,481

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

U.D. ELECTRONIC CORP. (the "Company") was incorporated in the Republic of China (ROC) on March 18, 2005 with a share capital $10,000 thousand, and the accumulated share capital was $696,758 thousand as of March 31, 2016. The Company is a trading enterprise and mainly engaged in the selling of electronic connectors for telecommunications, data communications and computers.

The Company's shares have been listed on the Taipei Exchange since October 2012. The shares are widely distributed; therefore, there is no ultimate parent company or ownership interest. The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on May 5, 2016.

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

The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in Issue But Not Yet Endorsed by the FSC

The Group have not applied the following IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC.

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
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

(Continued)

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendment to IFRS 15 "Clarifications to IFRS 15"	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

(Concluded)

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

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

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

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

a. 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 Group'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:

1) 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;

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

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group 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 Group 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.

b. Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

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

c. 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 Group 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.

d. Annual Improvements to IFRSs: 2010-2012 Cycle

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.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group 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.

e. 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:

1) 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

2) 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.

f. IFRS 15 “Revenue from Contracts with Customers” and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations.

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

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

In identifying performance obligations, IFRS 15 and related amendment require that a good or service is distinct if it is capable of being distinct (for example, the Group regularly sells it separately) and the promise to transfer it is distinct within the context of the contract (i.e. the nature of the promise in the contract is to transfer each of those goods or services individually rather than to transfer combined items).

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

g. 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 Group 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 Group 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 Group 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 Group as lessor.

When IFRS 16 becomes effective, the Group 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.

h. 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 though there are unrealized losses on that asset, irrespective of whether the Group 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 Group 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 to 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 Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail. However, the consolidated financial statements do not include the English translation of the additional footnote disclosures that are not required under IFRSs but are required by the FSC for their oversight purposes.

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 IAS 34 “Interim Financial Reporting” as endorsed by FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of consolidation

See Note 11 for the detailed information of subsidiaries (including the percentage of ownership and main business).

c. Other accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2015.

<u>Taxation</u>

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period’s pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimates and uncertainty followed in these consolidated financial statements were as applied in the preparation of the consolidated financial statements for the year ended December 31, 2015.

6. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	$ 1,102	$ 2,914	$ 1,100
Demand deposits	248,388	376,441	392,381
Cash equivalents			
Time deposits	14,957	15,000	440,000
	$ 264,447	$ 394,355	$ 833,481

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2016	December 31, 2015	March 31, 2015
Financial assets held for trading - current			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	$ -	$ -	$ 1,079
Financial liabilities held for trading - current			
Derivative financial liabilities (not under hedge accounting)			
Convertible options	$ -	$ -	$ 7,000

The financial assets at fair value through profit or loss held by the Group were forward exchange contracts. For the three months ended March 31, 2016 and 2015, the gains on the valuation of financial instruments recognized by the Group were zero and $6,411 thousand, respectively, which were included in gains or losses on financial asset at FVTPL.

The financial liabilities at fair value through profit or loss held by the Group were convertible options. For the three months ended March 31, 2016 and 2015, the losses on the valuation of financial instruments recognized by the Group were zero and $514 thousand, respectively, which were included in gains or losses on financial liability at FVTPL.

For the three months ended March 31, 2016 and 2015, the Group entered into forward exchange contracts and currency exchange option contracts to offset its business exposure to fluctuation in foreign currency exchange rates. However, those contracts did not meet the criteria of hedge accounting. Therefore, the Group did not apply hedge accounting treatment for forward exchange contracts.

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

	Currency	Maturity Period	Notional Amount (In Thousands)
March 31, 2015			
Sell	USD/RMB	2015.04.13-2015.06.17	USD24,000/RMB149,765

8. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2016	December 31, 2015	March 31, 2015
Non-current			
Domestic investment - unlisted shares	$ 92,796	$ 89,608	$ 89,608
Classification			
Available-for-sale	$ 92,796	$ 89,608	$ 89,608

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable			
Notes receivable - operating	$ 103,613	$ 74,742	$ 74,170
Less: Allowance for impairment loss	-	-	-
	$ 103,613	$ 74,742	$ 74,170
Trade receivables			
Trade receivables	$ 967,284	$ 1,057,640	$ 957,405
Less: Allowance for impairment loss	(1,018)	(4,112)	(42)
	$ 966,266	$ 1,053,528	$ 957,363
Other receivables			
The reserved portion on receivables factoring	$ 18,953	$ 16,698	$ 24,924
Tax refund receivable	14,468	12,023	7,990
Interest receivable	-	-	384
Others	2,484	1,029	2,968
	$ 35,905	$ 29,750	$ 36,266

a. Notes receivable

The average credit period for notes receivable is 30 to 180 days. In determining the recoverability of a note receivable, the Group considered any change in the credit quality of the note receivables since the date credit was initially granted to the end of the reporting period. Due to historical experience had been shown that all note receivables were recoverable, the allowance for impairment loss was recognized based on estimated irrecoverable amounts determined by reference to past default experience and current financial condition of customers.

There was no note receivable that was past due at the end of the reporting period; in addition, the Group had not recognized an allowance for impairment loss for these receivables.

b. Trade receivables

The Group has no material irrecoverable trade receivables and it periodically evaluates the reasons for overdue receivables individually. After evaluating and confirming unusual amounts, the Group estimates the allowance for impairment loss rate by dividing overdue receivables by the net sales, and irrecoverable amounts are calculated by multiplying the rate and the current receivables together.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in the credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of receivables was as follows:

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Not overdue	$ 918,779	$ 960,998	$ 848,901
Less than 60 days	48,505	96,374	107,586
61-90 days	-	219	918
91-120 days	-	8	-
Over 120 days	-	41	-
	$ 967,284	$ 1,057,640	$ 957,405

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

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

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Less than 60 days	$ 47,487	$ 92,262	$ 107,544
61-90 days	-	219	918
91-120 days	-	8	-
Over 120 days	-	41	-
	$ 47,487	$ 92,530	$ 108,462

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

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ 15	$ -	$ 15
Add: Impairment losses recognized on receivables	27	-	27
Balance at March 31, 2015	$ 42	$ -	$ 42
Balance at January 1, 2016	$ 4,112	$ -	$ 4,112
Less: Impairment losses reversed	(3,094)	-	(3,094)
Balance at March 31, 2016	$ 1,018	$ -	$ 1,018

Factored trade receivables for the three months ended March 31, 2016 and 2015 were as follows:

Counter-parties	Receivables Sold	Amounts Collected	Advances Received at Period-end	Interest Rates on Advances Received (%)	Credit Line
March 31, 2016					
Yuanta Commercial Bank	$ -	$ 15,906	$ -	-	US$ 16,000
Taipei Fubon Commercial Bank Co., Ltd.	173,028	134,575	170,573	1.163	US$ 17,000
	$ 173,028	$ 150,481	$ 170,573		
March 31, 2015					
Yuanta Commercial Bank	$ -	$ 16,144	$ -	-	US$ 16,000
Taipei Fubon Commercial Bank Co., Ltd.	184,511	210,252	224,314	1.03	US$ 18,000
	$ 184,511	$ 226,396	$ 224,314		

The above credit lines may be used on a revolving basis.

Under the Group’s factoring agreements, losses from commercial disputes (such as sales returns or allowances) were borne by the Group, while losses from the credit risks were borne by the banks. As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group had issued promissory notes consisting of checks for US$33,000 thousand, US$33,500 thousand and US$34,000 thousand as collateral to the banks, respectively.

c. Other receivables

Other receivables are tax refund receivables and trade receivables factoring with reserve. Due to historical experience shows that the majority of other receivables are recoverable and after considering past default experience and current financial condition of customers, there is no need to recognize the allowance for impairment loss for other receivables.

10. INVENTORIES

	March 31, 2016	December 31, 2015	March 31, 2015
Finished goods	$ 314,474	$ 377,508	$ 305,417
Work in progress	918,706	948,300	990,434
Raw materials and supplies	126,844	146,025	127,776
	$ 1,360,024	$ 1,471,833	$ 1,423,627

For the three months ended March 31, 2016 and 2015, the cost of goods sold included reversal of inventory write-downs is $18 thousand and $346 thousand, respectively. Previous write-downs were reversed as a result of disposal of inventory and reversal of allowance for inventory valuation losses.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			% of Ownership			
Investor	Investee	Investee's Company Type/Main Business	March 31, 2016	December 31, 2015	March 31, 2015	Remark
U.D. ELECTRONIC CORP.	Global Connection (Samoa) Holding Inc.	Holding company	100	100	100	Foreign exchange risk is major operational risk
U.D. ELECTRONIC CORP.	CDE Corp.	Manufacturing and sale of electronic materials	50	50	50	Market risk is major operational risk
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Holding company	100	100	100	Foreign exchange risk is major operational risk
Global Connection (Samoa) Holding Inc.	San Francisco Inc.	Holding company	100	100	100	Foreign exchange risk is major operational risk
Global Connection (Samoa) Holding Inc.	All First International Co., Ltd.	International trading	100	100	100	Foreign exchange and market risk are major operational risks
Sunderland Inc.	Dongguan Jian Guan P.E. Co, Ltd. (東莞建冠塑膠電子有限公司)	Manufacturing and sale of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
San Francisco Inc.	Zhong Jiang U.D.E. Electronics Corp. (中江湧德電子有限公司)	Manufacturing and sale of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Zhong Jiang U.D.E. Electronics Corp. (中江湧德電子有限公司)	Zhong Jiang U.D.E. Networking Electronics Corp. (中江湧德聯網電子有限公司)	Sale of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost										
Balance at January 1, 2015	$ 155,218	$ -	$ 900,125	$ 23,414	$ 15,421	$ 389,896	$ 105,140	$ 62,646	$ -	$1,651,860
Additions	944	88,877	12,930	-	325	756	461	32	11,530	115,855
Disposals	-	-	(305)	-	(261)	-	-	-	-	(566)
Effect of exchange rate changes	-	(700)	(11,222)	(290)	(159)	(5,736)	(1,300)	(873)	(91)	(20,371)
Other - transfer of prepayments to expense	-	-	11,687	75	-	12,360	2,372	1,157	-	27,651
Balance at March 31, 2015	$ 156,162	$ 88,177	$ 913,215	$ 23,199	$ 15,326	$ 397,276	$ 106,673	$ 62,962	$ 11,439	$1,774,429
Accumulated depreciation										
Balance at January 1, 2015	$ -	$ -	$ 383,862	$ 12,678	$ 9,356	$ 280,766	$ 65,736	$ 20,005	$ -	$ 772,403
Disposals	-	-	(207)	-	(153)	-	-	-	-	(360)
Depreciation	-	-	27,040	970	658	11,412	4,067	3,418	-	47,565
Effect of exchange rate changes	-	-	(4,534)	(139)	(100)	(4,209)	(777)	(270)	-	(10,029)
Balance at March 31, 2015	$ -	$ -	$ 406,161	$ 13,509	$ 9,761	$ 287,969	$ 69,026	$ 23,153	$ -	$ 809,579
Carrying amounts at March 31, 2015	$ 156,162	$ 88,177	$ 507,054	$ 9,690	$ 5,565	$ 109,307	$ 37,647	$ 39,809	$ 11,439	$ 964,850

(Continued)

	Land	Buildings	Machinery and Equipment	Transpor-tation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost										
Balance at January 1, 2016	$ 159,163	$ 87,458	$ 875,684	$ 23,013	$ 15,345	$ 307,431	$ 107,997	$ 92,883	$ 83,556	$1,752,530
Additions	190	-	6,943	-	-	2,128	1,049	246	80,635	91,191
Disposals	-	-	(7,469)	-	(172)	(2,211)	(170)	-	-	(10,022)
Effect of exchange rate changes	-	(1,275)	(11,628)	(334)	(167)	(4,767)	(1,560)	(1,537)	(2,443)	(23,711)
Other - transfer of prepayments to expense	-	-	3,035	-	9,297	15,587	-	9,683	-	37,602
Balance at March 31, 2016	$ 159,353	$ 86,183	$ 866,565	$ 22,679	$ 24,303	$ 318,168	$ 107,316	$ 101,275	$ 161,748	$1,847,590
Accumulated depreciation										
Balance at January 1, 2016	$ -	$ 5,464	$ 433,899	$ 16,060	$ 10,450	$ 203,238	$ 77,474	$ 34,911	$ -	$ 781,496
Disposals	-	-	(4,870)	-	(172)	(1,440)	(170)	-	-	(6,652)
Depreciation	-	1,829	27,314	862	884	13,391	3,935	5,998	-	54,213
Effect of exchange rate changes	-	(113)	(6,289)	(251)	(120)	(3,184)	(1,187)	(619)	-	(11,763)
Balance at March 31, 2016	$ -	$ 7,180	$ 450,054	$ 16,671	$ 11,042	$ 212,005	$ 80,052	$ 40,290	$ -	$ 817,294
Carrying amounts at December 31, 2015 and January 1, 2016	$ 159,163	$ 81,994	$ 441,785	$ 6,953	$ 4,895	$ 104,193	$ 30,523	$ 57,972	$ 83,556	$ 971,034
Carrying amounts at March 31, 2016	$ 159,353	$ 79,003	$ 416,511	$ 6,008	$ 13,261	$ 106,163	$ 27,264	$ 60,985	$ 161,748	$1,030,296

(Concluded)

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

Buildings	3-12 years
Machinery and equipment	1-10 years
Transportation equipment	4-6 years
Office equipment	3-5 years
Mold equipment	2-4 years
Leasehold improvements	2-8 years
Other equipment	3-4 years

13. GOODWILL

	Three Months Ended March 31	
	2016	2015
Cost		
Balance, beginning of period	$ 6,103	$ 6,103
Additions	-	-
Balance, end of period	$ 6,103	$ 6,103
Accumulated impairment losses		
Balance, beginning of period	$ -	$ -
Impairment losses recognized in the period	-	-
Balance, end of period	$ -	$ -
Carrying amounts, beginning of period	$ 6,103	$ 6,103
Carrying amounts, end of period	$ 6,103	$ 6,103

In February 2013, the Company acquired 50% equity in CDE Corp. 5,000 thousand ordinary shares, with par value of NT$10, for an increase in this associate's paid-in capital to $50,000 thousand. The value of goodwill was recognized when the cost of acquisition is higher than the net fair value of the identifiable assets and liabilities recognized at the date of acquisition. As of March 31, 2016, the present value of future cash flows of CDE Corp. exceeded carrying amounts, so the Company did not identify any impairment of the goodwill.

14. OTHER INTANGIBLE ASSET

	Computer Software
Cost	
Balance at January 1, 2015	$ 44,249
Additions	287
Effect of exchange rate changes	(452)
Balance at March 31, 2015	$ 44,084
Accumulated amortization and impairment	
Balance at January 1, 2015	$ (28,640)
Amortization expenses	(3,133)
Effect of exchange rate changes	336
Balance at March 31, 2015	$ (31,437)
Carrying amounts at March 31, 2015	$ 12,647
Cost	
Balance at January 1, 2016	$ 42,403
Additions	5,131
Disposals	(672)
Effect of exchange rate changes	(475)
Balance at March 31, 2016	$ 46,387
Accumulated amortization and impairment	
Balance at January 1, 2016	$ (35,808)
Amortization expenses	(1,934)
Disposals	672
Effect of exchange rate changes	442
Balance at March 31, 2016	$ (36,628)
Carrying amounts at December 31, 2015 and January 1, 2016	$ 6,595
Carrying amounts at March 31, 2016	$ 9,759

The above intangible asset, computer software with a definite useful life, was depreciated on a straight-line basis over its estimated useful life of one to three years.

15. PREPAYMENTS FOR LEASE

	March 31, 2016	December 31, 2015	March 31, 2015
Current asset (included in other current assets)	$ 1,551	$ 1,574	$ 319
Non-current asset	68,216	69,618	15,611
	$ 69,767	$ 71,192	$ 15,930

As of March 31, 2016, December 31, 2015 and March 31, 2015, the carrying amounts of the land use right located in Mainland China are $69,767 thousand, $71,192 thousand and $15,930 thousand, respectively. Moreover, the Group has obtained the certificates of the right.

16. OTHER ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Current			
Prepayments	$ 48,820	$ 55,354	$ 63,998
Input tax	28,855	36,664	37,451
Overpaid tax	40,540	54,427	51,575
Other financial assets - current (Note 29)	100	100	6,437
Others	2,915	8,322	2,341
	$ 121,230	$ 154,867	$ 161,802
Non-current			
Prepayment for land use right	$ -	$ -	$ 57,056
Prepayments for equipment (Note 28)	96,187	111,908	122,207
Refundable deposits	14,562	13,503	16,110
Prepayments - non-current	100,568	81,976	61,097
Other financial assets - non-current (Note 29)	-	-	10,292
Others	-	-	100
	$ 211,317	$ 207,387	$ 266,862

17. BORROWINGS

Short-term Borrowings

	March 31, 2016	December 31, 2015	March 31, 2015
Bank loans	$ 741,675	$ 761,820	$ 563,400

The range of the weighted average effective interest rates for bank loans was 0.63%-2.025%, 0.95%-2.025% and 1%-1.07% per annum as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively.

18. BONDS PAYABLE

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured domestic convertible bonds	$ -	$ 17,015	$ 120,146
Less: Current portion of long-term bonds payable	-	(17,015)	(120,146)
	$ -	$ -	$ -

a. Unsecured domestic convertible bonds

On November 29, 2013, the Group issued 3,000 thousand New Taiwan dollar-denominated unsecured convertible bonds with effective interest rate of 2.15%. The aggregate principal of the bonds is $300,000 thousand. The issue period is three years from November 29, 2013 to November 29, 2016.

The coupon rate is 0%; therefore, no interest payment term was determined. Unless there is bond conversion and/or early redemption by the Group, the bonds will be redeemable at the option of bondholders after two years of the issuance at the principal amount, with interest compensation in cash.

Other bond terms and conditions were as follows: The conversion price is set based on the simple arithmetic means of the closing prices of 1, 3 or 5 trading days prior to November 21, 2013, the conversion price setting date, times 101.70 %, the convertible premium rate. The conversion price will be adjusted for the effect of cash and stock dividends. On the issuance date, the conversion price was set at NT$85.40 per share. The conversion price was adjusted to NT$75.10 after distribution of dividend on July 22, 2015.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under capital surplus - option. The effective interest rate for the liability component was 2.15% per annum on initial recognition.

Proceeds from issue (less transaction costs of $5,000 thousand)	$ 295,000
Equity component	(18,759)
Liability component at the date of issue	276,241
Interest charged at 2.15% (effective interest rate)	8,850
Interest paid	-
Convertible bonds converted into common shares	(162,421)
Repayment of convertible bonds	(105,655)
Liability component at December 31, 2015	17,015
Interest charged at a 2.15% (effective interest rate)	21
Interest paid	-
Repayment of convertible bonds	(17,036)
Liability component at March 31, 2016	$ -

b. For the three months ended March 31, 2016, the Company redeemed convertible bonds with par value of $17,200 thousand. Because of exercised the right of redemption, capital surplus - option decreased by $781 thousand, and the discount on bonds payable decreased by $164 thousand. The amortization of discount on bonds payable classified under interest expense was $21 thousand. However, for the three months ended March 31, 2015, there was no bond conversion. The amortization of discount on bonds payable classified under interest expense was $778 thousand.

19. TRADE PAYABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Trade payables			
Operating	$ 418,597	$ 528,820	$ 479,786

20. OTHER LIABILITIES

	March 31, 2016	December 31, 2015	March 31, 2015
Current			
Other payables			
Payable for purchase of equipment	$ 39,719	$ 52,296	$ 75,276
Commissions	16,773	19,065	19,537
Salaries and bonus (including bonus to employees and remuneration to directors and supervisors)	131,895	167,438	217,308
Processing fee	125,730	172,055	256,349
Import/export (customs) expense	3,800	3,826	3,069
Social security payments (Mainland China)	37,260	38,962	37,965
Others	52,653	54,782	82,909
	$ 407,830	$ 508,424	$ 692,413
Other liabilities			
Receipts in advance	$ 7,429	$ 4,236	$ 11,030
Others	18,477	17,476	19,125
	$ 25,906	$ 21,712	$ 30,155
Non-current			
Other liabilities			
Guarantee deposits received	$ 4,913	$ 5,014	$ 26,519

21. EQUITY

a. Share capital

Ordinary shares

	March 31, 2016	December 31, 2015	March 31, 2015
Number of shares authorized (in thousands)	100,000	100,000	100,000
Share capital authorized	$ 1,000,000	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	69,676	69,676	69,676
Share capital issued	$ 696,758	$ 696,758	$ 696,758

Fully paid ordinary shares, which have par value of NT$10, carry one vote per share and the right to dividends.

b. Capital surplus

	March 31, 2016	December 31, 2015	March 31, 2015
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from issuance of common shares	$ 568,037	$ 568,037	$ 568,037
Arising from conversion of bonds	152,962	152,962	152,962
May be used to offset a deficit only			
Repayment of convertible bonds (2)	5,552	4,935	-
May not be used for any purpose			
Arising from share warrants	-	781	5,716
	$ 726,551	$ 726,715	$ 726,715

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

2) Repayment of convertible bonds may only be utilized to offset deficits.

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company should first pay income tax, offset its prior years' losses, and appropriate 10% of net income to legal reserve. Legal reserve should be appropriated until the reserve equals to the Company's paid-in capital. A special reserve may be appropriated in accordance with relevant laws or a resolution approved at the shareholders' meeting. The board of directors then proposes the following appropriations from the remaining distributable earnings and presents this proposal for approval at the shareholders' meeting:

1) Remuneration to directors and supervisors - should be paid by cash and not exceed 3% of the current earnings remainder;

2) Bonus to employees - should be between 3% and 15% of the current earnings remainder. The bonus to employees is allowed to share with employees within the Group under the conditions set by board of directors;

3) The bonus to shareholders that were proposed by the board of directors after considering the remaining under the above items (1) to (2) plus the reversal of special reserve and the unappropriated retained earnings of previous years.

The Company's dividend policy will consider its operating environment, the sufficiency of its cash for future expansion, its long-term financial plan and the shareholders' cash flow requirements in determining the stock or cash dividends to be paid. For a steady profitability, a healthy financial structure, and the stability of earnings per share, the Company stipulated a dividend policy that at least 10% of income after tax may be distributed as cash dividends or stock dividends, and cash dividends should not be lower than 10% of total bonus to shareholders.

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 28, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 16, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to employee benefits expense in Note 22(5).

Under Rule No. 1010012865 issued by the Financial Supervisory Commission and the directive entitled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs," the Company should appropriate or reverse a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

Under Article 237 of Company Law, a company should appropriate 10% of net income to legal reserve. Legal reserve should be appropriated 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.

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

The appropriations of earnings for 2015 and 2014 having been approved by the board of directors and shareholders' meetings on March 10, 2016 and June 17, 2015, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	Year Ended December 31		**Year Ended December 31**	
	2015	**2014**	**2015**	**2014**
Legal reserve	$ 17,562	$ 50,851	$ -	$ -
Special reserve (reversal)	-	(23,109)	-	-
Cash dividends	104,514	299,606	1.5	4.3

The appropriations of earnings for 2015 are subject to the resolution of the shareholders' meeting to be held on June 16, 2016.

d. Special reserves

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Under Article 41 Section 1 of Securities and Exchange Act	$ -	$ -	$ 23,109
First-time adoption of IFRSs	7,778	7,778	7,778
	$ 7,778	$ 7,778	$ 30,887

e. Others equity items

Exchange differences on translating the financial statements of foreign operations

	Three Months Ended March 31	
	2016	**2015**
Balance, beginning of period	$ 50,262	$ 69,330
Exchange differences arising on translating the financial statements of foreign operations	(35,910)	(29,763)
Income tax related to gains arising on translating the financial statements of foreign operations	6,105	5,060
Balance, end of period	$ 20,457	$ 44,627

f. Non-controlling interests

	Three Months Ended March 31	
	2016	**2015**
Balance, beginning of period	$ 23,118	$ 34,176
Attributable to non-controlling interests:		
Share of losses for the period	(2,066)	(1,847)
Balance, end of period	$ 21,052	$ 32,329

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

a. Other income

	Three Months Ended March 31	
	2016	**2015**
Interest income		
Bank deposits	$ 282	$ 1,572
Gain on doubtful debt receives	3,094	-
Others	7,864	3,390
	$ 11,240	$ 4,962

b. Other gains and losses

	Three Months Ended March 31	
	2016	**2015**
Loss on disposal of property, plant and equipment	$ (10)	$ (206)
Net gain arising on financial assets and liabilities designated as at FVTPL	-	5,897
Net foreign exchange gain	13,398	20,072
Others	(178)	(187)
	$ 13,210	$ 25,576

c. Finance costs

	Three Months Ended March 31	
	2016	2015
Interest on bank loans	$ 2,582	$ 1,968
Interest on convertible bonds (Note 18)	21	778
	$ 2,603	$ 2,746

d. Depreciation and amortization

	Three Months Ended March 31	
	2016	2015
Property, plant and equipment	$ 54,213	$ 47,565
Intangible assets	1,934	3,133
	$ 56,147	$ 50,698
An analysis of deprecation by function		
Operating costs	$ 43,612	$ 41,386
Operating expenses	10,601	6,179
	$ 54,213	$ 47,565
An analysis of amortization by function		
Operating costs	$ -	$ 36
Selling expenses	266	221
Administrative expenses	1,484	2,210
Research and development expense	184	666
	$ 1,934	$ 3,133

e. Employee benefits expense

	Three Months Ended March 31	
	2016	2015
Post-employment benefits		
Defined contribution plans	$ 13,419	$ 11,285
Other employee benefits	266,974	289,984
Total employee benefits expense	$ 280,393	$ 301,269
An analysis of employee benefits expense by function		
Operating costs	$ 189,129	$ 208,707
Operating expenses	91,264	92,562
	$ 280,393	$ 301,269

The existing (2014) Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates 3%-15% and no higher than 3%, respectively, of net income (net of the bonus, remuneration and legal reserve). For the three months ended March 31, 2015, the bonus to employees and the remuneration to directors and supervisors were $7,216 thousand and $1,723 thousand, respectively, based on historical experience.

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 3%-15% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the three months ended March 31, 2016, the employees' compensation and the remuneration to directors and supervisors were $732 thousand and $130 thousand, respectively, representing 3.03% and 0.54%, respectively, of the base net profit.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of employees' compensation and remuneration to directors and supervisors for 2015 having been resolved by the board of directors on March 10, 2016, and the appropriations of bonus to employees and remuneration to directors and supervisors for 2014 having been approved in the shareholders' meetings on June 17, 2015, respectively, were stated as below. The employees' compensation and remuneration to directors and supervisors for 2015 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 June 16, 2016, and in addition the such distribution shall be submitted to the shareholders' meeting.

	For the Year Ended December 31			
	2015		2014	
	Cash	**Share Dividends**	**Cash**	**Share Dividends**
Bonus to employees	$ 16,000	$ -	$ 52,000	$ -
Remuneration of directors and supervisors	4,800	-	13,000	-

There was no difference between the amounts of the employees' compensation and the remuneration to directors and supervisors resolved by the board of directors on March 10, 2016 and the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 17, 2015, and the respective amounts recognized in the consolidated financial statements for the years ended December 31, 2015 and 2014.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	Three Months Ended March 31	
	2016	**2015**
Current tax		
Current period	$ 8,425	$ 12,582
Prior periods	-	3,975
Income tax expense of unappropriated earnings	5,354	15,805
	13,779	32,362
Deferred tax		
Current period	2,812	(741)
Income tax expense recognized in profit or loss	$ 16,591	$ 31,621

b. Income tax recognized in other comprehensive income

	Three Months Ended March 31	
	2016	2015
Current tax	$ -	$ -
Deferred tax		
In respect of the current period:		
Translation of foreign operations	6,105	5,060
Total income tax recognized in other comprehensive income	$ 6,105	$ 5,060

c. Integrated income tax

	March 31, 2016	December 31, 2015	March 31, 2015
Unappropriated earnings			
Generated on and after January 1, 1998	$ 931,971	$ 920,109	$ 1,135,776
Imputation credits accounts	$ 189,929	$ 189,929	$ 143,626

The creditable ratios for the distribution of the earnings of 2015 and 2014 were 21.32% (expected ratio) and 19.56%, respectively.

d. Income tax assessments

The Company's tax returns through 2013 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	Three Months Ended March 31	
	2016	2015
Basic earnings per share	$ 0.17	$ 0.92
Diluted earnings per share	$ 0.17	$ 0.90

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

Net Profit for the Period

	Three Months Ended March 31	
	2016	2015
Profit for the period attributable to owners of the Company	$ 11,862	$ 63,934
Effect of potentially dilutive ordinary shares:		
Convertible bonds	18	646
Earnings used in the computation of diluted earnings per share	$ 11,880	$ 64,580

Shares

Unit: Thousand Shares

	Three Months Ended March 31	
	2016	**2015**
Weighted average number of ordinary shares in computation of basic earnings per share	69,676	69,676
Effect of potentially dilutive ordinary shares:		
Employee compensation	460	909
Convertible bonds	140	1,541
Weighted average number of ordinary shares used in the computation of diluted earnings per share	70,276	72,126

If the Group offers employees bonuses in cash or shares, the Group will assume the entire amount of the bonus will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares will included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. NON-CASH TRANSACTIONS

For the three months ended March 31, 2016 and 2015, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows:

As of March 31, 2016, December 31, 2015 and March 31, 2015, the amounts unpaid for acquiring property, plant and equipment were $39,719 thousand, $52,296 thousand and $75,276 thousand, respectively, which were included in other payables.

26. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Operating leases relate to lease of plants and business premises with lease terms between 3 to 10 years.

The future minimum lease payments for non-cancelable operating lease commitments were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Less than 1 year	$ 22,206	$ 23,835	$ 14,739
More than 1 year but not more than 5 years	97,017	80,094	26,870
More than 5 years	11,766	34,584	14,209
	$ 130,989	$ 138,513	$ 55,818

27. FINANCIAL INSTRUMENTS

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

1) The significant difference between carrying amount and fair value of financial instrument are disclosed as following:

	March 31, 2016		December 31, 2015		March 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Financial liabilities measured at amortized cost						
Convertible bonds	$ -	$ -	$ 17,015	$ 17,159	$ 120,146	$ 135,871

2)

Fair value hierarchy as at December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ -	$ -	$ 17,159	$ 17,159

Fair value hierarchy as at March 31, 2015

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ -	$ -	$ 135,871	$ 135,871

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic unlisted securities	$ -	$ -	$ 92,796	$ 92,796

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic unlisted securities	$ -	$ -	$ 89,608	$ 89,608

March 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Forward exchange contracts	$ -	$ 1,079	$ -	$ 1,079
Available-for-sale financial assets				
Domestic unlisted securities	$ -	$ -	$ 89,608	$ 89,608
Financial liabilities at FVTPL				
Convertible options	$ -	$ -	$ 7,000	$ 7,000

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

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

For the three months ended March 31, 2015

	Currency Exchange Option Contract	Convertible Options	Total
Financial liabilities at FVTPL			
Balance, beginning of period	$ 1,646	$ 6,486	$ 8,132
Recognized in profit or loss (included in other gains and losses)			
Realized	(1,673)	-	(1,673)
Unrealized	-	514	514
Additions	27	-	27
Balance, end of period	$ -	$ 7,000	$ 7,000

3) 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.

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

a) The fair values of unlisted equity securities was determined by using discounted cash flow method.

b) The fair values of convertible options are determined using option pricing models.

c. Categories of financial instruments

	March 31, 2016	December 31, 2015	March 31, 2015
Financial assets			
Loans and receivables (1)	$ 1,370,425	$ 1,553,955	$ 1,956,844
Fair value through profit or loss (FVTPL)			
Derivative financial assets - forward exchange contracts	-	-	1,079
Available-for-sale financial assets (3)	92,796	89,608	89,608
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Convertible options	-	-	7,000
Amortized cost (2)	1,441,120	1,653,655	1,665,330

1) The balances included cash and cash equivalents, notes receivable, trade and other receivables (excluding tax refund receivable), other financial assets and refundable deposits.

2) The balances included short-term loans, trade and other payables (except salaries and bonuses), bonds payable and guarantee deposit received.

3) The balances included financial assets measured at cost.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets (liabilities) at fair value through profit or loss, notes receivable, trade receivables, financial assets measured at cost, trade payables, borrowings and bonds payable.

Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and in interest rates (see (b) below).

a) Foreign currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group assesses the net risk position of non-functional currency sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

Please reference Note 32 for both monetary assets and monetary liabilities held by the Group in non-functional currencies (including both monetary assets and monetary liabilities which were offset in the consolidated financial statements).

Sensitivity analysis

The Group was mainly exposed to the exchange movements in USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The 1% sensitivity rate is used in reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Sensitivity analysis includes trade receivables and payables to entities outside of the Group, and trade receivables and payables to its foreign operations. A positive number below indicates an increase in pretax profit and other equity associated with a 1% weakening of the New Taiwan dollars against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pretax profit and other equity, and the balances below would be negative.

	US Dollar Impact		**RMB Impact**	
	Three Months Ended March 31		**Three Months Ended March 31**	
	2016	**2015**	**2016**	**2015**
Profit or loss*	$ 179	$ (663)	$ 3,033	$ 1,116

* This was mainly attributable to the exposure on outstanding accounts receivable and payable and unrealized forward exchange contract on a financial asset or financial liability at FVTPL in both USD and RMB, which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because some Group entities borrowed funds from banks and issued convertible bonds at both fixed and floating interest rates.

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

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Fair value interest rate risk			
Financial assets	$ 15,057	$ 15,100	$ 452,840
Financial liabilities	4,620	19,510	120,146
Cash flow interest rate risk			
Financial assets	248,388	376,441	396,270
Financial liabilities	737,055	759,325	563,400

Sensitivity analysis

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

Had interest rates been 1% higher/lower and all other variables held constant, the Group's pretax profits for the three months ended March 31, 2016 and 2015 would have decreased by $1,222 thousand and $418 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings and bank deposits.

2) Credit risk

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

The Group 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 Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continues to monitor its credit exposure and the credit ratings of its counterparties. Credit exposure is controlled by setting a counterparty credit limit, which is approved and periodically reviewed by the risk management committee.

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

The Group did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of negative fluctuations in cash flows.

Bank loan is an important resource of liquidity to the Group. As of March 31, 2016, December 31, 2015 and March 31, 2015, the unused financing facilities were as follows:

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

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

<u>March 31, 2016</u>

	On Demand or Less than 1 Month	**1-3 Months**	**Over 3 Months to 1 Year**	**Over 1 Year to 5 Years**
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	$ 742,137	$ -	$ -	$ -
Trade payables	189,670	228,927	-	-

(Continued)

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Other payables	$ 120,750	$ 155,185	$ -	$ -
Guarantee deposit received	-	-	-	4,913
	$ 1,052,557	$ 384,112	$ -	$ 4,913

(Concluded)

December 31, 2015

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Non-derivative financial liabilities				
Short-term borrowings	$ 689,450	$ 72,590	$ -	$ -
Trade payables	212,563	316,257	-	-
Other payables	182,293	158,693	-	-
Bonds payable	17,200	-	-	-
Guarantee deposit received	-	-	-	5,014
	$ 1,101,506	$ 547,540	$ -	$ 5,014

March 31, 2015

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Non-derivative financial liabilities				
Short-term borrowings	$ 563,909	$ -	$ -	$ -
Trade payables	204,810	274,976	-	-
Other payables	277,734	197,371	-	-
Bonds payable	-	-	-	125,900
Guarantee deposit received	-	-	-	26,519
	$ 1,046,453	$ 472,347	$ -	$ 152,419

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

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table shows the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

March 31, 2015

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Gross settled				
Forward exchange contracts				
Inflows	$ 313,469	$ 438,810	$ -	$ -
Outflows	(313,000)	(438,200)	-	-
	$ 469	$ 610	$ -	$ -

c) Financing facilities

	March 31, 2016	December 31, 2015	March 31, 2015
Bank loan facilities (reviewed annually)			
Amount used	$ 741,675	$ 761,820	$ 563,400
Amount unused	925,135	1,018,580	1,168,200
	$ 1,666,810	$ 1,780,400	$ 1,731,600

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and the other related parties are disclosed below.

a. Sales of goods

Line Items	Related Party Categories	Three Months Ended March 31 2016	2015
Sales	Associates	$ -	$ 35,590

The selling prices to related parties were not comparable with those in the market. The selling prices and terms were based on contracts. The collection terms to related parties were open account 60 days. The collection terms to third parties were T/T or open account between 30 and 120 days.

b. Accounts receivable from related parties (excluding loans to related parties)

Line Items	Related Party Categories	March 31, 2016	December 31, 2015	March 31, 2015
Accounts receivable from related parties	Associates	$ -	$ -	$ 30,715

No guarantee for outstanding receivables from related parties had been collected. For the three months ended March 31, 2016 and 2015, there was also no allowance for doubtful accounts for these receivables.

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

Line Items	Related Party Categories	March 31, 2016	December 31, 2015	March 31, 2015
Other payables from related parities	Associates	$ -	$ -	$ 374

d. Other assets acquired

Related Party Categories	Line Items	Three Months Ended March 31 2016	2015
Associates	Prepayments for equipment	$ 11,200	$ -

e. Compensation of key management personnel

The remunerations of directors and other members of key management personnel were as follows:

	Three Months Ended March 31 2016	2015
Short-term employee benefits	$ 15,645	$ 16,079
Post-employment benefits	109	127
	$ 15,754	$ 16,206

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral for sales tax of imported inventory and society insurance provident fund schemes of reserve account:

	March 31, 2016	December 31, 2015	March 31, 2015
Other financial assets - current			
Demand deposits - restricted	$ -	$ -	$ 3,889
Time deposits - restricted	100	100	2,548
	$ 100	$ 100	$ 6,437
Other financial assets - non-current			
Time deposits - restricted	$ -	$ -	$ 10,292

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

Significant Commitments

Unrecognized commitments were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Acquisition of property, plant and equipment			
RMB	$ 10,130	$ 9,104	$ 1,326
NTD	$ 142,628	$ 10,800	$ -

31. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In April 2016, the Group and Great Ocean Development Limited paid RMB6,485 thousand to fully invest Dongguan TY UDE Precision Company Limited through a third holding company called Ta Yang UDE (Samoa) Limited. The share proportion of the Group and Great Ocean Development Limited is 55% and 45%, respectively.

32. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group 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:

March 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 28,812	32.1850 (USD:NTD)	$ 927,326
USD	22,528	6.4612 (USD:RMB)	725,052
RMB	47,885	0.1547 (RMB:USD)	239,071
RMB	16,807	4.9813 (RMB:NTD)	83,178
Financial liabilities			
Monetary items			
USD	36,839	32.1850 (USD:NTD)	1,185,667
USD	13,946	6.4612 (USD:RMB)	448,857
RMB	3,805	0.1547 (RMB:USD)	18,953

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 33,134	32.8250 (USD:NTD)	$ 1,087,639
USD	19,655	6.4936 (USD:RMB)	645,156
RMB	25,766	0.1539 (RMB:USD)	130,249
RMB	17,167	5.0550 (RMB:NTD)	86,776
Financial liabilities			
Monetary items			
USD	39,051	32.8250 (USD:NTD)	1,281,865
USD	14,838	6.4936 (USD:RMB)	487,032
RMB	3,130	0.1539 (RMB:USD)	15,823

March 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 30,719	31.3000 (USD:NTD)	$ 961,512
USD	20,503	6.1422 (USD:RMB)	641,740
RMB	4,529	0.1628 (RMB:USD)	23,083
RMB	17,376	5.0959 (RMB:NTD)	88,543
Financial liabilities			
Monetary items			
USD	32,050	31.3000 (USD:NTD)	1,003,173
USD	21,457	6.1422 (USD:RMB)	671,581

For the three months ended March 31, 2016 and 2015, (realized and unrealized) net foreign exchange gains were $13,398 thousand and $20,072 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities.