KD HOLDING CORPORATION

PARENT COMPANY ONLY NON-CONSOLIDATED

FINANCIAL STATEMENTS AND REPORT OF

INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

For the convenience of readers and for information purpose only, 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of KD Holding Corporation

We have audited the accompanying non-consolidated balance sheets of KD Holding Corporation as of December 31, 2015, December 31, 2014 and January 1, 2014, and the related non-consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the years then ended. 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.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement 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 eatimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of KD Holding Corporation as of December 31, 2015, December 31, 2014 and January 1, 2014, and the results of its financial performance and cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

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As described in Note 3(1), KD Holding Corporation and its subsidiaries adopted the "2013 version of IFRS" as endorsed by the Financial Supervisory Commission ("FSC") commencing 2015, and accordingly, the financial statements for the prior periods were retroactively adjusted.

PricewaterhouseCoopers, Taiwan

March 16, 2016

Taipei, Taiwan

Republic of China

The accompanying non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

KD HOLDING CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2015 AMOUNT	%	(adjusted) December 31, 2014 AMOUNT	%	(adjusted) January 1, 2014 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 409,354	9	$ 200,043	5	$ 578,629	14
1110	Financial assets at fair value through profit or loss - current	6(2)	52,190	1	80,313	2	520	-
1125	Available-for-sale financial assets – current	6(3)	19,715	1	18,521	-	24,023	1
1200	Other receivables		1,179	-	1,003	-	1,050	-
1210	Other receivables - related parties	7	32,056	1	31,152	1	29,036	1
1410	Prepayments		-	-	11	-	17	-
11XX	**Current Assets**		514,494	12	331,043	8	633,275	16
	Non-current assets							
1543	Financial assets carried at cost – noncurrent	6(4)	475	-	632	-	848	-
1550	Investments accounted for using equity method	6(5)	3,941,961	88	3,941,550	92	3,415,235	84
1840	Deferred income tax assets	6(14)	666	-	-	-	-	-
15XX	**Non-current assets**		3,943,102	88	3,942,182	92	3,416,083	84
1XXX	**Total assets**		$ 4,457,596	100	$ 4,273,225	100	$ 4,049,358	100

(Continued)

KD HOLDING CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2015 AMOUNT	%	(adjusted) December 31, 2014 AMOUNT	%	(adjusted) January 1, 2014 AMOUNT	%
	Current liabilities							
2200	Other payables		$ 14,639	-	$ 18,264	-	$ 17,367	-
2220	Other payables - related parties	7	1,074	-	1,053	-	1,789	-
2230	Current income tax liabilities		2,563	-	2,013	-	910	-
2300	Other current liabilities	6(6)	-	-	19,224	1	33,200	1
21XX	**Current Liabilities**		18,276	-	40,554	1	53,266	1
	Non-current liabilities							
2640	Accrued pension liabilities	6(7)	366	-	1,195	-	3,845	-
25XX	**Non-current liabilities**		366	-	1,195	-	3,845	-
2XXX	**Total Liabilities**		18,642	-	41,749	1	57,111	1
	Share capital	6(9)						
3110	Common stock		658,394	15	648,708	15	635,464	16
3140	Capital collected in advance		233	-	1,157	-	4,131	-
	Capital surplus	6(6)(8)(10)						
3200	Capital surplus		2,069,266	46	1,977,434	46	1,871,722	46
	Retained earnings	6(11)(14)						
3310	Legal reserve		371,649	9	304,245	7	242,213	6
3320	Special reserve		145	-	762	-	24,423	1
3350	Unappropriated retained earnings		1,314,258	30	1,287,692	30	1,215,056	30
	Other equity interest							
3400	Other equity interest		25,009	-	11,478	1	(762)	-
3XXX	**Total equity**		4,438,954	100	4,231,476	99	3,992,247	99
	Significant contingent liabilities and unrecognised contract commitments	8						
	Significant events after the balance sheet date	10						
3X2X	**Total liabilities and equity**		$ 4,457,596	100	$ 4,273,225	100	$ 4,049,358	100

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION
NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	Year ended December 31			
			2015		2014 (adjusted)	
			AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(5)	$ 731,917	100	$ 710,483	100
5900	**Gross profit**		731,917	100	710,483	100
	Operating expenses					
6200	General & administrative expenses	6(12)(13) and 7	(46,671)	(7)	(51,988)	(7)
6000	**Total operating expenses**		(46,671)	(7)	(51,988)	(7)
6900	**Operating profit**		685,246	93	658,495	93
	Non-operating income and expenses					
7010	Other income	7	27,022	4	27,391	4
7020	Other gains and losses		312	-	(3,000)	(1)
7050	Finance costs		(181)	-	(492)	-
7000	**Total non-operating income and expenses**		27,153	4	23,899	3
7900	**Profit before income tax**		712,399	97	682,394	96
7950	Income tax expense	6(14)	(2,029)	-	(3,537)	(1)
8200	**Profit for the year**		$ 710,370	97	$ 678,857	95
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans		$ 1,222	-	$ 1,596	-
8330	Total share of other comprehensive income of associates and joint ventures accounted for using equity method		(10,990)	(1)	12,502	2
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		29,705	4	27,386	4
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(3)	1,194	-	(5,502)	(1)
8380	Total share of other comprehensive income of associates and joint ventures accounted for using equity method		(17,368)	(2)	(9,644)	(1)
8300	**Other comprehensive income for the year**		$ 3,763	1	$ 26,338	4
8500	**Total comprehensive income for the year**		$ 714,133	98	$ 705,195	99
	Basic earnings per share					
9710	Basic earnings per share from continuing operations	6(15)	$ 10.84		$ 10.55	
	Diluted earnings per share					
9810	Diluted earnings per share from continuing operations	6(15)	$ 10.77		$ 10.39	

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION
NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital			Retained Earnings			Other equity interest		
		Common stock	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total equity
For the year ended December 31, 2014										
Balance at January 1, 2014		$ 635,464	$ 4,131	$ 1,871,722	$ 242,213	$ 24,423	$ 1,228,263	$ 264	($ 1,026)	$ 4,005,454
The effects of retrospective application and restatement		-	-	-	-	-	(13,207)	-	-	(13,207)
Restated balance at 1 January		635,464	4,131	1,871,722	242,213	24,423	1,215,056	264	(1,026)	3,992,247
Capital collected in advance transferred to common stock	6(9)	4,131	(4,131)	-	-	-	-	-	-	-
Appropriation of 2013 earnings (Note 1)	6(11)									
Legal reserve		-	-	-	62,032	-	(62,032)	-	-	-
Special reserve		-	-	-	-	(23,661)	23,661	-	-	-
Cash dividends		-	-	-	-	-	(581,948)	-	-	(581,948)
Profit for the year		-	-	-	-	-	678,857	-	-	678,857
Convertible bonds transferred to common stock	6(10)	193	1,157	12,938	-	-	-	-	-	14,288
Share-based payment transaction	6(10)	-	-	19,597	-	-	-	-	-	19,597
Employee stock options exercised	6(8)(10)	8,920	-	73,172	-	-	-	-	-	82,092
Cumulative translation differences of foreign operations		-	-	-	-	-	-	27,386	-	27,386
Unrealized gain or loss on available-for-sale financial assets		-	-	-	-	-	-	-	(15,146)	(15,146)
Adjustments due to capital transfer of investees	6(10)	-	-	5	-	-	-	-	-	5
Other comprehensive income for the year		-	-	-	-	-	14,098	-	-	14,098
Balance at December 31, 2014		$ 648,708	$ 1,157	$ 1,977,434	$ 304,245	$ 762	$ 1,287,692	$ 27,650	($ 16,172)	$ 4,231,476
For the year ended December 31, 2015										
Balance at January 1, 2015		$ 648,708	$ 1,157	$ 1,977,434	$ 304,245	$ 762	$ 1,287,692	$ 27,650	($ 16,172)	$ 4,231,476
Capital collected in advance transferred to common stock	6(9)	1,157	(1,157)	-	-	-	-	-	-	-
Appropriation of 2014 earnings (Note 2)	6(11)									
Legal reserve		-	-	-	67,404	-	(67,404)	-	-	-
Special reserve		-	-	-	-	(617)	617	-	-	-
Cash dividends		-	-	-	-	-	(607,249)	-	-	(607,249)
Profit for the year		-	-	-	-	-	710,370	-	-	710,370
Convertible bonds transferred to common stock	6(6)(10)	1,502	233	16,063	-	-	-	-	-	17,798
Share-based payment transaction	6(10)	-	-	8,224	-	-	-	-	-	8,224
Employee stock options exercised	6(8)(10)	7,027	-	67,624	-	-	-	-	-	74,651
Cumulative translation differences of foreign operations		-	-	-	-	-	-	29,705	-	29,705
Unrealized gain or loss on available-for-sale financial assets		-	-	-	-	-	-	-	(16,174)	(16,174)
Adjustments due to capital transfer of investees	6(10)	-	-	(79)	-	-	-	-	-	(79)
Other comprehensive income for the year		-	-	-	-	-	(9,768)	-	-	(9,768)
Balance at December 31, 2015		$ 658,394	$ 233	$ 2,069,266	$ 371,649	$ 145	$ 1,314,258	$ 57,355	($ 32,346)	$ 4,438,954

Note 1:The directors' and supervisors' remuneration of $6,300 and the employees' bonus of $495 for the year ended December 31, 2013 has been deducted from the statement of comprehensive income.
Note 2:The directors' and supervisors' remuneration of $5,721 and the employees' bonus of $304 for the year ended December 31, 2014 has been deducted from the statement of comprehensive income.

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 712,399	$ 682,394
Adjustments to reconcile profit befort tax to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
Interest income		(3,246)	(4,935)
Dividend income		(12,570)	(10,547)
Salary expense-employee stock options	6(8)(13)	1,842	4,118
Gain on valuation of financial assets	6(2)	(277)	(68)
Share of profit of associates and joint ventures accounted for using equity method	6(5)	(731,917)	(710,483)
Discount on convertible bonds recognized as interest expense		181	492
Impairment loss	6(4)	157	216
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		28,293	(79,906)
Other receivables		(36)	(59)
Other receivables-related parties		(913)	(2,134)
Prepayments		11	6
Net changes in liabilities relating to operating activities			
Other payables		(3,625)	897
Other payables - related parties		21	(736)
Preference share liabilities-non-current		393	(1,054)
Cash used in operations		(9,287)	(121,799)
Interest received		2,651	4,577
Dividends received	6(5)	650,226	576,332
Income tax paid		(2,145)	(2,433)
Net cash provided by operating activities		641,445	456,677
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in investments accounted for using the equity method-subsidiaries		-	(26,400)
Increase in investments accounted for using the equity method-nonsubsidiaries		(94,500)	(309,489)
Interest received		464	482
Proceeds from reduction of cpaital of investee company		196,000	-
Redemption of convertible bonds		(1,500)	-
Net cash provided by (used in) investing activities		100,464	(335,407)
CASH FLOWS FROM FINANCING ACTIVITIES			
Employee stock options exercised	6(8)	74,651	82,092
Cash dividends paid	6(11)	(607,249)	(581,948)
Net cash used in financing activities		(532,598)	(499,856)
Increase (decrease) in cash and cash equivalents		209,311	(378,586)
Cash and cash equivalents at beginning of year		200,043	578,629
Cash and cash equivalents at end of year		$ 409,354	$ 200,043

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

KD HOLDING CORPORATION
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

1) KD Holding Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 13, 1999, and consolidated investee-Chang Ting Corporation in December, 2005.
2) The main business activity of the Company was waste management. However, the Board of Directors resolved to change its main activity to investment on March 27, 2007. The Company’s shares were issued through an initial public offering on December 3, 2007, and have been listed in the Taiwan OTC market since May 27, 2010.
3) CTCI Corporation, the Company’s ultimate parent company, holds 58.46% equity interest in the Company as of December 31, 2015.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The financial statements were authorized for issuance by the Board of Directors on March 16, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by the Financial Supervisory Commission (“FSC”)

   According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as the “2013 version of IFRSs”) in preparing the financial statements. The impact of adopting the 2013 version of IFRS is listed below:

Non-consolidated balance sheet Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
December 31, 2014				
Investments accounted for using equity method	$ 3,936,982	$ 4,568	$ 3,941,550	(2)
Others assets	331,675	-	331,675	
Total assets	$ 4,268,657	$ 4,568	$ 4,273,225	
Accrued pension liabilities	$ 2,339	($ 1,144)	$ 1,195	(1)
Other liabilities	40,554	-	40,554	
Total liabilities	42,893	(1,144)	41,749	
Retained earnings	1,281,980	5,712	1,287,692	(1)(2)
Others	2,943,784	-	2,943,784	
Total equity	4,225,764	5,712	4,231,476	
Total liabilities and equity	$ 4,268,657	$ 4,568	$ 4,273,225	

Non-consolidated balance sheet Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
January 1, 2014				
Investments accounted for using equity method	$ 3,427,990	($12,755)	$ 3,415,235	(2)
Others assets	634,123	-	634,123	
Total assets	$ 4,062,113	($12,755)	$ 4,049,358	
Accrued pension liabilities	$ 3,393	$ 452	$ 3,845	(1)
Other liabilities	53,266	-	53,266	
Total liabilities	56,659	452	57,111	
Retained earnings	1,228,263	(13,207)	1,215,056	(1)(2)
Others	2,777,191	-	2,777,191	
Total equity	4,005,454	(13,207)	3,992,247	
Total liabilities and equity	$ 4,062,113	($12,755)	$ 4,049,358	

Non-consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
For the year ended December 31, 2014				
Operating revenue	$ 705,662	$ 4,821	$ 710,483	(2)
Operating expenses	(51,988)	-	(51,988)	
Non-operating income and expenses	23,899	-	23,899	
Net income before tax	677,573	4,821	682,394	
Income tax expense	(3,537)	-	(3,537)	
Profit for the period	674,036	4,821	678,857	
Other comprehensive income, net of tax	12,240	14,098	26,338	(1)(2)
Total comprehensive income for the period	$ 686,276	$18,919	$ 705,195	
Earnings per share (in dollars) :				
Basic	$ 10.47	$ 0.08	$ 10.55	
Diluted	$ 10.32	$ 0.07	$ 10.39	

A. IAS 19 (revised), 'Employee benefits'

(1) The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognised immediately in other comprehensive income when incurred. Past service cost will be recognised immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans.

The Company recognised previously unrecognised past service cost and as a consequence of elimination of the corridor approach to recognise prior unrecognised actuarial losses by increasing accrued pension liabilities by $452 and decreasing retained earnings by $452. Decreasing accrued pension liabilities by $1,596 and increasing other comprehensive income by $1,596 at December 31, 2014, which would increase retained earnings by $1,596.

(2) The subsidiary company used the ownership percentage to recognize the adjustment of the gain or loss of the investment company's pension cost. That will result in a decrease in both

investments accounted for using the equity method and retained earnings by $12,755 at January 1, 2014. Increase in investments accounted for using the equity method, operating revenue and other comprehensive income by $17,323, $4,821 and $12,502 at December 31, 2014, which would increase retained earnings by $17,323.

B. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

2) <u>Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company</u>

None.

3) <u>IFRSs issued by IASB but not yet endorsed by the FSC</u>

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	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
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Company is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these non-consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1) Compliance statement

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

2) Basis of preparation

A) Except for the following items, the non-consolidated financial statements have been prepared under the historical cost convention:

a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

b) Available-for-sale financial assets measured at fair value.

c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B) The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the non-consolidated financial statements are disclosed in Note 5.

3) Classification of current and non-current items

A) Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

b) Assets held mainly for trading purposes;

c) Assets that are expected to be realised within twelve months from the balance sheet date;

d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B) Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a) Liabilities that are expected to be paid off within the normal operating cycle;

b) Liabilities arising mainly from trading activities;

c) Liabilities that are to be paid off within twelve months from the balance sheet date;

d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

4) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

5) Financial assets at fair value through profit or loss

A) Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

B) On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C) Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

6) Available-for-sale financial assets

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

B) On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C) Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

7) Receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

8) Impairment of financial assets

A) The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B) The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

a) Significant financial difficulty of the issuer or debtor;

b) A breach of contract, such as a default or delinquency in interest or principal payments;

c) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
e) The disappearance of an active market for that financial asset because of financial difficulties;
f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C) When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as 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, and is recognised in profit or loss. 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

10) Investments accounted for using equity method /subsidiaries and associates

A) Subsidiaries are entities which the Company has control over the financial and operational policy of those entities, including special entities. In general, it is presumed that the investor has siginificant influence, if an investor holds, directly or indirectly 50% or more of the voting power of the investee. Investments in subsidiaries are accounted for using the equity method.

B) Unrealised gains on transations bwetween the Company and its subsidiaries had been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C) The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profits or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the associate, the Company continues recognizing its share of further losses.

D) Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

E) The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

F) When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in "capital surplus" in proportion to its ownership.

G) Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

H) In accordance with the "Rules Governing the Preparation of Financial Statement by Securities Issuers", the profit or loss and other comprehensive income under the entity's financial statements should be equal to the allocated amount of profit or loss and other comprehensive income under the consolidated financial statements. The equity under the entity's financial statements should be equal to the equity attributable to owners of the parent under the consolidated financial statements.

11) <u>Investment accounted for using equity method- joint ventures</u>

The Company accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

12) <u>Property, plant and equipment</u>

A) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D) The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

13) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss.

14) Financial liabilities and equity instruments

Bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus-stock warrants') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

A) Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B) Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

C) Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognised in ‘capital surplus-stock warrants’ at the residual amount of total issue price less amounts of ‘financial assets or financial liabilities at fair value through profit or loss’ and ‘bonds payable-net’ as stated above. Conversion options are not subsequently remeasured.

D) Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

E) When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable’ and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus-stock warrants.

15) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognised at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortisation and the best estimate of the amount required to settle the present obligation on each balance sheet date.

16) Employee benefits

A) Pensions

a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

i) A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

ii) Actuarial gains and losses arising on defined benefit plans are recognised in profit or loss using the 'corridor' method in the period in which they arise.

iii) Past service costs are recognised immediately in profit or loss.

B) Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Company calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

17) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

18) Income tax

A) The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C) Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

D) Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F) A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

19) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

20) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

21) Revenue recognition

Revenue is recognized when the earning process is substantially completed and is realized or realizable. Costs and expenses are recognized as incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these non-consolidated financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Judgements and estimates are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

1) Critical judgements in applying the Company's accounting policies

None.

2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalents

	December 31, 2015	December 31, 2014	January 1, 2014
Checking accounts	$ 594	$ 11	$ 44
Demand deposits	11,019	2,241	5,072
Time deposits	397,741	197,791	573,513
	$ 409,354	$ 200,043	$ 578,629

A) The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B) The Company has no cash and cash equivalents pledged to others.

2) Financial assets at fair value through profit or loss

Items	December 31, 2015	December 31, 2014	January 1, 2014
Current items			
Financial assets held for			
Mutual funds	$ 52,134	$ 80,098	$ -
Valuation adjustments of financial assets held for trading	56	39	-
Derivatives financial assets	-	176	520
Total	$ 52,190	$ 80,313	$ 520

A) The Company recognized net gain of $345 and $232 on financial assets held for trading for the years ended December 31, 2015 and 2014, respectively.

B) The Company recognized net loss of $68 and $164 on derivatives financial assets for the years ended December 31, 2015 and 2014, respectively.

C) For details on derivatives financial assets, please refer to Note 6(6)B.

3) Available-for-sale financial assets

Items	December 31, 2015	December 31, 2014	January 1, 2014
Currents items			
Listed stocks	$ 27,247	$ 27,247	$ 27,247
Valuation adjustment	(7,532)	(8,726)	(3,224)
Total	$ 19,715	$ 18,521	$ 24,023

A) The Company recognized $1,194 and ($5,502) in other comprehensive income for fair value change for the years ended December 31, 2015 and 2014, respectively.

B) Due to the global financial crisis in year 2008, listed stocks amounting to $7,298 that were initially classified as ‘financial assets at fair value through profit or loss’ were reclassified to ‘available-for-sale financial assets’ on July 1, 2008 in accordance with paragraph 50(c) of IAS 39. The relevant information is set forth below:

a) The above reclassified assets that have not yet been disposed of are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
	Book value/Fair value	Book value/Fair value	Book value/Fair value
Listed stocks	$ 4,908	$ 7,802	$ 8,315

b) The changes in fair value of the above listed stocks that were recognized in profit or loss and other comprehensive income were $0 and ($2,894), respectively, for the year ended December 31, 2015, and were $0 and ($513), respectively, for the year ended December 31, 2014.

c) If the above listed stocks had not been reclassified to 'available-for-sale financial assets' on July 1, 2008, the gain (loss) from changes in fair value of these assets that should have been recognised in profit or loss is as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Listed stocks	($ 2,894)	($ 513)

4) Financial assets carried at cost

Items	December 31, 2015	December 31, 2014	January 1, 2014
Non-current items:			
-TSC Venture Management, Inc.	$ 2,700	$ 2,700	$ 2,700
-Team Win Opto-Electronics Co., Ltd.	2,261	2,261	2,261
Less: Accumulated impairment	(4,486)	(4,329)	(4,113)
Total	$ 475	$ 632	$ 848

A) Based on the Company's intention, its investment in the above stocks should be classified as 'available-for-sale financial assets'. However, as the above stocks are not traded in an active market, and no sufficient industry information of companies similar to above stocks or above stock's financial information can be obtained, the fair value of the investment in above stocks cannot be measured reliably. The Company classified such stocks as 'financial assets carried at cost'.

B) As of December 31, 2015 and 2014, no financial assets measured at cost held by the Company were pledged to others.

C) As the Company has assessed that objective evidence of impairment exists for its investment in Team Win Opto-Electronics Co., Ltd., the Company recognized impairment loss of $157 and $216 for the years ended December 31, 2015 and 2014, respectively. Full impairment loss for TSC Venture Management, Inc. has been recognized in the prior year.

5) Investments accounted for using the equity method

	2015	2014
At January 1	$ 3,941,550	$ 3,415,235
Addition of investments accounted for using the equity method	94,500	335,889
Proceeds from reduction of capital of investee company	(196,000)	-
Share of profit or loss of investments accounted for using equity method	731,917	710,483
Earnings distribution of investments accounted for using equity method	(637,656)	(565,785)
Changes in capital surplus	6,303	15,484
Changes in other equity items	1,347	30,244
At December 31	$ 3,941,961	$ 3,941,550

	December 31, 2015	December 31, 2014	January 1, 2014
Subsidiaries:			
Leading Energy Corp.	$ 1,504,251	$ 1,679,430	$ 1,624,124
Sino Environmental Services Corp.	780,216	735,698	661,035
HD Resources Management Corp.	74,389	74,244	69,859
Fortune Energy Corp.	1,004,303	992,244	968,645
Yuan Ding Resources Corp.	23,399	22,782	553
Associate:			
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	341,371	333,809	-
Joint venture:			
G.D. Development Corp.	214,032	103,343	91,019
	$ 3,941,961	$ 3,941,550	$ 3,415,235

A) Subsidiaries

(i) The basic information of the subsidiaries that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio December 31, 2015	December 31, 2014	January 1, 2014	Nature of relationship	Methods of measurement
Leading Energy Corp.	Taiwan	98.00%	98.00%	98.00%	Subsidiaries	Equity method
Sino Environmental Services Corp.	"	93.15%	93.15%	93.15%	"	"
HD Resources Management Corp.	"	100.00%	100.00%	100.00%	"	"
Fortune Energy Corp.	"	74.999%	74.999%	74.999%	"	"

(ii) The summarized financial information of the subsidiaries that are material to the Company is as follows:

Balance sheets

	Leading Energy Corp. December 31, 2015	December 31, 2014	January 1, 2014
Current assets	$ 439,969	$ 470,667	$ 463,247
Non-current assets	1,297,485	1,440,919	1,580,604
Current liabilities	(109,243)	(106,316)	(243,040)
Non-current liabilities	(93,261)	(91,566)	(143,541)
Total net assets	$ 1,534,950	$ 1,713,704	$ 1,657,270
Share in subsidiary's net assets	$ 1,504,251	$ 1,679,430	$ 1,624,124
Carrying amount of the subsidiary	$ 1,504,251	$ 1,679,430	$ 1,624,124

	Sino Environmental Services Corp.		
	December 31, 2015	December 31, 2014	January 1, 2014
Current assets	$ 1,833,628	$ 1,586,552	$ 1,350,669
Non-current assets	200,307	201,100	218,510
Current liabilities	(1,057,970)	(876,470)	(724,120)
Non-current liabilities	(138,391)	(121,455)	(135,490)
Total net assets	$ 837,574	$ 789,727	$ 709,569
Share in subsidiary's net assets	$ 780,216	$ 735,631	$ 660,977
Carrying amount of the subsidiary	$ 780,216	$ 735,698	$ 661,035

	HD Resources Management Corp.		
	December 31, 2015	December 31, 2014	January 1, 2014
Current assets	$ 296,954	$ 256,239	$ 263,788
Non-current assets	32,782	34,495	10,585
Current liabilities	(170,783)	(144,124)	(134,337)
Non-current liabilities	(84,564)	(72,366)	(70,177)
Total net assets	$ 74,389	$ 74,244	$ 69,859
Share in subsidiary's net assets	$ 74,389	$ 74,244	$ 69,859
Carrying amount of the subsidiary	$ 74,389	$ 74,244	$ 69,859

	Fortune Energy Corp.		
	December 31, 2015	December 31, 2014	January 1, 2014
Current assets	$ 214,693	$ 255,803	$ 259,783
Non-current assets	1,754,572	1,865,072	1,970,783
Current liabilities	(200,280)	(208,755)	(193,301)
Non-current liabilities	(429,890)	(589,128)	(745,739)
Total net assets	$ 1,339,095	$ 1,322,992	$ 1,291,526
Share in subsidiary's net assets	$ 1,004,303	$ 992,244	$ 968,645
Carrying amount of the subsidiary	$ 1,004,303	$ 992,244	$ 968,645

Statement of comprehensive income

	Leading Energy Corp.	
	For the years ended December 31,	
	2015	2014
Revenue	$ 629,132	$ 605,130
Profit for the period from continuing operations	$ 251,011	$ 247,934
Other comprehensive income, net of tax	(6,714)	(1,194)
Total comprehensive income	$ 244,297	$ 246,740
Dividend received from subsidiary	$ 218,702	$ 186,803

	Sino Environmental Services Corp.	
	For the years ended December 31,	
	2015	2014
Revenue	$ 2,779,033	$ 2,668,755
Profit for the period from continuing operations	$ 338,612	$ 319,965
Other comprehensive income, net of tax	(13,022)	10,589
Total comprehensive income	$ 325,590	$ 330,554
Dividend received from subsidiary	$ 263,987	$ 246,069

	HD Resources Management Corp.	
	For the years ended December 31,	
	2015	2014
Revenue	$ 880,309	$ 826,441
Profit for the period from continuing operations	$ 26,338	$ 22,802
Other comprehensive income, net of tax	(7,009)	(1,240)
Total comprehensive income	$ 19,329	$ 21,562
Dividend received from subsidiary	$ 19,255	$ 18,754

	Fortune Energy Corp.	
	For the years ended December 31,	
	2015	2014
Revenue	$ 366,722	$ 371,695
Profit for the period from continuing operations	$ 178,088	$ 182,714
Other comprehensive income, net of tax	2,047	42
Total comprehensive income	$ 180,135	$ 182,756
Dividend received from subsidiary	$ 123,330	$ 114,159

B) Associate

(i) The basic information of the associate that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio December 31, 2015	Shareholding ratio December 31, 2014	Shareholding ratio January 1, 2014	Nature of relationship	Methods of measurement
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Is.	20.00%	20.00%	-	Associate	Equity method

(ii) The summarized financial information of the subsidiaries that are material to the Company is as follows:

Balance sheets

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)		
	December 31, 2015	December 31, 2014	January 1, 2014
Current assets	$ 602,129	$ 1,098,766	$ -
Non-current assets	748,886	633,950	-
Current liabilities	(57,546)	(317,271)	-
Non-current liabilities	-	(34,037)	-
Total net assets	$ 1,293,469	$ 1,381,408	$ -
Share in associate's net assets	$ 258,694	$ 276,282	$ -
Carrying amount of the associate	$ 341,371	$ 333,809	$ -

Statement of comprehensive income

	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	
	For the years ended December 31,	
	2015	2014
Revenue	-	1,510,044
Total comprehensive income	($ 23,834)	$ 96,468
Dividend received from associate	$ 9,908	$ -

C) Joint venture

(i) The basic information of the joint venture that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio December 31, 2015	December 31, 2014	January 1, 2014	Nature of relationship	Methods of measurement
G.D. Development Corp.	Taiwan	49.997%	49.99%	49.99%	Joint venture	Equity method

(ii) The summarized financial information of the joint venture that is material to the Company is as follows:

Balance sheets

	G.D. Development Corp.		
	December 31, 2015	December 31, 2014	January 1, 2014
Cash and cash equivalents	$ 26,151	$ 12,182	$ 5,721
Other current assets	44,725	3,058	3,562
Current assets	70,876	15,240	9,283
Non-current assets	782,366	632,222	571,812
Total assets	$ 853,242	$ 647,462	$ 581,095
Current financial liabilities	$ 128,006	$ 172,709	$ 115,175
Other current liabilities	70,684	61,451	60,521
Current liabilities	198,690	234,160	175,696
Non-current liabilities	226,466	206,614	223,361
Total liabilities	425,156	440,774	399,057
Total net assets	$ 428,086	$ 206,688	$ 182,038
Share in joint venture's net assets	$ 214,032	$ 103,344	$ 91,019
Carrying amount of the joint venture	$ 214,032	$ 103,353	$ 91,019

Statement of comprehensive income

	G.D. Development Corp.	
	For the years ended December 31,	
	2015	2014
Revenue	$ 43,014	$ 34,862
Depreciation and amortisation	($ 14,900)	($ 12,716)
Interest income	$ 966	$ 548
Interest expense	($ 5,952)	($ 6,798)
Profit before income tax	$ 23,916	$ 13,066
Income tax expense	(515)	(882)
Profit for the period	23,401	12,184
Other comprehensive income - net of tax	13,767	12,466
Total comprehensive income	$ 37,168	$ 24,650
Dividend received from joint venture	$ 2,474	$ -

D) The Company holds 49.997% equity of the joint venture – G.D. Development Corp., the main activity of which is energy technology services.

E) The Company invested in Yuan Ding Resources Corp. amounting to $26,400 in June, 2014.

F) The Board of Directors had resolved to invest in Boretech Resource Recovery Engineering Co., Ltd. (Cayman) in July, 2014. The Company invested and owned 20% equity of the Boretech Resource Recovery Engineering Co., Ltd. (Cayman) amounting to $ 309,489 (US$10,365 thousand).

G) The subsidiary-Leading Energy Corp.'s Board of Directors proposed the reduction of capital amounting to $200,000 in March, 2015, which was resolved at a stockholders' meeting in June, 2015. The Company had received $196,000 in proportion to its shareholding percentage.

H) The Board of Directors had resolved to invest in G.D. Development Corp. in December, 2014 and invested $94,500 in January, 2015.

6) Other current liabilities / Bonds payable

	December 31, 2015	December 31, 2014	January 1, 2014
Unsecured convertible bonds	$ -	$ 19,500	$ 34,200
Less: Discount on bonds payable	-	(276)	(1,000)
	$ -	$ 19,224	$ 33,200

A) The Company issued the first unsecured domestic convertible bonds in November, 2010. Relevant information is as follows:

The Company issued the first zero-coupon, five-year unsecured convertible bond with the principal amount of $500,000. The bond is listed on the Taiwan Over-The-Counter Securities Exchange.

a) Conversion right and objectives: The bond shall be converted to common stock of the Company using the conversion price at the conversion time.
b) Conversion periods: The bond is convertible at any time from December 16, 2010 to November 5, 2015.
c) Conversion price adjustment: The initial conversion price per share was set at NT$135.58 (in New Taiwan Dollars). After the issuance of the bonds, the conversion price can be adjusted downward based on the terms of the contract. As of November 5, 2015, the conversion price of the bond is adjusted to NT$103.06 (in New Taiwan Dollars).
d) Redemption:
    i) Redemption at maturity: The bond will be redeemed at the principal amount.
    ii) Redemption at the option of the Company: The Company may redeem the bond, in whole but not in part, on or after December 16, 2010 to October 6, 2015 at the principal amount, provided that the bond may not be so redeemed, unless (i) the closing price of the shares on the Taiwan Over-The-Counter Securities Exchange, for a period of 30 consecutive trading days, is 30% higher than (or equal to) the conversion price or (ii) at least 90% in principal amount of the bond has already been converted, redeemed or purchased and cancelled.
    iii) Redemption at the option of bondholders: The Company will redeem the bond, in whole or in part, at the option of the bondholder of any bond on November 15, 2013.
e) Under the terms of the bond, the rights and obligations of the new shares converted from the bond are the same as the issued and outstanding common stock.
f) The fair value of convertible option is separated from bonds payable, which the related trading costs are recognized by the proportion of original amount of the elements of liability and equity, and the amount recognized in “capital reserve from stock warrants” amounted to $38,643 in accordance with IAS 32 “Financial Instruments: Presentation”. The fair value of put options and call options due to market value change of conversion object embedded in bonds payable was separated from bonds payable, and was recognized in “financial assets or liabilities at fair value through profit or loss” in accordance with IAS 39 “Financial Instrument: Presentation and Management ”. The effective interest rate of bonds payable was 1.57% after separation.

B) As of December 31, 2015, December 31, 2014, and January 1, 2014, the fair value of put and call options embedded in bonds payable was recognized in “financial assets at fair value through profit or loss-current” of $0, $176 and $520, respectively.

C) For the year ended December 31, 2015, the bonds at par value amounting to $18,000 have been converted to 173,449 shares of common stock. As a result, "capital reserve-common stock" amounted to $17,455, "Discount of bonds payable", "capital reserve-stock warrants" and "financial assets at fair value through profit or loss-current" have been reserved amounting to $95, $1,392 and $107, respectively, and 23,283 shares of those converted common stock have been shown as "capital collected in advance" because the date of capital increase has not yet been approved by the Board of Directors. As of December 31, 2015, the bonds at par value amounting to $498,500 have been converted to 4,163,398 shares of common stock. The abovementioned bond conversion transaction resulted in "capital reserve-common stock" amounting to $469,833 and "capital reserve-stock options" and "financial assets at fair value through profit or loss-current" have been reversed amounting to $38,527 and $4,851, respectively.

7) Pensions

A) Defined benefit pension plan

a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

b) The amounts recognised in the balance sheet are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Present value of funded defined benefit obligations	$ 1,818	$ 2,384	$ 4,840
Fair value of plan assets	(1,452)	(1,189)	(995)
Net defined benefit liability	$ 366	$ 1,195	$ 3,845

c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2015			
At January 1	$ 2,384	($ 1,189)	$ 1,195
Current service cost	604	-	604
Interest expense (income)	45	(23)	22
	3,033	(1,212)	1,821
Remeasurements:			
Change in financial assumptions	30	-	30
Experience adjustments	(1,245)	(7)	(1,252)
	(1,215)	(7)	(1,222)
Pension fund contribution	-	(233)	(233)
At December 31	$ 1,818	($ 1,452)	$ 366

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2014			
At January 1	$ 4,840	($ 995)	$ 3,845
Current service cost	942	-	942
Interest expense (income)	87	(18)	69
	5,869	(1,013)	4,856
Remeasurements:			
Change in financial assumptions	(16)	-	(16)
Experience adjustments	(1,575)	(5)	(1,580)
	(1,591)	(5)	(1,596)
Pension fund contribution	-	(171)	(171)
Paid pension	(1,894)	-	(1,894)
At December 31	$ 2,384	($ 1,189)	$ 1,195

d) The Bank of Taiwan was commissioned to manage the Fund of the Company’s defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund’s minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

e) The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	1.70%	1.90%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with the 5th Taiwan Standard Ordinary Experience Mortality Table.

f) Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 143)	$ 164	$ 141	($ 127)
December 31, 2014				
Effect on present value of defined benefit obligation	($ 156)	$ 176	$ 147	($ 134)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculate net pension liability in the balance sheet are the same.

g) Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2015 amounts to $115.

B) Defined contribution pension plan

a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2015 and 2014, were $536 and $714, respectively.

8) Share-based payment-employee compensation plan

A) For the years ended December 31, 2015 and 2014, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
First plan of employee stock options	2008.9.12	1,200 units	6 years	Service of 2 years
Second plan of employee stock options	2009.7.16	1,200 units	6 years	Service of 2 years
Third plan of employee stock options	2010.6.18	1,200 units	6 years	Service of 2 years
Fourth plan of employee stock options	2011.6.17	1,200 units	6 years	Service of 2 years
Fifth plan of employee stock options	2012.6.28	1,200 units	6 years	Service of 2 years

B) The above employee stock options are as follows:

a) Details of the first plan of employee stock options outstanding as of December 31, 2015 and 2014 are as follows:

	For the years ended December 31,			
	2015		2014	
Stock options	No. of units	Weighted-average exercise price (in dollars)	No. of units	Weighted-average exercise price (in dollars)
Options outstanding at beginning of period	-	NT$ -	32.25	NT$ 33.20
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options waived	-	-	-	-
Options exercised	-	-	(32.25)	32.90
Options revoked	-	-	-	-
Options outstanding at end of period	-	-	-	31.50
Options exercisable at end of period	-	-	-	31.50

b) Details of the second plan of employee stock options outstanding as of December 31, 2015 and 2014 are as follows:

	For the years ended December 31,					
	2015			2014		
Stock options	No. of units	Weighted-average exercise price (in dollars)		No. of units	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of period	75.75	NT$	53.90	189.50	NT$	56.80
Options granted	-		-	-		-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-		-	-		-
Options waived	-		-	-		-
Options exercised	(75.75)		53.90	(113.75)		55.90
Options revoked	-		-	-		-
Options outstanding at end of period	-		-	75.75		53.90
Options exercisable at end of period	-		-	75.75		53.90

c) Details of the third plan of employee stock options outstanding as of December 31, 2015 and 2014 are as follows:

	For the years ended December 31,					
	2015			2014		
Stock options	No. of units	Weighted-average exercise price (in dollars)		No. of units	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of period	220.75	NT$	71.40	592.25	NT$	75.20
Options granted	-		-	-		-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-		-	-		-
Options waived	-		-	(9.50)		-
Options exercised	(89.00)		70.90	(362.00)		74.20
Options revoked	-		-	-		-
Options outstanding at end of period	131.75		67.50	220.75		71.40
Options exercisable at end of period	131.75		67.50	220.75		71.40

d) Details of the fourth plan of employee stock options outstanding as of December 31, 2015 and 2014 are set forth below:

	For the years ended December 31,					
	2015			2014		
Stock options	No. of units	Weighted-average exercise price (in dollars)		No. of units	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of period	699.00	NT$	118.70	911.75	NT$	125.10
Options granted	-		-	-		-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-		-	-		-
Options waived	(1.50)		-	(15.75)		-
Options exercised	(284.25)		117.50	(197.00)		122.90
Options revoked	-		-	-		-
Options outstanding at end of period	413.25		112.30	699.00		118.70
Options exercisable at end of period	413.25		112.30	274.75		118.70

e) Details of the fifth plan of employee stock options outstanding as of December 31, 2015 and 2014 are as follows:

	For the years ended December 31,					
	2015			2014		
Stock options	No. of units	Weighted-average exercise price (in dollars)		No. of units	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of period	974.00	NT$	122.80	1,189.00	NT$	129.40
Options granted	-		-	-		-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-		-	-		-
Options waived	(6.75)		-	(28.00)		-
Options exercised	(253.75)		121.60	(187.00)		126.10
Options revoked	-		-	-		-
Options outstanding at end of period	713.50		116.20	974.00		122.80
Options exercisable at end of period	280.00		116.20	246.25		122.80

C) The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2015 and 2014 was NT$165.88 and NT$175.11 (in dollars), respectively.

D) As of December 31, 2015, December 31, 2014, and January 1, 2014, the range of exercise prices of stock options outstanding was NT$53.9～NT$116.2, NT$31.5～NT$122.8 and NT$33.2～NT$129.4 (in dollars), respectively; the weighted-average remaining contractual period was as follows:

Type of arrangement	December 31, 2015	December 31, 2014	January 1, 2014
First plan of employee stock options	-	-	0.75 years
Second plan of employee stock options	-	0.58 years	1.58 years
Third plan of employee stock options	0.50 years	1.50 years	2.50 years
Fourth plan of employee stock options	1.50 years	2.50 years	3.50 years
Fifth plan of employee stock options	2.50 years	3.50 years	4.50 years

E) For the stock options granted after January 1, 2008, with compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The information is as follows:

Type of arrangement	Grant date	Market value (Note)	Exercise price	Expected price volatility	Expected duration	Expected dividend yield rate	Risk-free interest rate	Fair value per unit
First plan of employee stock options	2008.9.12	NT$ 91.5	NT$ 41.5	33.68%	2.58 years	0%	0.49%	NT$ 51.50
Second plan of employee stock options	2009.7.16	NT$ 91.5	NT$ 71.0	33.68%	3.42 years	0%	0.67%	NT$ 32.56
Third plan of employee stock options	2010.6.18	NT$ 94.0	NT$ 94.0	33.68%	4.50 years	0%	0.93%	NT$ 27.66
Fourth plan of employee stock options	2011.6.17	NT$ 146.0	NT$ 146.0	38.65%	4.50 years	0%	1.05%	NT$ 48.82
Fifth plan of employee stock options	2012.6.28	NT$ 145.0	NT$ 145.0	33.63%	4.60 years	0%	1.00%	NT$ 42.79

Note: The Company had been officially listed in the OTC market on May 27, 2010 whose net value was measured at fair value before being listed in the OTC market and measured at market value after being listed in the OTC market.

F) Expenses incurred on share-based payment transactions are shown below:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Equity-settled	$ 1,842	$ 4,118

9) Share capital

A) Movements in the number of the Company's ordinary shares outstanding are as follows:

	2015	2014
At January 1	64,870,750	63,546,348
Convertible bonds	265,865	432,402
Employee stock options exercised	702,750	892,000
At December 31	65,839,365	64,870,750

B) As of December 31, 2015, the Company's authorized capital was $800,000, consisting of 80,000 thousand shares of ordinary stock (including 6,000 thousand shares reserved for employee stock options), and the paid-in capital was $658,394 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

C) As of December 31, 2015, December 31, 2014, and January 1, 2014, 23,283 shares, 115,699 shares and 413,120 shares, respectively, of those converted common stock have been shown as "capital collected in advance" because the date of capital increase has not yet been approved by the Board of Directors.

10) Capital surplus

A) Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B) Changes in capital surplus are as follows:

	Share premium	Employee stock options	Stock options	Others	Total
At January 1, 2015	$ 1,782,815	$ 192,914	$ 1,507	$ 198	$ 1,977,434
Convertible bonds transferred to common stock	17,455	-	(1,392)	-	16,063
Expired employee stock options	-	-	(115)	115	-
Share-based payment transaction	-	8,224	-	-	8,224
Employee stock options exercised	77,545	(9,921)	-	-	67,624
Adjustments due to capital transfer of investees	(79)	-	-	-	(79)
At December 31, 2015	$ 1,877,736	$ 191,217	$ -	$ 313	$ 2,069,266
At January 1, 2014	$ 1,688,785	$ 180,096	$ 2,643	$ 198	$ 1,871,722
Convertible bonds transferred to common stock	14,074	-	(1,136)	-	12,938
Share-based payment transaction	-	19,597	-	-	19,597
Employee stock options exercised	79,951	(6,779)	-	-	73,172
Employee stock options exceed convertible period expiry	5	-	-	-	5
At December 31, 2014	$ 1,782,815	$ 192,914	$ 1,507	$ 198	$ 1,977,434

C) Please refer to Note 6(8) for detailed information about capital reserve from employee stock warrants.

D) Please refer to Note 6(6) for detailed information about capital reserve from stock warrants.

11) Retained earnings

As of December 31, 2015 and 2014, the Company's retained earnings are set forth below:

	2015	2014
At January 1	$ 1,287,692	$ 1,215,056
Appropriations of earnings	(674,036)	(620,319)
Profit, attributable to owner of the parent	710,370	678,857
Remeasurement on post employment benefit obligations, net of tax	(9,768)	14,098
At December 31	$ 1,314,258	$ 1,287,692

A) In accordance with the Company's Articles of Incorporation, 10% of the Company's annual net income, after paying all taxes and dues and deducting losses of prior years, if any, should be set aside as legal reserve, except when the legal reserve is over total assets. In addition, any reduction in equity will result in setting aside an equal amount as special reserve. Subsequently, when the reduction in equity is reversed, the Company may return the special reserve to undistributed earnings in the current year. The remaining balance and the cumulative undistributed earnings from prior years are called disposable cumulative undistributed earnings, which shall be allocated by stockholders' meeting's resolution.

B) Because of business development and industry growth, the Company's dividend policy is to prioritize operational requirements and financial structure. The disposable cumulative undistributed earnings shall be allocated as follows:

a) At least 0.5‰ of the balance as employees' bonus;

b) 2% of the balance as remuneration to directors and supervisors; and

c) After paying employees' bonus and remuneration to directors and supervisors, the remaining balance may be distributed as stockholders' dividends.

d) Stockholders' dividends shall be in the form of cash dividends no less than 20%, or lower to 5% when unexpected important investments cannot be supported by other funds.

The disposable cumulative undistributed earnings shall be suggested by the Board of Directors at their meeting, and allocated by the stockholders through a resolution at the stockholders' meeting.

C) Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose.

The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D) Special reserve

a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Order No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E) The imputation tax system requires that any undistributed current earnings of the Company are subject to an additional 10% corporate income tax if the earnings are not distributed in the following year.

F) The Company recognized dividends of $607,249 (NT$ 9.257 per share) and $581,948 (NT$ 9.085 per share) in 2015 and 2014. In addition, based on the board of directors' meeting in July 20, 2015, outstanding stocks will be influenced by convertible bonds and employees' share rights, thus the stockholders' meeting gave the right to adjust the rate of distributed dividends from NT$ 9.30324 per share to NT$ 9.25690499 per share.

G) The appropriation of 2014 and 2013 earnings had been resolved at the stockholders' meeting on June 22, 2015 and June 23, 2014, respectively.

Details are summarized below:

	2014	2013
Legal reserve	$ 67,404	$ 62,032
Reversal of special reserve	617	23,661
Cash dividends	607,249	581,948
	$ 675,270	$ 667,641

H) The appropriation of 2015 earnings had been proposed by the Board of Directors during their meeting on March 16, 2016. Details are summarized below:

	2015	
	Amount	Dividends per share (in NT dollars)
Legal reserve	$ 71,037	$ -
Cash dividends	639,352	9.6934
Total	$ 710,389	$ 9.6934

The appropriation of 2015 earnings has not been resolved at the stockholders' meeting as of March 16, 2016.

I) For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(13).

12) Expenses by nature

	For the years ended Deceember 31,	
	2015	2014
Employee benefit expense	$ 28,665	$ 36,241
Services	6,909	2,520
Insurances	82	97
Other expenses	11,015	13,130
Total operating expenses	$ 46,671	$ 51,988

13) Employee benefit expense

	For the years ended December 31,	
	2015	2014
Salaries	$ 24,191	$ 28,707
Employee stock options	1,842	4,118
Labor and health insurance fees	1,137	1,362
Pension costs	1,162	1,725
Other personnel expenses	333	329
	$ 28,665	$ 36,241

A) According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors that account for 0.01% and 2%, respectively, of the total distributed amount.

However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee compensation, based on the profit of the current year distributable, in afixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on December 16, 2015. According to the amended articles, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors’ and supervisors’ remuneration. The ratio shall not be lower than 0.01% for employees’ compensation and shall not be higher than 2% for directors’ and supervisors’ remuneration. The amended articles will be resolved in the shareholders’meeting in 2016.

B) For the years ended December 31, 2015 and 2014, employees’ compensation (bonus) was accrued at $228 and $304, respectively; directors’ and supervisors’ remuneration was accrued at $5,200 and $5,038, respectively. The aforementioned amounts were recognized in salary expenses.

The employees’ compensation and directors’ andsupervisors’ remuneration were estimated and accrued based on 0.01% and 2% of distributable profit of current year for the year ended December 31, 2015. The employees’ compensation and directors’ and supervisors’ remuneration has not been resolved by the Board of Directors and the differences are adjusted in the next year. The employees’ compensation will be distributed in the form of cash.

The expenses recognised for the year of 2014 were accrued based on the net income of 2014, and taking into account other factors such as legal reserve. Actual amount of employees’ bonus and directors’ and supervisors’ remuneration for 2014 is $304 and $5,721, respectively. The differences between employees’ bonus and directors’ and supervisors’ remuneration as resolved by the stockholders and the amount recognised in the 2014 financial statements amounting to $0 and $683 had been adjusted in the 2015 statement of comprehensive income.

Information about employees’ compensation (bonus) and directors’ and supervisors’ remuneration of the Company as resolved at the shareholders’ meeting will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

14) Income tax

A) Components of income tax expense

	For the years ended December 31,	
	2015	2014
Current tax:		
Current tax on profits for the period	$ 2,683	$ 3,534
Change in deferred income tax assets and liabilities	(666)	-
Adjustments in respect of prior years	12	3
Income tax expense	$ 2,029	$ 3,537

B) Reconciliation of difference between the financial income and taxable income:

	For the years ended December 31,	
	2015	2014
Income before tax calculated using statutory tax	$ 119,798	$ 115,187
Change in deferred income tax assets and liabilities	(666)	-
Adjustments in respect of prior years	12	3
Effect of exempt income	(117,115)	(111,653)
Income tax expense	$ 2,029	$ 3,537

C) Amounts of deferred tax assets or liabilities as a result of temporary difference, loss carryforward and investment tax credit are as follows:

	2015		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
—Deferred tax assets:			
Unrealized foreign investment losses	$ -	$ 666	$ 666

D) As of December 31, 2015, the Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

E) Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and after 1998	$ 1,314,258	$ 1,287,692

F) As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $81,228 and $91,018, respectively. The creditable tax rate was 12.53% for 2014 and is estimated to be 13.09% for 2015.

15) Earnings per share

	For the year ended December 31, 2015		
	Net income	Weighted-average outstanding shares (in thousands)	Earnings per share
Basic earnings per share:			
Profit attributable to owners of the parent	$ 710,370	65,510	$ 10.84
Diluted earnings per share:			
Dilutive effect of common stock equivalents			
Employee stock options	-	425	
Employee bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 710,370	65,937	$ 10.77

	For the year ended December 31, 2014		
	Net income	Weighted-average outstanding shares (in thousands)	Earnings per share
Basic earnings per share:			
Profit attributable to owners of the parent	$ 678,857	64,357	$ 10.55
Diluted earnings per share:			
Dilutive effect of common stock equivalents			
Convertible bonds	385	294	
Employee stock options	-	699	
Employee bonus	-	2	
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	$ 679,242	65,352	$ 10.39

16) Operating leases

The Company leases offices to others under non-cancellable operating lease agreements. The leases have terms expiring between one and two years. The Company recognized rental expenses of $593 and $597 for the years ended December 31, 2015 and 2014, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014
Not later than one year	$ 181	$ 181

7. RELATED PARTY TRANSACTIONS

1) Parent and ultimate controlling party

The Company is controlled by CTCI Corporation (incorporated in R.O.C.), which owns 58.46% of the Company’s shares. The remaining 41.54% of the shares are widely held.

2) Significant transactions and balances with related parties

A) Directors’ and supervisors’ remuneration (shown in “other income”)

	For the years ended December 31,	
	2015	2014
Subsidiaries	$ 7,335	$ 6,889

B) Other revenue/receivables from related parties

a) Receivables from related parties

	December 31, 2015		December 31, 2014		January 1, 2014	
Joint ventures	$	32,011	$	29,018	$	29,036
Associates		45		2,134		-
	$	32,056	$	31,152	$	29,036

b) Other revenue

	For the years ended December 31,			
	2015		2014	
Interest revenue				
Joint ventures (Note 1)	$	455	$	464
Personnel transfers revenue				
Joint ventures (Note 2)	$	3,001	$	-
Associates (Note 2)		341		3,622
	$	3,342	$	3,622

Note 1: The terms of lending include interest to be calculated and received monthly, using the annual rate of 1.6% for both of the years ended December 31, 2015 and 2014.

Note 2: For personnel transfers from related parties.

C) Operating expenses/Other payables-related parties

a) Operating expenses

	For the years ended December 31,			
	2015		2014	
The ultimate parent (Notes 1 and 2)	$	4,655	$	3,847
Associates (Note 2 and 3)		1,287		2,295
	$	5,942	$	6,142

Note 1: For the years ended December 31, 2015 and 2014, the Company paid directors' and supervisors' remuneration amounting to $2,800 and $1,816, respectively.

Note 2: For personnel transfers from related parties, information system service expense and office rent.

Note 3: Amortization of rent and administrative expense of the office in Neihu.

b) As of December 31, 2015 and 2014, the Company has unpaid obligations to related parties as follows: (shown in "other payables")

	December 31, 2015		December 31, 2014		January 1, 2014	
The ultimate parent	$	734	$	780	$	1,510
Subsidiaries		340		273		279
	$	1,074	$	1,053	$	1,789

D) Endorsements and guarantees for others

	December 31, 2015		December 31, 2014		January 1, 2014	
Joint ventures	$	629,076	$	248,253	$	254,853

3) Key management compensation

	For the years ended December 31,			
	2015		2014	
Salaries and other short-term employee benefits	$	16,583	$	21,485
Post-employment benefits		-		69
Share-based payments		1,121		2,629
Total	$	17,704	$	24,183

8. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Please refer to Note 7(2)D for detailed information.

9. SIGNIFICANT DISASTER LOSS

None.

10. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriation of 2015 earnings had been proposed at the Board of Directors' meeting on March 16, 2016, please refer to Note 6(11) H for detailed information.

11. OTHERS

1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at December 31, 2015 and 2014 were as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Total borrowings	$ -	$ 19,224	$ 33,200
Total equity	$ 4,438,954	$ 4,231,476	$ 3,992,247
Gearing ratio	-	0.45%	0.83%

2) Financial instruments

A) Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, other receivables and other payables) approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B) Financial risk management policies

a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

b) Risk management is carried out by a treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C) Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

i) The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2015		
	Foreign currency Amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 111	$ 32.90	$ 3,652

	December 31, 2014		
	Foreign currency Amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 92	$ 31.62	$ 2,909
CNY : NTD	1,270	5.10	6,477

ii) The unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2015 and 2014 amounted to $255 and $318, respectively.

iii) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2015		
	Sensitivity analysis		
	Extent of variation	Effect on Profit or loss	Effect on Equity
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	1.00%	$ 37	$ -

	Year ended December 31, 2014		
	Sensitivity analysis		
	Extent of variation	Effect on Profit or loss	Effect on Equity
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	1.00%	$ 29	$ -
CNY : NTD	1.00%	65	-

Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

b) Credit risk

i) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company’s credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

ii) The credit quality information of financial assets that are neither past due nor impaired is as follows:

	December 31, 2015		
	Group 1	Group 2	Group 3
Other receivables	$ -	$ -	$ 1,179
Other receivables-related parties	-	-	32,056
	$ -	$ -	$ 33,235

	December 31, 2014		
	Group 1	Group 2	Group 3
Other receivables	$ -	$ -	$ 1,003
Other receivables-related parties	-	-	31,152
	$ -	$ -	$ 32,155

	January 1, 2014		
	Group 1	Group 2	Group 3
Other receivables	$ -	$ -	$ 1,050
Other receivables-related parties	-	-	29,036
	$ -	$ -	$ 30,086

Group 1: Government.

Group 2: Listed companies.

Group 3: Others.

c) Liquidity risk

i) Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii) The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities		
December 31, 2015	Up to 1 year	Over 1 year
Other payables	$ 15,713	$ -

Non-derivative financial liabilities		
December 31, 2014	Up to 1 year	Over 1 year
Other payables	$ 19,317	$ -
Bonds payable (shown in "other current liabilities")	19,224	-

Non-derivative financial liabilities		
January 1, 2014	Up to 1 year	Over 1 year
Other payables	$ 19,156	$ -
Bonds payable (shown in "other current liabilities")	33,200	-

3) Fair value estimation

A) Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 11(2)A.

B) The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of the Group's investment in corporate bonds and convertible bonds is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data. The Group has no investments in any financial instruments belonging to level 3.

The following table presents the Company's financial assets and liabilities that are measured at fair value at Deceember 31, 2015 and 2014.

December 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 52,190	$ -	$ -	$ 52,190
Available-for-sale financial assets				
Equity securities	19,715	-	-	19,715
Total	$ 71,905	$ -	$ -	$ 71,905

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 80,137	$ -	$ -	$ 80,137
Derivative financial assets	-	176	-	176
Available-for-sale financial assets				
Equity securities	18,521	-	-	18,521
Total	$ 98,658	$ 176	$ -	$ 98,834

January 1, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Derivative financial assets	$ -	$ 520	$ -	$ 520
Available-for-sale financial assets				
Equity securities	24,023	-	-	24,023
Total	$ 24,023	$ 520	$ -	$ 24,543

C) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

D) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

F) For the years ended December 31, 2015 and 2014, there were no transfers between Level 1 and Level 2.

G) For the years ended December 31, 2015 and 2014, there were no input and output into Level 3.

H) Specific valuation techniques used to value financial instruments include:

a) Quoted market prices or dealer quotes for similar instruments.

b) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

12. <u>SUPPLEMENTARY DISCLOSURES</u>

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6 (2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in ainland China)：Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

KD HOLDING CORPORATION
Details of cash and cash equivalents
December 31, 2015
(Expressed in thousands of New Taiwan dollars)

Item	Summary	Amount
Demand deposits		
－USD	US$111 Exchange rate 32.90	$ 3,652
－NTD		7,367
		11,019
Check deposits		594
Time deposits		397,741
		$ 409,354

KD HOLDING CORPORATION
Details of financial assets at fair value through profit or loss-current
December 31, 2015
(Expressed in thousands of New Taiwan dollars)

Financial commodities	Number of shares (thousand share)	Par value (in dollars)	Amount	Acquisition costs	Fair value Price (in dollars)	Fair value Amount	Note
Capital Money Market Fund	343	$ 15.85	$ 5,445	$ 5,445	$ 15.93	$ 5,473	-
Nomura Taiwan Money Market Fund	441	16.09	7,089	7,089	16.11	7,102	-
CTBC Hua Win Money Market Fund	3,640	10.88	39,600	39,600	10.88	39,615	-
			$ 52,134	$ 52,134		$ 52,190	

KD HOLDING CORPORATION
Details of available-for-sale financial assets-current
December 31, 2015
(Expressed in thousands of New Taiwan dollars)

Financial commodities	Summary	Number of Shares	Par value (in dollars)	Amount	Acquisition costs	Accumulated impairment	Fair value Price (in dollars)	Fair value Amount	Notes
Taiwan Cement Corp.	Stocks	179,780	$ 10	$ 1,798	$ 7,298	$ -	$ 27.30	$ 4,908	
Gentech Energy Corp.	"	462,000	10	4,620	19,949	-	32.05	14,807	
Less: Value adjusted					(7,532)				
					$ 19,715				

KD HOLDING CORPORATION
Detail of financial assets measured at cost-non-current
December 31, 2015
(Expressed in thousands of New Taiwan dollars)

Name	Beginning of the period		Additions		Reductions		Ending of the period		Pledged to others as collaterals
	Number of shares (per share)	Amounts	Number of shares (per share)	Amounts	Number of shares (per share)	Amounts	Number of shares (per share)	Amounts	
TSC Venture Mangement, Inc.	270,000	$ 2,700	-	$ -	-	$ -	270,000	$ 2,700	No
Teamwin Opto-Electronics Co., Ltd.	150,000	2,261	-	-	-	-	150,000	2,261	"
		4,961		$ -		$ -		4,961	
Less: Accumulated impairment		(4,329)						(4,486)	
		$ 632						$ 475	

KD HOLDING CORPORATION
Details of investment accounted for using the equity method
For the year ended December 31, 2015
(Expressed in thousands of New Taiwan dollars)

	Beginning of the period		Additions (reductions)			Balance at December 31, 2015				Pledged to
Name	Number of shares (per share)	Amounts	Number of shares (per share)	Amounts	Investment income(loss)	Number of shares (per share)	% interest held	Amounts	Value per share	others as collaterals
HD Resources Management Corp.	2,000,000	$ 74,244	-	($ 26,193)	$ 26,338	2,000,000	100.00	$ 74,389	$ 74,389	NA
Leading Energy Corp.	86,240,000	1,679,430	(19,600,000)	(421,170)	245,991	66,640,000	98.00	1,504,251	1,504,251	"
Sino Environmental Services Corp.	14,065,936	735,698	-	(270,905)	315,423	14,065,936	93.15	780,216	780,216	"
Fortune Energy Corp.	56,249,000	992,244	-	(121,505)	133,564	56,249,000	74.999	1,004,303	1,004,303	"
G.D. Development Corp.	9,549,000	103,343	9,450,000	98,990	11,699	18,999,000	49.997	214,032	214,032	"
Yuan Ding Resources Corp.	2,700,000	22,782	-	-	617	2,700,000	60.00	23,399	23,399	"
Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	13,333,333	333,809	-	9,277	(1,715)	13,333,333	20.00	341,371	341,371	"
		$ 3,941,550		($ 731,506)	$ 731,917			$ 3,941,961	$ 3,941,961	

KD HOLDING CORPORATION
Details of operating expenses
For the year ended December 31, 2015
(Expressed in thousands of New Taiwan dollars)

Accounts	General & Administrative expenses
Salaries	$ 26,033
Pension costs	1,162
Services	6,909
Other expenses	12,567
	$ 46,671

KD HOLDING CORPORATION
Details of employee benefit expenses
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan dollars)

Function / Nature	2015	2014
	Operating expense	Operating expense
Employee benefit expense		
Salaries	$ 26,033	$ 32,825
Labor and health insurance fees	1,137	1,362
Pension costs	1,162	1,725
Other personnel expenses	333	329
Depreciation	-	-
Amortization	-	-

As of December 31, 2015 and 2014, the Company had 8 and 9 employees, respectively.

KD HOLDING CORPORATION

Loans to others

December 31, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2015 (Note 3)	Balance at December 31, 2015 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	KD Holding Corp.	G.D. Development Corp.	Other receivables-related parties	Yes	$ 30,000	$ 30,000	$ 29,000	1.60%	2	$ -	For operational needs	$ -	-	$ -	$ 443,895	$ 1,775,582	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2015.

Note 4: The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing:

(1)The Business association is ‘1’.

(2) The Short-term financing are numbered in order starting from ‘2’

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The calculation and amount on ceiling of loans are as follows:

(1)The limit on loans granted to a single party shall not exceed 10% of the Company’s net assets value.

(2) The ceiling on totals loans shall not exceed 40% of the Company’s net assets value.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

KD HOLDING CORPORATION

Provision of endorsements and guarantees to others

December 31, 2015

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2015 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	KD Holding Corp.	G.D. Development Corp.	6	$ 8,877,908	$ 640,017	$ 629,076	$ 395,612	$ -	14.17%	$ 13,316,862	N	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5)Mutual guarantee of the trade as required by the construction contract.

(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

(1)The limit on endorsements and guarantees granted to a single party shall not exceed 200% of the Company’s net assets value in last financial statement which was reviewed or audited by accountant.

(2) The ceiling on total endorsements and guarantees shall not exceed 300% of the Company’s net assets value in last financial statement which was reviewed or audited by accountant.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

KD HOLDING CORPORATION

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2015

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

	Marketable securities（Note 1）				December 31, 2015				
Securities held by	Type	Name	Relationship with the securities issuer（Note 2）	General ledger account	Shares/ denominations (thousand share)	Book value（Note 3）	Ownership (%)	Fair value	Footnote（Note 4）
KD Holding Corp.	Fund	Capital Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	343	$ 5,473	-	$ 5,473	-
"	"	Nomura Taiwan Money Market Fund	"	"	441	7,102	-	7,102	-
"	"	CTBC Hua Win Money Market Fund	"	"	3,640	39,615	-	39,615	-
						$ 52,190		$ 52,190	
"	Common Stock	Taiwan Cement Corp.	The Chairman is CTCI Corp.'s director	Available-for-sale financial assets-current	180	$ 7,298	-	$ 4,908	-
"	"	Gintech Energy Corp.	The Chairman of CTCI Corp. is the director	"	462	19,949	-	14,807	-
				Adjustment		(7,532)		$ 19,715	
						$ 19,715			
"	"	TSC Venture Management, Inc.	The Company is the Board of Director	Financial assets carried at cost-non-current	270	$ 2,700	5.88%	$ -	-
"	"	Teamwin Opto-Electronics Co., Ltd.	N/A	"	150	2,261	2.46%	475	-
		Less: Accumulated impairment				(4,486)		$ 475	
						$ 475			
Leading Energy Corp.	Fund	Prudential Financial Money Market	N/A	Financial assets at fair value through profit or loss-current	3,014	$ 47,043	-	$ 47,043	-
"	"	Mega Diamond Money Market Fund	"	"	1,432	17,718	-	17,718	-
"	Common Stock	Taiwan Cement Corp.	The Chairman is CTCI Corp.'s director	Available-for-sale financial assets-current	432	11,801	-	11,801	-
Sino Environmental Services Corp.	Fund	Capital Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,255	20,000	-	20,000	-
"	"	Jih Sun Money Market Fund	"	"	7,048	103,052	-	103,052	-
"	"	Mega Diamond Money Market Fund	"	"	407	5,043	-	5,043	-
"	Common Stock	CTCI Corp.	Ultimate parent company	Available-for-sale financial assets-current	1	37	-	37	-
"	"	Taiwan Cement Corp.	The Chairman is CTCI Corp.'s director	"	438	11,962	-	11,962	-
"	"	Gintech Energy Corp.	The Chairman of CTCI Corp. is the director	"	575	18,428	-	18,428	-

	Marketable securities（Note 1）				December 31, 2015				
Securities held by	Type	Name	Relationship with the securities issuer（Note 2）	General ledger account	Shares/ denominations (thousand share)	Book value（Note 3）	Ownership (%)	Fair value	Footnote（Note 4）
Sino Environmental Services Corp.	Bonds	BP capital PLC	N/A	Available-for-sale financial assets-current	6,000	$ 29,147	-	$ 29,147	Note 5
"	"	BOC Aviation PTE LTD	"	"	6,000	29,414	-	29,414	"
HD Resources Management Corp.	Fund	Capital Money Market Fund	N/A	Financial assets at fair value through profit or loss-current	1,067	17,000	-	17,000	-
"	"	Jih Sun Money Market Fund	"	"	685	10,022	-	10,022	-
"	"	Mega Diamond Money Market Fund	"	"	1,705	21,103	-	21,103	-
"	Common Stock	Taiwan Cement Corp.	The Chairman is CTCI Corp.'s director	Available-for-sale financial assets-current	435	11,884	-	11,884	-
Fortune Energy Corp.	Fund	Prudential Financial Money Market	N/A	Financial assets at fair value through profit or loss-current	1,090	17,012	-	17,012	-
"	"	FSITC Taiwan Money Market Fund	"	"	233	3,512	-	3,512	-
"	"	Taishin 1699 Money Market	"	"	524	7,005	-	7,005	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39 ‘Financial instruments : recognition and measurement'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: The book value of bonds and funds are denominated in CNY.

KD HOLDING CORPORATION

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2015

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2015		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2015	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Number of shares (thousand share)	Amount	Number of shares (thousand share)	Amount	Number of shares (thousand share)	Selling price	Book value	Gain (loss) on disposal	Number of shares (thousand share)	Amount
KD Holding Corp.	CTBC Hua Win Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$ -	38,389	$ 416,900	34,749	$ 377,481	$ 377,300	$ 181	3,640	$ 39,600
"	Nomura Taiwan Money Market Fund	"	-	-	-	-	13,993	225,000	13,552	218,000	217,911	89	441	7,089
Leading Energy Corp.	Mega Diamond Money Market Fund	"	-	-	695	8,551	11,344	140,000	10,607	131,063	130,878	185	1,432	17,673
Sino Environmental Services Corp.	Jih Sun Money Market Fund	"	-	-	694	10,049	9,171	134,000	2,817	41,104	41,049	55	7,048	103,000
"	Franklin Templeton Sinoam Money Market Fund	"	-	-	6,434	65,214	7,832	79,450	14,266	144,820	144,664	156	-	-
"	Allianz Glbl Investors Taiwan Money Mkt.	"	-	-	3,258	40,000	-	-	3,258	40,164	40,000	164	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.
Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.
Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

KD HOLDING CORPORATION

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2015

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Leading Energy Corp.	HD Resources Management Corp.	Affiliate	(Waste disposal revenue)	($ 287,941)	(46%)	30 days quarterly	No significant difference		$ 49,997	20%	-
"	Sino Environmental Service Corp.	"	Service cost	226,302	71%	〃	〃		(58,531)	(82%)	-
Sino Environmental Service Corp.	CTCI Corp.	Ultimate parent company	(Operating revenue)	(431,272)	(16%)	"	"		145,670	23%	-
"	Leading Energy Corp.	Affiliate	"	(226,302)	(8%)	"	"		58,531	9%	-
"	Fortune Energy Corp.	"	"	(157,987)	(6%)	"	"		28,713	4%	-
"	HD Resources Management Corp.	"	"	(413,198)	(15%)	"	"		84,369	13%	-
"	CTCI Chemicals Corp.	"	Purchase	114,460	5%	"	"		(22,512)	(3%)	
HD Resources Management Corp.	Sino Environmental Service Corp.	"	Waste disposal cost	413,198	50%	"	"		(84,369)	(71%)	-
"	Leading Energy Corp.	"	"	287,941	35%	"	"		(49,997)	(42%)	-
Fortune Energy Corp.	Sino Environmental Service Corp.	"	Service cost	157,987	93%	〃	〃		(28,713)	(100%)	-

KD HOLDING CORPORATION

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2015

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Sino Environmental Service Corp.	CTCI Corp.	Ultimate parent company	$ 145,670	3.53	$ 14,598	Active collection	$ 34,477	$ -

KD HOLDING CORPORATION

Significant inter-company transactions during the reporting period

For the year ended December 31, 2015

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction				
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account		Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Sino Environmental Service Corp.	HD Resources Management Corp.	3	Sales revenue	$	413,198	30 days quarterly	10.13%
1	"	Leading Energy Corp.	"	"		226,302	"	5.55%
1	"	Fortune Energy Corp.	"	"		157,987	"	3.87%
1	"	HD Resources Management Corp.	"	Accounts receivable		84,369	"	1.10%
2	Leading Energy Corp.	HD Resources Management Corp.	"	Sales revenue		287,941	"	7.06%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

KD HOLDING CORPORATION

Information on investees

For the year ended December 31, 2015

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income(loss) recognised by the Company for the year ended December 31, 2015	Footnote
KD Holding Corp.	HD Resources Management Corp.	Taiwan	Waste services, equipment and mechanical installation, waste clear, international trade and other environmental services, etc.	$ 20,000	$ 20,000	2,000,000	100.00%	$ 74,389	$ 26,338	$ 26,338	A subsidiary
KD Holding Corp.	Leading Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	797,485	993,485	66,640,000	98.00%	1,504,251	251,011	245,991	A subsidiary
KD Holding Corp.	Sino Environmental Services Corp.	Taiwan	Refuse incineration plant’s operation, machinery and equipment maintenance,etc.	339,921	339,921	14,065,936	93.15%	780,216	338,612	315,423	A subsidiary
KD Holding Corp.	Fortune Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	1,012,483	1,012,483	56,249,000	74.999%	1,004,303	178,088	133,564	A subsidiary
KD Holding Corp.	G.D. Development Corp.	Taiwan	Energy technology services etc.	189,991	95,491	18,999,000	49.997%	214,032	23,401	11,699	An investee which has a 50% interest in a joint venture

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2015	Initial investment amount: Balance as at December 31, 2014	Shares held as at December 31, 2015: Number of shares	Shares held as at December 31, 2015: Ownership (%)	Shares held as at December 31, 2015: Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income(loss) recognised by the Company for the year ended December 31, 2015	Footnote
KD Holding Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	$ 27,000	$ 27,000	2,700,000	60.00%	$ 23,399	$ 1,029	$ 617	A subsidiary
KD Holding Corp.	Boretech Resource Recovery Engineering Co., Ltd. (Cayman)	Cayman Island	Share holding and investment.	309,489	309,489	13,333,333	20.00%	341,371	(23,834)	(1,715)	An investee under equity method
Sino Environmental Services Corp.	Leading Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	13,600	17,600	1,360,000	2.00%	30,699	251,011	5,020	Affiliate
Sino Environmental Services Corp.	CTCI Chemicals Corp.	Taiwan	Industrial chemicals' wholesale manufacturing and retail.	24,851	24,851	1,910,241	26.9048%	56,430	72,451	19,493	Affiliate
Sino Environmental Services Corp.	Fortune Energy Corp.	Taiwan	Waste services equipment installation, co-generation, waste services and other environmental services, etc.	13	13	1,000	0.001%	18	178,088	2	Affiliate
Sino Environmental Services Corp.	G.D. Development Corp.	Taiwan	Energy technology services etc.	8	8	1,000	0.003%	11	23,401	1	Affiliate
Sino Environmental Services Corp.	SINOGAL-Waste Services Co., Ltd.	Macau	Management of waste recycling site and maintenance of related mechanical and equipment etc.	4,964	4,964	-	30.00%	34,550	86,392	25,918	A subsidiary

				Initial investment amount		Shares held as at December 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income(loss) recognised by the Company for the year ended December 31, 2015	Footnote
HD Resources Management Corp.	Sino Environmental Services Corp.	Taiwan	Refuse incineration plant's operation, machinery and equipment maintenance,etc.	$ 53	$ 53	1,000	0.01%	$ 56	$ 338,612	($ 6)	Affiliate
HD Resources Management Corp.	Yuan Ding Resources Corp.	Taiwan	Waste services, waste clean, other environmental services, and environmental pollution services, etc.	18,000	18,000	1,800,000	40.00%	15,599	1,029	412	A subsidiary

KD HOLDING CORPORATION

Information on investments in Mainland China

For the year ended December 31, 2015

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 （Note 2）2.(2)B	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
GranSino Environmental Technology Co., Ltd.	Environmental technical advisory, urban environmental sanitation and processing equipment technology R&D, environmental pollution control equipment maintenance, and construction management, etc.	$ 22,193	1	$ 10,874	$ -	$ -	$ 10,874	($ 8,553)	45.65%	($ 4,191)	$ 6,339	$ 3,377	Note 4
Xiang Ding Environmental Consultant (Shanghai) Co., Ltd.	Technical development, advisory and service in environmental field; environmental pollution control equipment and related parts wholesale, import and export, etc.	4,147	1	4,147	-	-	4,147	2,155	93.16%	2,008	8,078	-	"

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
KD Holding Corp.	$ 15,021	$ 15,021	$ 2,663,372

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3)Others

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2015’ column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements that are audited and attested by R.O.C. parent company's CPA.

C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Invested by Sino Environmental Service Corp.

KD HOLDING CORPORATION

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2015

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2015	%	Balance at December 31, 2015	Purpose	Maximum balance during the year ended December 31, 2015	Balance at December 31, 2015	Interest rate	Interest during the year ended December 31, 2015	
Xiang Ding Environmental Consultant (Shanghai) Co., Ltd.	$ 18,399	0.66%	$ -	$ -	$ 14,085	2.31%	$ -	-	$ -	$ -	-	$ -	-