CONTINENTAL HOLDINGS CORPORATION

AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

AND

INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

To the Board of Directors of
Continental Holdings Corporation

We have audited the accompanying consolidated balance sheets of Continental Holdings Corporation and its subsidiaries (the "Group") as of December 31, 2015 and 2014 (restated), and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014 (restated). These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express the audit report based on our audits. We did not audit the financial statements of certain consolidated subsidiaries with the total assets representing 10.11%, 11.85% and 9.88% of the related consolidated total as of December 31, 2015 and 2014 (restated), and January 1, 2014 (restated), and the net sales representing 5.09% and 6.95% of the related consolidated total for the year ended December 31, 2015 and 2014 (restated), respectively. Also, we did not audit the investments accounted for using the equity method in other companies representing 5.21%, 5.68% and 4.51% of the consolidated total assets as of December 31, 2015 and 2014 (restated), and January 1, 2014 (restated), respectively, and the related share of profit (loss) of associates and joint ventures accounted for using the equity method thereon representing (36.80)% and (28.88)% of the consolidated net income before tax for the years ended December 31, 2015 and 2014 (restated), respectively. The financial statements of these subsidiaries and investees accounted for under the equity method were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these companies, were based solely on the reports of other auditors.

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

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Continental Holdings Corporation and its subsidiaries as of December 31, 2015 and 2014 (restated), and the consolidated results of their operations and their consolidated cash flows for the years ended December 31, 2015 and 2014 (restated), in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" , and with the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission .

As described in Note 3(1) of the consolidated financial statements, Continental Holdings Corporation and its subsidiaries have prepared their financial report in accordance with the 2013 version of the International Financial Reporting Standards and the IASs, IFRIC Interpretations, and SIC Interpretations (excluding IFRS 9) endorsed by the Financial Supervisory Commission, R.O.C. beginning January 1, 2015, and retrospectively restated its financial report for the year ended December 31, 2014, and balance sheet as of January 1, 2014.

Continental Holdings Corporation and its subsidiaries has prepared their non-consolidated financial report for the years ended December 31, 2015 and 2014, and we have issued a modified unqualified audit report thereon.

KPMG

Taipei, Taiwan, R.O.C.
March 28, 2016

Notice to Readers

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

	2015.12.31		2014.12.31 (Retrospective)		2014.1.1 (Retrospective)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6(1))	$ 2,423,182	4	1,581,758	3	2,073,438	3
Current financial asset measured at fair value through profit or loss (Note 6(2))	-	-	-	-	55	-
Current available- for- sale financial assets(Notes 6(2))	1,663,821	3	2,979,385	5	4,092,893	7
Current derivative financial assets for hedging (Note 6(2))	189,488	-	24,303	-	66,153	-
Notes receivable, net (Note 6(3))	212,227	-	149,123	-	158,336	-
Accounts receivable, net (Notes 6(3) and 7)	4,139,508	7	3,618,839	7	4,230,525	7
Construction contracts receivable (Note 6(4))	2,707,578	5	3,739,083	7	5,659,774	9
Other receivables (Notes 6(3) and 7)	2,047,292	4	646,879	1	1,039,406	2
Current income tax assets (Note 6(18))	154,342	-	117,062	-	87,400	-
Inventory (Notes 6(5) and 8)	20,478,593	36	19,771,907	36	20,195,392	33
Prepayments	1,275,254	2	911,818	2	928,951	2
Other current assets (Note 8)	390,100	1	227,819	-	1,048,097	2
Total current assets	35,681,385	62	33,767,976	61	39,580,420	65
NON-CURRENT ASSETS						
Non-current available-for-sale financial assets (Note 6(2))	1,166,620	2	1,322,188	2	1,339,905	2
Non-current financial assets at cost (Notes 6(2) and 6(7))	500	-	-	-	13,210	-
Investments accounted for using equity method (Note 6(6))	3,000,181	5	3,151,781	6	2,745,726	5
Property, plant and equipment (Notes 6(8) and 8)	2,777,430	5	2,742,927	5	2,233,039	4
Investment property, net (Notes 6(9) and 8)	10,486,857	18	10,536,281	19	11,204,064	18
Intangible assets (Notes 6(10) and 8)	610,366	1	448,570	1	387,487	1
Deferred tax assets(Note 6(18))	5,025	-	5,018	-	4,994	-
Other non-current assets	100,643	-	12,689	-	38,301	-
Long-term receivables(Notes 6(3) and 8)	3,763,513	7	3,521,614	6	3,344,165	6
Total non-current assets	21,911,135	38	21,741,068	39	21,310,891	35
TOTAL	$ 57,592,520	100	55,509,044	100	60,891,311	100

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

LIABILITIES AND EQUITY		2015.12.31 Amount	%	2014.12.31 (Retrospective) Amount	%	2014.1.1 (Retrospective) Amount	%
CURRENT LIABILITIES							
Short-term borrowings (Note 6(11))	$	8,976,829	16	7,356,036	14	10,797,510	18
Short-term notes and bills payable (Note 6(12))		100,000	-	100,000	-	1,550,000	3
Current derivative financial liabilities for hedging (Note 6(2))		-	-	-	-	425	-
Accounts and notes payable		5,326,603	9	4,396,304	8	4,825,464	8
Construction contracts payable (Note 6(4))		1,353,233	2	1,401,981	3	1,384,173	2
Other payables		1,183,507	2	1,239,000	2	1,044,737	2
Current tax liabilities (Note 6(18))		9,923	-	20,105	-	105,611	-
Current provision (Note 6(14))		382,648	1	555,898	1	557,554	1
Advance receipts (Note 6(4), 6(16) and 7)		5,999,325	10	8,023,291	15	8,848,852	15
Long term liabilities, current portion (Note 6(13))		1,267,834	2	1,207,501	2	333,834	1
Other current liabilities, others		156,498	-	108,215	-	103,849	-
Total current liabilities		24,756,400	42	24,408,331	45	29,552,009	50
NON-CURRENT LIABILITIES							
Long-term borrowings (Note 6(13))		10,726,323	19	11,139,340	20	11,189,476	18
Deferred income tax liabilities (Note 6(18))		2,228	-	2,228	-	4,431	-
Net defined benefit liability—non-current (Note 6(17))		337,432	1	383,551	1	366,319	1
Guarantee deposit received		114,968	-	124,762	-	128,871	-
Total non-current liabilities		11,180,951	20	11,649,881	21	11,689,097	19
Total liabilities		35,937,351	62	36,058,212	66	41,241,106	69
Total equity attributable to owners of parent (Note 6(19))							
Ordinary shares		8,532,160	15	8,532,160	16	8,411,581	14
Capital surplus		6,852,400	12	6,864,224	12	6,864,988	11
Retained earnings (Note 6(17))		5,092,681	9	4,533,327	8	6,376,420	10
Other equity interest		546,978	1	(1,418,876)	(3)	(2,766,845)	(5)
		21,024,219	37	18,810,835	33	18,886,144	30
Non-controlling interests		630,950	1	639,997	1	764,061	1
Total equity		21,655,169	38	19,450,832	34	19,650,205	31
TOTAL	$	57,592,520	100	55,509,044	100	60,891,311	100

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

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

	2015 Amount	%	2014 (Retrospective) Amount	%
OPERATING REVENUE (Notes 6(4), (15), (21) and 7)：				
Rental revenue	$ 255,894	1	267,956	1
Construction revenue	21,180,018	97	21,867,956	98
Other operating revenue	340,968	2	309,575	1
NET OPERATING REVENUES	21,776,880	100	22,445,487	100
OPERATING COSTS (Notes 6(5) and (15))：				
Rental costs	99,969	-	100,527	-
Construction costs	20,519,262	94	19,675,676	88
Other operating costs	92,812	-	22,839	-
NET OPERATING COSTS	20,712,043	94	19,799,042	88
GROSS PROFIT FROM OPERATIONS	1,064,837	6	2,646,445	12
OPERATING EXPENSES (Notes 6(17), (19), (22) and 12)：				
Selling expenses	149,036	1	346,012	2
Administrative expenses	1,143,299	6	1,244,653	6
	1,292,335	7	1,590,665	8
NET OPERATING (LOSS) INCOME	(227,498)	(1)	1,055,780	4
NON-OPERATING INCOME AND EXPENSE (Note 6(23))：				
Others income (Note7)	1,431,887	7	351,715	2
Other gains and losses	(58,982)	-	(2,242,371)	(10)
Finance costs (Note 6(5))	(206,699)	(1)	(227,597)	(1)
Share of profits (losses) of associates and joint ventures accounted for using equity method (Note 6(6))	(252,522)	(1)	238,104	1
TOTAL NON-OPERATING INCOME AND EXPENSE	913,684	5	(1,880,149)	(8)
INCOME BEFORE TAX	686,186	4	(824,369)	(4)
TAX EXPENSE (Note 6(18))	118,062	1	151,068	1
NET INCOME	568,124	3	(975,437)	(5)
OTHER COMPREHENSIVE INCOME (LOSS)：				
Items that will not be reclassified to profit and loss				
Remeasurement effects on the defined benefit plans	(7,386)	-	(19,009)	-
Income tax relating to components that will not be reclassified	1,255	-	3,231	-
	(6,131)	-	(15,778)	-
Items which may be reclassified to profit and loss in subsequent periods				
Foreign currency translation differences－foreign operations	(74,676)	-	30,020	-
Unrealized gains (losses) on available-for-sale financial assets	1,925,571	9	1,127,784	5
Gains (losses) on effective portion of cash flow hedges	2,351	-	19,116	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method	108,231	-	170,349	1
Income tax relating to components that may be reclassified to profit and loss in subsequent periods	-	-	-	-
	1,961,477	9	1,347,269	6
OTHER COMPREHENSIVE INCOME (AFTER TAX)	1,955,346	9	1,331,491	6
COMPREHENSIVE INCOME	$ 2,523,470	12	356,054	1
NET INCOME ATTRIBUTABLE TO：				
Net income, attributable to owners of parent	$ 572,794	3	(979,039)	(5)
Net income, attributable to non-controlling interests	(4,670)	-	3,602	-
	$ 568,124	3	(975,437)	(5)
COMPREHENSIVE INCOME ATTRIBUTABLE TO：				
Comprehensive income, attributable to owners of parents	$ 2,532,517	12	353,152	1
Comprehensive income, attributable to non-controlling interests	(9,047)	-	2,902	-
	$ 2,523,470	12	356,054	1

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

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015	2014 (Retrospective)
EARNINGS (LOSSES) PER SHARE (DOLLARS) (Note 20)		
BASIC EARNINGS (LOSSES) PER SHARE (DOLLARS)	$ 0.65	(1.11)
DILUTED EARNINGS (LOSSES) PER SHARE (DOLLARS)	$ 0.65	(1.11)

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

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEDMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent													
			Retained Earnings				Other Equity Interest							
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial asset	Gains (losses) on the effective portion of cash flow hedges	Total	Treasury stocks	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance, January 1, 2014 (Retrospective)	$8,411,581	6,864,988	306,245	3,770,501	2,299,674	6,376,420	(380,464)	(2,358,189)	(1,192)	(2,766,845)	-	18,886,144	764,061	19,650,205
Net loss	-	-	-	-	(979,039)	(979,039)	-	-	-	-	-	(979,039)	3,602	(975,437)
Other comprehensive income (loss)	-	-	-	-	(15,778)	(15,778)	205,931	1,122,922	19,116	1,347,969	-	1,332,191	(700)	1,331,491
Comprehensive income (loss)	-	-	-	-	(994,817)	(994,817)	205,931	1,122,922	19,116	1,347,969	-	353,152	2,902	356,054
Appropriation and distribution of retained earnings														
Legal reserve	-	-	92,040	-	(92,040)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,102,818)	1,102,818	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(420,579)	(420,579)	-	-	-	-	-	(420,579)	-	(420,579)
Stock dividends of ordinary share	420,579	-	-	-	(420,579)	(420,579)	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	(764)	-	-	(7,118)	(7,118)	-	-	-	-	-	(7,882)	-	(7,882)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(126,966)	(126,966)
Balance, December 31, 2014 (Retrospective)	8,832,160	6,864,224	398,285	2,667,683	1,467,359	4,533,327	(174,533)	(1,262,267)	17,924	(1,418,876)	-	18,810,835	639,997	19,450,832
Net income	-	-	-	-	572,794	572,794	-	-	-	-	-	572,794	(4,670)	568,124
Other comprehensive income (loss)	-	-	-	-	(6,131)	(6,131)	38,176	1,925,327	2,351	1,965,854	-	1,959,723	(4,377)	1,955,346
Comprehensive income (loss)	-	-	-	-	566,663	566,663	38,176	1,925,327	2,351	1,965,854	-	2,532,517	(9,047)	2,523,470
Appropriation and distribution of retained earnings														
Reversal of special reserve	-	-	-	(174,202)	174,202	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(7,309)	(7,309)	-	-	-	-	-	(7,309)	-	(7,309)
Acquisition of treasury stocks	-	-	-	-	-	-	-	-	-	-	(311,824)	(311,824)	-	(311,824)
Retirement of treasury stocks	(300,000)	(11,824)	-	-	-	-	-	-	-	-	311,824	-	-	-
Balance, December 31, 2015	$8,532,160	6,852,400	398,285	2,493,481	2,200,915	5,092,681	(136,357)	663,060	20,275	546,978	-	21,024,219	630,950	21,655,169

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

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014 (Retrospective)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before tax	$ 686,186	(824,369)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	318,386	349,099
Amortization expense	17,649	14,668
Provisions for bad debt expense	(6,411)	142,715
Loss on financial assets and liabilities measured at fair value through profit or loss	-	55
Interest expense	206,699	227,597
Interest income	(21,075)	(34,507)
Dividend income	(88,199)	(88,196)
Share of loss (profit) of associates and joint ventures accounted for using equity method	252,522	(238,104)
Gains on disposal of property, plant and equipment	(15,333)	(15,319)
Gains on disposal of property, plant and equipment (written off against construction costs)	(1,487)	(6,395)
Gains on disposal of investment properties	(8,576)	(302)
Impairment losses on financial assets	-	2,259,009
Compensation income not received in cash	(1,312,767)	-
Estimated provisions for warranty reserve	(375,757)	12,076
Total adjustments to reconcile profit (loss)	(1,034,349)	2,622,396
Changes in operating assets and liabilities		
Notes receivable	(63,113)	9,237
Accounts receivable	(441,457)	482,434
Construction contracts receivable	1,066,748	1,968,708
Other receivables	(31,148)	623,458
Inventory	(3,384,990)	(1,045,557)
Prepayments	(359,743)	35,425
Other current assets	(160,065)	822,148
Total changes in operating assets	(3,373,768)	2,895,853
Accounts payable and notes payable	1,122,617	(455,846)
Construction contract payable	(74,226)	656
Other payables	(113,551)	182,228
Provision	(16,786)	(13,732)
Advance receipts	794,131	1,192,801
Other current liabilities	(19,452)	(42,304)
Net defined benefit liabilities	(13,682)	1,440
Total changes in operating liabilities	1,679,051	865,243
Total changes in operating assets and liabilities	(1,694,717)	3,761,096
Total adjustments	(2,729,066)	6,383,492
Net cash inflows (outflows) generated from operating activities	(2,042,880)	5,559,123
Interest received	16,749	36,001
Interest paid	(367,074)	(352,698)
Income taxes paid	(165,702)	(266,011)
Net cash from (used in) operating activities	(2,558,907)	4,976,415

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014 (Retrospective)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposal of available-for-sale financial assets	14,330	-
Proceeds from capital reduction of available-for-sale financial assets	3,384,315	-
Acquisition of financial assets carried at cost	(500)	-
Proceeds from capital reduction of financial assets carried at cost	-	14,500
Acquisition of derivative financial assets	(977,989)	(7,367)
Disposal of derivative financial assets	815,155	66,920
Acquisition of investment accounted for using equity method	-	(6,298)
Acquisition of property, plant and equipment	(204,729)	(501,910)
Disposal of property, plant and equipment	17,115	71,859
Increase in other receivables	(49,246)	(219,857)
Acquisition of intangible assets	(179,445)	(75,751)
Disposal of investment property	17,607	-
Other non-current assets	(235,263)	(112,362)
Increase in prepayments for equipment	(238,818)	(183,487)
Dividends received	88,199	88,196
Net cash from (used in) investing activities	2,450,731	(865,557)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term borrowings	23,305,547	18,969,758
Decrease in short-term borrowings	(21,684,796)	(22,412,000)
Increase in short-term notes and bill payable	6,350,000	4,850,000
Decrease in short-term notes and bill payable	(6,350,000)	(6,300,000)
Increase in long-term borrowings	9,396,217	8,868,292
Decrease in long-term borrowings	(9,760,834)	(8,063,001)
Decrease in guarantee deposit received	(9,794)	(4,109)
Cash dividends paid	-	(420,579)
Acquisition of treasury stocks	(311,824)	-
Change in non-controlling interests	-	(126,966)
Net cash from (used in) financing activities	934,516	(4,638,605)
INFLUENCE OF EXCHANGE RATE	15,084	36,067

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

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014 (Retrospective)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	841,424	(491,680)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,581,758	2,073,438
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 2,423,182	1,581,758

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

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of New Taiwan Dollars)

1. ORGANIZATION AND OPERATIONS

Continental Holdings Corp. (the Company) was established through shares exchange with Continental Engineering Corp. (CEC) on April 8, 2010 and CEC became 100% - owned by the Company. On the same day, the Company was approved to be a listed Company by Financial Supervisory Commission, Executive Yuan, R.O.C.. The consolidated financial statements as of December 31, 2015 consist of the Company and all of its subsidiaries(the Group), and the interests in a jointly controlled entities and associates. Please refer to Note 14 for the Group's main businesses.

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on March 28, 2016.

3. NEW ACCOUNTING STANDARDS, AMENDMENT AND INTERPRETATIONS NOT YET ADOPTED

(a) Impact of the 2013 version of the International Financial Reporting Standards ("IFRS") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The Company has adopted the 2013 version of the IFRSs endorsed by the FSC (excluding IFRS 9 Financial Instruments) in preparing consolidated financial statements starting 2015. The new standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") were as follows:

New Standards, Amendments and Interpretations	Effective Date Per IASB
Amended IFRS 1 "*Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*"	July 1, 2010
Amended IFRS 1 "*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*"	July 1, 2011
Amended IFRS 1 "*Government Loans*"	January 1, 2013
Amended IFRS 7 "*Disclosures - Transfers of Financial Assets*"	July 1, 2011
Amended IFRS 7 "*Disclosures - Offsetting Financial Assets and Financial Liabilities*"	January 1, 2013
IFRS 10 "*Consolidated Financial Statements*"	January 1, 2013 (Subsidiaries adopt on January 1, 2014)

New Standards, Amendments and Interpretations	Effective Date Per IASB
IFRS 11 "*Joint Agreements*"	January 1, 2013
IFRS 12 "*Disclosure of Interests in Other Entities*"	January 1, 2013
IFRS 13 "*Fair Value Measurement*"	January 1, 2013
Amended IAS 1 "*Presentation of Items of Other Comprehensive Income*"	July 1, 2012
Amended IAS 12 "*Deferred Tax: Recovery of Underlying Assets*"	January 1, 2012
Amended IAS 19 "*Employee Benefits*"	January 1, 2013
Amended IAS 27 "*Separate Financial Statements*"	January 1, 2013
Amended IAS 32 "*Offsetting Financial Assets and Financial Liabilities*"	January 1, 2014
IFRIC 20 "*Stripping Costs in the Production Phase of a Surface Mine*"	January 1, 2013

The 2013 IFRSs will not have any significant impact on the consolidated financial statements of the Group except for the following:

i. IAS 19 "*Employee Benefits*"

The amendments to IAS 19 require companies to calculate a "net interest" amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on plan assets used in the previous IAS 19. In addition, the amendments eliminate the accounting treatment of either the corridor approach or the immediate recognition of actuarial gains and losses in profit or loss when they occur. However, they require companies to immediately recognize the remeasurement of the defined benefit plan (including all actuarial gains and losses) through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it is incurred and will no longer be amortized over the average period before meeting the vesting conditions on a straight-line basis. The Company and its subsidiaries shall recognize the termination benefits at the earlier of the time when the Company and its subsidiaries can no longer withdraw an offer of the termination benefit or when the related restructuring costs are recognized, not only at the time when the relevent termination has a clear commitment and has recognized the termination benefits as liabilities or expenses. In addition, the amendments also require a broader disclosure in the defined benefit plans.

The Group has changed the accounting policy related to the measurement and expression of net defined benefit liabilities, pension cost, and actuarial gains or losses. With the elimination of the corridor approach, the Group has fully recognized the unrecognized remeasurement of the defined benefit plan to other comprehensive income and retrospectively adjusted its retained earnings.

ii. IAS 1 " *Presentation of Financial Statements*"

The amendments to IAS 1 change the presentation of other comprehensive income. They require the grouping of items of other comprehensive income into (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. In addition, all items under other comprehensive income shall be presented in pre-tax amount. The related tax effects shall be disclosed separately based on the aforesaid grouping method. The Company and its subsidiaries will change the presentation of the consolidated statements of comprehensive income in conformity with the amendments.

iii. IFRS 11 "*Joint Arrangements*"

IAS 31 "Interests in Joint Ventures" is replaced by IFRS 11. The revised standard eliminates the proportionate consolidation as a method to account for joint ventures. When determining the types of joint arrangements, it should be based according to the substance of the contract and not only the legal form of the joint arrangement. The types of joint arrangements are "joint operation" and "joint venture".

The Group has changed its accounting policy on joint arrangements in accordance with the aforementioned regulation. Under the amendment, the classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the Group to the arrangement. The Group determines the type of joint arrangement in which it is involved by considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement, and other facts and circumstances.

Based on its assessment, the Group should measure the joint ventures by using the proportionate consolidation method instead of the equity method. Those investments accounted for using the equity method, originally recognized by using the equity method, are adjusted in proportion to assets and liabilities.

iv. The adoption of 2013 IFRSs results in significant influences on the financial statement; the amounts are summarized as follows:

The table below summarizes the impact on the Group's financial position, comprehensive income and cash flows arising from aforementioned changes. The impact is related to joint arrangements and defined benefit plan.

			Change in Accounting Policies Adjustment		
Accounts Influenced on Consolidated Balance Sheet		**Balance Before Retrospection**	**Joint Arrangements**	**Defined Benefit Plan**	**Balance After Retrospection**
January 1, 2014					
Cash and cash equivalents	$	1,444,219	629,219	-	2,073,438
Accounts receivable, net		3,942,177	288,348	-	4,230,525
Construction contracts receivable		3,146,178	2,513,596	-	5,659,774
Other receivables		573,151	466,255	-	1,039,406
Current tax assets		39,463	47,937	-	87,400
Prepayments		800,200	128,751	-	958,951
Other current assets		1,038,584	9,513	-	1,048,097
Investments accounted for using equity method		2,795,272	(49,546)	-	2,745,726
Property, plant and equipment		2,185,380	47,659	-	2,233,039
Total assets	**$**	**15,964,624**	**4,081,732**	**-**	**20,046,356**
Current derivative financial liabilities for hedging	$	-	425	-	425
Notes and accounts payable		3,974,573	850,891	-	4,825,464
Construction contracts payable		1,084,581	299,592	-	1,384,173
Other payables		977,729	67,008	-	1,044,737
Advance receipts		5,983,867	2,864,985	-	8,848,852
Other current liabilities		105,816	(1,967)	-	103,849
Accrued pension liabilities		361,630	-	4,689	366,319
Guarantee deposit received		128,073	798	-	128,871
Total liabilities	**$**	**12,616,269**	**4,081,732**	**4,689**	**16,702,690**
Retained earnings	$	6,381,109	-	(4,689)	6,376,420
Total equity	**$**	**6,381,109**	**-**	**(4,689)**	**6,376,420**

Accounts Influenced on Consolidated Balance Sheet		Balance Before Retrospection	Change in Accounting Policies Adjustment: Joint Arrangements	Change in Accounting Policies Adjustment: Defined Benefit Plan	Balance After Retrospection
December 31, 2014					
Cash and cash equivalents	$	1,135,015	446,743	-	1,581,758
Accounts receivable, net		3,195,303	423,536	-	3,618,839
Construction contracts receivable		3,629,938	109,145	-	3,739,083
Other receivables		643,279	3,600	-	646,879
Current tax assets		62,642	54,420	-	117,062
Prepayments		709,598	202,220	-	911,818
Other current assets		220,463	7,356	-	227,819
Investments accounted for using equity method		2,803,680	348,101	-	3,151,781
Property, plant and equipment		2,736,277	6,650	-	2,742,927
Total assets	$	**15,136,195**	**1,601,771**	-	**16,737,966**
Notes and accounts payable	$	3,946,073	450,231	-	4,396,304
Construction contracts payable		1,223,294	178,687	-	1,401,981
Other payables		1,064,368	174,632	-	1,239,000
Advance receipts		7,225,508	797,783	-	8,023,291
Other current liabilities		109,794	(1,579)	-	108,215
Accrued pension liabilities		379,716	-	3,835	383,551
Guarantee deposit received		122,745	2,017	-	124,762
Total liabilities	$	**14,071,498**	**1,601,771**	**3,835**	**15,677,104**
Retained earnings	$	4,537,162	-	(3,835)	4,533,327
Total equity	$	**4,537,162**	-	**(3,835)**	**4,533,327**

Accounts Influenced on Consolidated Comprehensive Income Statement		Balance Before Retrospection	Change in Accounting Policies Adjustment: Joint Arrangements	Change in Accounting Policies Adjustment: Defined Benefit Plan	Balance After Retrospection
Year 2014					
Operating revenue	$	21,227,405	1,218,082	-	22,445,487
Operating costs		(18,138,447)	(1,660,595)	-	(19,799,042)
Operating expenses		(1,591,504)	-	839	(1,590,665)
Share of profit (loss) of associates and joint ventures accounted for using equity method		(202,937)	441,041	-	238,104
Non-operating income and expenses		(2,119,725)	1,472	-	(2,118,253)
Income tax expense		(151,068)	-	-	(151,068)
Net loss		(976,276)	-	839	(975,437)
Other comprehensive income		1,331,476	-	15	1,331,491
Total comprehensive income	$	**355,200**	-	**854**	**356,054**
Basic earnings per share	$	**(1.11)**	-	-	**(1.11)**

Accounts Influenced on Consolidated Statement of Cash Flows		Balance Before Retrospection	Change in Accounting Policies Adjustment: Joint Arrangements	Change in Accounting Policies Adjustment: Defined Benefit Plan	Balance After Retrospection
December 31, 2014					
Net cash from operating activities	$	5,070,212	(93,797)	-	4,976,415
Others		(3,935,197)	540,540	-	(3,394,657)
Balance of cash and cash equivalents	$	**1,135,015**	**446,743**	-	**1,581,758**

(b) New standards, amendments and interpretations not yet endorsed by the FSC

The following IFRSs have been issued by the IASB but not yet endorsed by the FSC:

New Standards, Amendments and Interpretations	Effective Date Issued by IASB
IFRS 9 "*Financial Instruments*"	January 1, 2018
Amended IFRS 10 and IAS 28 "*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*"	Undecided
Amended IFRS 10, IFRS 12 and IAS 28 "*Investment Entities: Applying the Consolidation Exception*"	January 1, 2016
Amended IFRS 11 "*Accounting for Acquisitions of Interests in Joint Operations*"	January 1, 2016
IFRS 14 "*Regulatory Deferral Accounts*"	January 1, 2016
IFRS 15 "*Revenue from Contracts with Customers*"	January 1, 2018
IFRS 16 "*Leases*"	January 1, 2019
Amended IAS 1 "*Disclosure Initiative*"	January 1, 2016
Amended IAS 7 "*Disclosure Initiative*"	January 1, 2017
Amended IAS 12 "*Recognition of Deferred Tax Assets for Unrealized Losses*"	January 1, 2017
Amended IAS 16 and IAS 38 "*Clarification of Acceptable Methods of Depreciation and Amortization*"	January 1, 2016
Amended IAS16 and IAS 41 "*Agriculture: Bearer Plants*"	January 1, 2016
Amended IAS 19 "*Defined Benefit Plans: Employee Contributions*"	July 1, 2014
Amended IAS 27 "*Equity Method in Separate Financial Statements*"	January 1, 2016
Amended IAS 36 "*Recoverable Amount Disclosure for Non-Financial Assets*"	January 1, 2014
Amended IAS 39 "*Novation of Derivatives and Continuation of Hedge Accounting*"	January 1, 2014
2010–2012 & 2011–2013 Annual Improvements Cycles	July 1, 2014
2012–2014 Annual Improvements Cycles	January 1, 2016
IFRIC 21 "*Levies*"	January 1, 2014

The Group is assessing the influence on its financial condition and performance of the above standards and interpretations. The Group will disclose the related influence when the assessment is completed.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies presented in the consolidated financial statements are summarized as follows:

The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements, except when otherwise indicated.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the Regulations) and with the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed by the FSC.

(2) Basis of preparation

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

i. Financial instruments measured at fair value through profit or loss are measured at fair value;
ii. Available-for-sale financial assets are measured at fair value;
iii. Derivative financial instruments for hedging are measured at fair value; and
iv. The defined benefit asset is recognized as present value of the defined benefit obligation, less, fair value of plan assets.

(b) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan Dollars, which is the Group's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(3) Basis of consolidation

(a) Principle of preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of Continental Holdings Corp. and its subsidiaries. The Group has control over an investee if, and only if, it has exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of its returns.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date of obtaining control and are excluded from the date of losing control. Intra-group transactions and balances, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the controlling interests in a subsidiary are allocated to the ownership of the parent company and non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Adjustments for financial statements of the subsidiaries have been made, and their accounting policies are in accordance with the Group's.

Changes in the ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions. The difference between adjustment for the non-controlling interest and the fair value of consideration received or paid is directly recognized in equity attributable to the owner.

When the Group loses control of a subsidiary it derecognizes the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is remeasured at its fair value at the date when control is lost. Gain or loss on disposal is recognized as the difference of:

(1) The sum of the fair value of consideration received and the investments retained in the former subsidiary at the date when control is lost.

(2) The sum of carrying amounts of the subsidiary's assets (including goodwill), liability and non-controlling interests at the date when control is lost.

All amounts related to the subsidiary is originally recognized in other comprehensive income and accounted for as the same basis as the Group would have directly disposed of its related assets or liabilities.

(b) The subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

			Percentage of ownership		
Investor Company	**Subsidiary**	**Main Business Scope**	**2015.12.31**	**2014.12.31**	**2014.01.01**
The Company	Continental Engineering Corp. (CEC)	Civil engineering, construction	100.00%	100.00%	100.00%

Investor Company	Subsidiary	Main Business Scope	Percentage of ownership 2015.12.31	2014.12.31	2014.01.01
The Company	Continental Development Corp. (CDC)	Land development specific on residential housing and office building	100.00%	100.00%	100.00%
CEC	Hsin-Dar Environment Engineering Co., Ltd. (HEC)	Construction of underground pipeline and environmental protection project, plumbing, sale of pollution prevention equipment	100.00%	100.00%	100.00%
〃	CEC International Corp. (CIC)	Investment in and control of overseas corporations	100.00%	100.00%	100.00%
〃	CEC International Corp. (India) Pvt. Ltd.(CICI)	Real estate development and Civil engineering, construction	100.00%	100.00%	100.00%
〃	CEC International Malaysia Sdn Bhd. (CIMY)	Civil engineering, construction	70.00%	70.00%	70.00%
CDC	CEC Commercial Development Corp.	Real estate development, rental and leasing of building	80.65%	80.65%	80.65%
HEC	Fu-Da Construction Corp., Ltd. (SDC)	Construction of underground pipeline and environmental protection project, plumbing	100.00%	100.00%	100.00%
〃	North Shore Corp.(NSC) (Note)	Tamsui sewage drainage construction in New Taipei City	100.00%	100.00%	100.00%

Note: North Shore Corp. was founded as SPC to perform the contract for the Tamsui sewage treatment plant in New Taipei City, and will be transferred without condition after the legal concession period.

(c) Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currency

(a) Foreign currency transaction

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of the reporting period (the reporting date), foreign currency monetary amounts are reported using the closing rate. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined. Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction.

Except for Available-for-sale equity instrument, financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, and Qualifying cash flow hedges to the extent the hedge is effective are recognized in other comprehensive income arising on the retranslation, foreign currency differences arising on translation are recognized in profit or loss.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Taiwan Dollars at average rate. Foreign currency differences are recognized in other comprehensive income.

When the Company disposes its foreign operation, resulting in losing control, joint control, or significant influence, the cumulative amounts in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely settled in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

The Group's primary businesses are construction, civil engineering, and real estate sale, rental and leasing. The normal operating cycle of the Group is more than one year. The balance sheet accounts related to construction business are classified either as current or non-current based on the Group's operating cycle, which is usually 3～5 years. The remainder balance sheet accounts are classified based on the following standards:
The Group classifies an asset as current when:

(a) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(b) It holds the asset primarily for the purpose of trading;

(c) It expects to realize the asset within twelve months after the reporting period; or

(d) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following conditions is met. Liabilities that are not classified as current are non-current liabilities.

The Group classifies a liabilities as current when:

(a) It expects to settle the liability in its normal operating cycle;

(b) It holds the liability primarily for the purpose of trading;

(c) The liability is due to be settled within twelve months after the reporting period; or

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

(6) Cash and cash equivalents

Cash comprises cash, and cash in bank. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes that should be recognized as cash equivalents.

(7) Financial instruments

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

A. Financial assets

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

(a) Financial assets at fair value through profit or loss

A financial asset classified in this category is for the purpose of trading or is at fair value through profit or loss.

A financial asset is classified in this category if it is held-for-trading or is designated as such on initial recognition. Financial assets classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

- Performance of the financial asset is evaluated on a fair value basis;
- A hybrid instrument contains one or more embedded derivatives.

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

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at amortized cost, and included in financial assets measured at cost.

(b)Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost, and changes are measured at fair value afterwards. Impairment losses, dividend income, and changes in the carrying amount of available-for-sale financial assets from foreign exchange gains or losses and interest income using the effective interest method are recognized in profit and loss, while other changes in carrying amount are recognized in other comprehensive income and presented in unrealized gain (loss) on available-for-sale financial assets in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is made. Such dividend income is included in other income of non-operating income and expenses.

(c) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

Interest income is recognized in profit or loss, and it is included in other income of non-operating income and expenses.

(d) Impairment of financial assets

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an available-for-sale investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

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

For financial assets at amortized cost, an impairment loss is calculated as the difference between asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

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

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. The fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, and then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Losses on doubtful debts and recoveries of accounts receivables are included in administrative expenses. Impairment losses and recoveries of financial assets except accounts receivables are recognized in profit or loss, and they are included in other gains and losses of non-operating income and expenses.

(e) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity unrealized gains or losses from available-for-sale financial assets is recognized in profit or loss, and included in other gains and losses.

The part of the financial asset that is derecognized based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amounts allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss, and is included in other gains and losses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

B. Financial liabilities and equity

(a) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in other revenues and expenses.

(b) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in other gains and losses.

(c) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

C. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate fluctuation exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other gains and losses.

When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

The Group designates its hedging instrument, including derivatives, embedded derivatives, and non-derivative instrument for a hedge of a foreign currency risk, as cash flow hedge.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, and whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged item attributable to the hedged risk.

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in other equity–effective portion of cash flow hedge gain (loss). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, and is included in other gains and losses.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss, and it is presented in the same accounting caption with the hedged item recognized in the statement of comprehensive income. However, when the expected hedged trading are recognized as non-financial assets or liabilities, the amount accumulated in the equity and the retained in other comprehensive income recognized as "other equity –gains (losses) on effective portion of cash flow hedges" will be reclassified as non-financial assets or liabilities measured at cost from other equity.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost shall comprise all costs of purchase, costs of conversion, costs incurred in bringing the inventories to their present location and condition, and borrowings. Net realizable value is the balance that estimates the selling price, less, estimated costs of completion and the estimated costs of selling. The measurement of net realizable value is as follows:

(a) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.
(b) Building construction in progress: the net realizable value is the estimated price (based on the market condition), less, the estimated costs of completion and selling expenses at the end of the period.
(c) Real estate held for sale: the net realizable value is the estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.

(9) Construction contracts

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost, plus, profit recognized to date, less, progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction contracts in progress is presented as construction contract receivable for contract work in the statements of financial position for all contracts in which costs incurred, plus, recognized profits exceed progress billings. If progress billings exceed costs incurred, plus, recognized profits, then the difference is presented as amount due to customers for construction contract payable in the statement of financial position.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognized immediately. In future, when estimating the reduction of annual losses, the reduced losses will be recoverable and stated as annual profit.

(10) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial reports include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in capital surplus in proportion to its ownership.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(11) Joint arrangements

Joint arrangement is the agreement of two or multiple parties with joint controls over a delegated entity. Joint arrangement includes joint operations and joint venture. Its traits are as follows:

(a) All parties are bound by the arrangement

(b) Joint arrangement would suggest that at least two parties possess joint control over the arrangements.

IFRS 11 "Joint arrangement" defines 'Joint control' as "the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties who have sharing control over the joint arrangement."

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have the rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless, the entity is exempted from applying the equity method as specified in that standard.

The Group considered the structure, legal form of the vehicle, the contractual terms and other facts and situations when evaluating the classification of the joint arrangement. Construction department of the Group only considered the contractual structure in its previous evaluation. The Group had reevaluated the previous joint arrangement, and has reclassified the investments in jointly-controlled entities to joint operations. Please refer to note 3(a) for details. Development department of the Group also reevaluated the joint arrangement and reclassified the investments in jointly-controlled entities to joint ventures. Although the investments have been reclassified, they are still recorded under the equity method, thus, there should be no impact on the recognized assets, liabilities and comprehensive income of the consolidated entities.

(12) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently measurement with any change therein recognized in profit or loss. After initial recognition, the calculation of depreciation expense including depreciation method, useful life and residual value are pursuant to property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of raw materials and direct labor, and any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(13) Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

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 shall be depreciated with a separate depreciation or depreciation method.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(b) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(c) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the amount can be reliably measured. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(d) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated with the direct method over its useful life. Each significant item of property, plant and equipment shall be evaluated and depreciated separately if it possesses a different useful life. The depreciation charged for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings	4-60 years
Machinery and equipment	3-10 years
Transportation equipment	2-9 years
Office and other equipment	3-8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectation differs from the previous estimate, the change is accounted for as a change in an accounting estimate.

(14) Leases

(a) Lessor

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(b) Lessee

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received by the lessor to enter into the operating lease are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the period when the lease adjustments are confirmed.

(15) Intangible Assets

(a) Service Concession Agreements

The Group shall recognize an intangible asset arising from service concession agreements when the Group has a right to charge from the public using the infrastructure. The intangible assets resulted from providing further construction receivable from construction or upgrade service in accordance with the service concession agreements are measured at the fair value on initial recognition. Subsequently, intangible assets are measured at cost, including those borrowing costs that are eligible for capitalization, less, accumulated amortization and any accumulated impairment losses.

(b) Amortization

The amortized amount of intangible assets with definite lives is determined after deducting its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible asset with indefinite life, from the date that they are available for use. For the estimated useful lives for the current and comparative years of significant item of intangible assets are as follows:

Service Concession Agreements	35 years

The useful life of intangible assets from service concession agreements is from the date the Group has a right to charge from the public using the infrastructure until the end of service concession agreements. Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if need.

(16) Impairment – Non-derivative financial assets

The Group measures whether impairment occurred in non-derivative financial assets for impairment (except for inventories, assets arising from construction contracts, deferred tax assets and assets arising from employee benefits) at every reporting date, and estimates its recoverable amount.

If it is not possible to determine the recoverable amount (fair value, less, cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less, costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Group assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset shall be increased to its recoverable amount by reversing a previously recognized impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(17) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(a) Warranties

A provision for warranties is recognized when the underlying constructions are completed. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(b) After-sales service

A provision for warranties of After-sales service is recognized when products are sold or services are provided. The provision is based on historical warranty data with a weighting of all possible outcomes against their associated probabilities.

(18) Treasury stocks

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognized under "capital reserve – treasury share transactions". Losses on disposal of treasury shares should be offset against any existing capital reserves arising from similar types of treasury shares. However, if there are insufficient capital reserves to be offset against with, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

During the cancellation of treasury shares, "capital reserve – share premiums" and "share capital" should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against any existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against with, then such losses should be accounted for under retained earnings.

(19) Revenue

(a) Sale of real estate

Based on IFRS 15' Revenue from Contracts with Customers', the contracts of building construction in progress with customers are within the scope of IFRS 11 'Construction Contracts' or IFRS 18 'Revenue'.

IFRS 11 'Construction Contracts' is applied when the customers could decide the main structure of the building before construction or could change the main structure of the building during the period of its construction; IFRS 18 'Revenue' is applied when the customers could change the minor structure or have a limited ability to affect the basic structural design.

Taken net of returns, trade discounts, and volume rebates into consideration, revenue is measured by the received or receivable amounts at fair value. Revenue is recognized when persuasive evidence exists, usually in the form of executed sales agreements, wherein, the significant risks and rewards of ownership have been transferred to the customers, and the recovery of the consideration is probable; the associated costs and possible returns of goods can be estimated reliably; the management cannot have any control over the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of transference of risks and rewards depend on the individual terms of the sales agreements. For sales of timber of real estate, transference usually occur upon transferring the significant risks and the sales revenue of real estate would occur upon transferring the significant risks of ownership rewards of real estate to the counterparty.

(b) Construction contract

Contract revenue includes the initial amount on the contract, plus, any changes under construction, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract costs would be recognized as assets in the recoverable range if the further contract activities occur.

The stage of completion assessed by reference to the proportion that contract costs incurred for work performed to date account for the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(c) Rental income

Rental income received from investment property shall be recognized on a straight-line basis over the lease term. Lease incentives given shall be regarded as part of the rental income and recognized as reduction of rental income on a straight-line basis over the lease term. The revenue from the conversion of investment property shall be recognized as "rental income" under operating income.

(d) Service Concession Agreements

Revenue from construction or service upgraded in accordance with the service concession agreements is recognized in proportion to the stage of completion of the contract activity, same as the accounting policy of contract revenue. Operating or service revenue is recognized during the period of services provided by the Group. The amounts received or receivable shall be allocated by reference of the relative fair values of services delivered when the Group provides two or more kinds of services.

(20) Employee benefits

(a) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted from the aforesaid discounted present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the related expense portion of the increased benefit arising from the past service by employees is recognized immediately in profit or loss.

Re-measurement of a net defined benefit liability (asset) (including actuarial gains or losses, the return on plan assets or liabilities, and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting changes in the fair value of the plan assets and any changes in the present value of the defined benefit obligation.

(c) Termination benefits

The Group provides termination benefits as a result of either terminating the employment of an employee or group of employees before the normal retirement date; or encouraging an employee to accept voluntary redundancy. Termination benefits are recognized as expenses when, and only when, the Group is demonstrably committed either to terminate a formal employment plan and is without a realistic possibility of withdrawal, or to encourage its employees to leave voluntarily and employees are likely to accept the off.er, and the number of employees accepted can be reliably measured. When termination benefits are due more than 12 months after the year end, it shall be measured at discounted amount.

(d) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(21) Income Taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(a) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(b) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(c) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(a) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(b) The taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

i. levied by the same taxing authority; or

ii. levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(22) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Group. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Group divided by weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Group, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as convertible notes and employee stock options.

The Group's potential dilutive ordinary shares include bonuses to employees.

(23) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). The segment's operating results are reviewed regularly by the Group's chief operating decision maker to make decisions pertaining to the allocation of the resources to the segment and to assess its performance. In addition, discrete financial information is available from the interval reporting system.

5. MAJOR SOURCES OF SIGNIFICANT ACCOUNTING ASSUMPTIONS, JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with Governing the Preparation of Financial Reports requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

(1) Note 6 (9), Classification of investment property

(2) Note 6 (15), Lease classification

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next year is included in the following notes:

(1) Note 6 (4), Completion percentage of the construction contracts and the estimation of onerous contracts

(2) Note 6 (17), Measurement of defined benefit obligations

(3) Note 6 (14), Provisions

(4) Note 6 (18), Realization of deferred tax assets

The Group's accounting and disclosure policy includes measuring the financial and non-financial assets and liabilities at fair value. The team for financial instruments evaluation of the Group's finance department takes charge of verifying the fair value. The finance department of the Group uses information from external sources to make the evaluation result agreeable to the market status and to ensure that the data resources are independent, reliable and consistent with the other resources. The finance department of the Group regularly revises the evaluation models and the input parameters, conducts back-testing, and makes retrospective review and essential adjustments to ensure that the evaluation results is reasonable. Investment property is regularly evaluated either by using the parameters, as well as the method announced by the FSC, or the evaluation used by an external appraiser.

The Group uses observable inputs, as much as possible, when evaluating its assets and liabilities. The level of fair value is categorized by the inputs used in valuation as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

(c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If there is any transferring situation between levels, the Group shall recognize such transfer at the reporting date.

6. EXPLANATIONS TO SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

		2015.12.31	2014.12.31	2014.01.01
Cash	$	19,815	21,399	17,853
Cash in banks		2,113,802	1,533,411	1,620,255
Cash equivalents		289,565	26,948	435,330
Cash and cash equivalents	$	**2,423,182**	**1,581,758**	**2,073,438**

Refer to Note 6(25) for interest rate risk of the financial assets and liabilities of the Group and the fair value sensitivity.

(2) Financial assets

(a) The components of financial assets were as follows:

	2015.12.31	2014.12.31	2014.01.01
Current:			
Financial assets at fair value through profit or loss	$ -	-	55
Current derivative financial assets for hedging	189,488	24,303	66,153
Available-for-sale financial assets			
Stocks of unlisted companies	3,826,850	7,241,065	7,241,065
Adjustments of available-for-sale financial assets	78,467	(2,002,671)	(3,148,172)
Accumulated impairment, current available-for-sale financial assets	(2,241,496)	(2,259,009)	-
Subtotal	1,663,821	2,979,385	4,092,893
Total	**1,853,309**	**3,003,688**	**4,159,101**
Current derivative financial liabilities for hedging	**$ -**	**-**	**425**
Non-current:			
Available for sale financial assets			
Stocks of unlisted companies	$ 582,163	582,163	582,163
Adjustments of available-for-sale financial assets	584,457	740,025	757,742
Total	**$ 1,162,620**	**1,322,188**	**1,339,905**
Non-current financial assets measured at cost			
Stocks of unlisted companies	$ 500	-	14,500
Less: Accumulated impairment	-	-	(1,290)
Total	**$ 500**	**-**	**13,210**

i. The Group invests in domestic unlisted stock which considers being the permanent impairment loss for the continually declining of the market value. Because of the declining market value, the Group recognized an impairment loss amounting to $2,259,009 thousand on December 31, 2014. Please refer to Note 6(23).

ii. To cooperatively construct the property in Xinyi District, Taipei City, of which Chinatrust Financial Holding Company holds 95%, the Group and other investors signed an agreement to allow Green Heaven Investments Limited (BVI) and Sho-he Development Company to participate in the deal.

The Group signed a warrant agreement with Sho-he Development Company and other investors. When meeting the requirements, the Group and other investors purchase Sho-he Development Company's ordinary shares to increase their cash capital. After the cash capital increase, the Group will own 10% of Sho-he Development Company's issued shares.

On December 30, 2015, the Group and other investors met all the requirements. The Group has lost control over the future operating activities regarding the said cooperative construction according to the warrant agreement and the articles of incorporation of Sho-he Development Company that resulted in a decrease in the shareholding of Sho-he Development Company to 10%, which was recognized as non-current financial assets measured at cost.

iii. The Group liquidates their non-current financial assets measured at cost in 2014. The Group was given $14,500 thousand as refund in 2014.

iv. The aforementioned financial assets measured at cost held by the Group are measured at cost, less, impairment at each reporting date given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably.

v. As of December 31, 2015 and 2014, the aforesaid financial assets were not pledged as collateral.

(b) Foreign equity investments

The Group uses derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to arising from the payment of facilities where the Group is expected to pay the facilities from foreign countries for some constructions. Since the estimated risk is significant, the Group holds the derivative financial instruments for hedging purposes.
As of December 31, 2015 and 2014, the items hedged and the hedge instrument the Group held are as follows:

Item Hedged	Hedge instrument	Hedge instrument designated to be hedge and fair value 2015.12.31	2014.12.31	2014.01.01	Expected Cash flow Period	Expected Income Period
Expected Foreign liabilities	Foreign deposits	$ 169,212	6,379	66,153	2015~2017	2015~2017
Expected Foreign liabilities	Change in value of Foreign currency	$ 7,957	17,924	-	2015~2017	2015~2017
Expected Foreign liabilities	Change in value of Forward exchange	$ 12,319	-	(425)	2015~2017	2015~2017

The transactions of cash flow hedges for the years ended December 31, 2015 and 2014 were all effective.

(c) Sensitive analysis – the risk of equity price

If the equity price changes, and if it is on the same basis for both years and assumes that all other variables remain the same, the impact on other comprehensive income will be as follows:

Equity price at reporting date	2015 After-tax other comprehensive income	2014 After-tax other comprehensive income
Increase 1%	$ 28,304	43,016
Decrease 1%	$ (28,304)	(43,016)

(d) Other

Since May 2013, the Group has filed five lawsuits against Taiwan High Speed Rail Corporation (THSRC) asking for payment on principal, dividend, delay interests and other payables of Preferred A and C shares (PreferredC4, C5 and C8 shares are included in Preferred C shares.), which belong to Shilin District Court, High Court and Supreme Court. THSRC bought back its preferred shares in August 2015, and suggested to be compensated by using its cumulative preferred dividends as payment. The Group agreed with the aforesaid suggestion.

The Group received the payment from THSRC, equivalent to preferred shares of $3,384,315 thousand on August 7, 2015. The Group also received the compensation on preferred shares of $1,312,767 thousand on January 20, 2016, and had withdrawn all the lawsuits.

(3) Notes receivable, accounts receivable and other receivables

		2015.12.31	2014.12.31	2014.01.01
Notes receivable from				
operating activities	$	212,227	149,123	158,336
Accounts receivable		8,039,325	7,283,168	7,574,690
Other receivables		2,047,292	646,879	1,039,406
Less:Allowance for bad debts		(136,304)	(142,715)	-
	$	**10,162,540**	**7,936,455**	**8,722,432**
Current	$	6,399,027	4,414,841	5,428,267
Non-current		3,763,513	3,521,614	3,344,165
	$	**10,162,540**	**7,936,455**	**8,772,432**

The past due but not impaired notes receivable, accounts receivable and other receivable aging analysis of the Group were as follows:

		2015.12.31	2014.12.31	2014.01.01
Past due less than one year	$	30,983	3,758	-
Past due over one year		29,295	78,750	242,470
	$	**60,278**	**82,508**	**242,470**

Movements of allowance for doubtful receivables for the years ended December 31, 2015 and 2014 as follows:

		Impairment loss of individual assessment	Impairment loss of integrated assessment
Balance on January 1, 2015	$	142,715	-
(Reversal of) impairment loss		(6,411)	-
Balance on December 31, 2015	$	**136,304**	-
Balance on January 1, 2014	$	-	-
Impairment loss		142,715	-
Balance on December 31, 2014	$	**142,715**	-

As of December 31, 2015 and 2014, and January 1, 2014, the Group's parts of receivables were pledged as collateral. Please refer to Note 8.

(4) Construction contract

Construction contract revenue of the Group has been determined based on the percentage-of-completion method (i.e. the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or the percentage of production carried out). Any expected excess of the total contract costs over the total contract revenue for the contract is immediately recognized as cost.

	For the years ended December 31	
	2015	**2014**
Construction revenue recognized in current profit or loss	$ **16,801,333**	**17,132,340**

	2015.12.31	**2014.12.31**
Accumulated costs incurred (including contract costs that relate to future activity on the contract)	$ 86,759,510	80,943,484
Add: Accumulated losses recognized arising from the construction	(3,051,752)	(2,841,768)
Accumulated costs and profit recognized (less losses recognized)	83,707,758	78,101,716
Less: Progress billings	82,353,413	75,764,614
Amount due from customers for contract work – presented as an asset	$ **1,354,345**	**2,337,102**
Include:		
Construction contracts receivable	$ 2,707,578	3,739,083
Construction contracts payable	(1,353,233)	(1,401,981)
	$ **1,354,345**	**2,337,102**
Advance received	$ **3,575,862**	**3,640,427**
Retention receivable from construction contract	$ **2,211,995**	**2,240,333**

(5) Inventory

		2015.12.31	2014.12.31	2014.01.01
Construction				
Material on hand	$	691,843	366,569	262,998
Real estate				
Real estate held for sale		1,509,422	2,140,477	598,631
Land held for development		5,053,613	5,053,613	12,379,389
Building Construction in progress		13,293,506	12,233,336	6,860,255
Prepayment for land		32,089	82,274	211,316
Subtotal		19,888,630	19,509,700	20,049,591
Less: Allowance for impairment loss		(101,880)	(104,362)	(117,197)
	$	**20,478,593**	**19,771,907**	**20,195,392**

For the years ended December 31, 2015 and 2014, the cost of inventory recognized as cost of sales and selling expenses were $3,013,633 thousand and $2,582,327 thousand, respectively. The allowance for impairment loss was reversed, and the costs of goods sold decreased by $2,482 thousand and $12,835 thousand due to the selling of the remaining real estates in 2015 and 2014, respectively.

Capitalizing interest costs were as follows:

		2015	2014
Interest costs	$	**367,925**	**354,817**
Capitalized interests	$	**161,226**	**127,220**
Capitalization interest rate		**1.86%~1.87%**	**1.80%**

Please refer to Note 8 for information about inventory collateral.

(6) Investments accounted for using equity method

Equity-accounted investees of the Group as at the reporting date were as follows:

		2015.12.31	2014.12.31	2014.01.01
Associates	$	3,010,276	3,146,998	2,745,726
Joint ventures		(10,095)	4,783	-
	$	**3,000,181**	**3,151,781**	**2,745,726**

(a) Associates

The Group's related information of significant associates were as follows:

Name of associates	Relationship with the Group	Location	Percentage of ownership or voting power 2015.12.31	2014.12.31	2014.01.01
New Continental Corp.	Holding company, mainly in charge of America's infrastructure	British Virgin Islands	45.47%	45.47%	45.47%

The following is a summary of financial information on the Group's significant associates. In order to reflect the adjustments for fair value in acquisition of shares and differences in accounting policies, adjustment for the amounts presented on the financial statements of associates in accordance with IFRSs has been made to such financial information.

i. Summary financial information of NCC company

		2015.12.31	2014.12.31	2014.01.01
Current assets	$	5,832,613	6,412,960	6,020,684
Non-current assets		3,456,610	3,077,306	3,265,860
Current liabilities		(2,336,240)	(2,182,809)	(2,994,239)
Non-current liabilities		(181,347)	(257,419)	(157,714)
Net assets	$	**6,771,636**	**7,050,038**	**6,134,591**
Net assets attributable to non-controlling interests	$	**642,472**	**602,607**	**542,051**
Net assets attributable to investee owners	$	**6,129,164**	**6,447,431**	**5,592,540**

		For the Years Ended December 31	
		2015	**2014**
Revenue	$	**6,102,076**	**7,594,245**
Net income (loss)	$	(499,876)	1,180,420
Net loss for discontinued operation		-	(52,485)
Other comprehensive income		(609)	(23,804)
Comprehensive income	$	**(500,485)**	**1,104,131**
Comprehensive income attributable to non-controlling interests	$	**22,245**	**599,917**
Comprehensive income attributable to investee owners	$	**(522,730)**	**504,214**
Net assets attributable to the Group, January 1	$	3,146,998	2,745,726
Comprehensive income attributable to the Group		(136,722)	401,272
Assets attributable to the Group, December 31	$	**3,010,276**	**3,146,998**

(b) Joint ventures

The Group holds 45% of Mega Capital Development SDN. BHD. (Mega), whom the Group acquired in September 2014.

Mega is a joint arrangement the Group participated in. It is a private company, and it mainly works on developing real estates in Malaysia. Mega is an individual entity. The Group has remaining interest on the net assets of Mega, therefore, the Group classified such joint arrangement to joint venture accounted for using the equity method.

The joint venture which the Group classified was individually insignificant, and the financial information was summarized as follows. Such financial information included the amounts on the consolidated financial statements.

		2015.12.31	**2014.12.31**	**2014.01.01**
Carrying amount of interest in individually insignificant associates, December 31	$	**(22,435)**	**10,627**	-

	For the Years Ended December 31	
	2015	2014
Attributable to the Group:		
Profit (loss) for the year	$ (15,098)	252
Other comprehensive income	220	(124)
Comprehensive income	**$ (14,878)**	**128**

(c) Guarantee

As of December 31, 2015 and 2014, and January 1, 2014, the investments accounted for using equity method were not pledged as collateral.

(7) Losing control over subsidiaries

As mentioned in Note 6(2), the Group lost control over Sho-he Development Company on December 30, 2015, and the gain on disposal of $6,633 thousand was recognized in other income and loss.

As of December 31, 2015, the carrying amount of Sho-he Development Company's assets and liabilities were as follows:

Cash and cash equivalents	$ 9,257
Prepayments	1,521
Investment property	15,189,506
Short-term and long-term borrowings	(1,553,000)
Accrued expenses	(13,652,954)
Other non-current liabilities	(463)
Previous carrying amount of subsidiaries' net assets	**$ (6,133)**

(8) Property, plant and equipment

Movements of the cost, depreciation, and impairment of property, plant and equipment of the Group for the years 2015 and 2014, were as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Furniture and office equipment	Total
Cost or deemed cost:							
Balance, at January 1, 2015	$ 1,264,952	555,094	2,227,065	215,568	81,008	173,454	4,517,141
Additions	-	-	169,090	18,646	10,904	6,089	204,729
Reclassification	-	-	129,033	684	6,758	13,553	150,028
Disposals	-	-	(45,600)	(9,757)	(1,518)	(3,243)	(60,118)
Effect of movements in exchange rates	-	-	(53,039)	(1,487)	(1,095)	(1,340)	(56,961)
Balance, at December 31, 2015	**$ 1,264,952**	**555,094**	**2,426,549**	**223,654**	**96,057**	**188,513**	**4,754,819**
Balance, at January 1, 2014	$ 1,150,082	485,655	1,744,093	206,180	79,982	148,214	3,814,206
Additions	-	-	465,788	20,920	12,743	2,459	501,910
Disposals	-	-	(174,816)	(13,120)	(15,174)	(1,922)	(205,032)
Reclassification	114,870	69,439	144,125	737	2,176	14,535	345,882
Effect of movements in exchange rates	-	-	47,875	851	1,281	10,168	60,175
Balance, at December 31, 2014	**$ 1,264,952**	**555,094**	**2,227,065**	**215,568**	**81,008**	**173,454**	**4,517,141**
Depreciation and impairment loss:							
Balance, at January 1, 2015	$ -	156,637	1,266,740	150,257	59,210	141,370	1,774,214
Depreciation	-	14,295	213,473	23,664	13,781	15,614	280,827
Disposals	-	-	(41,237)	(8,083)	(1,518)	(3,243)	(54,081)
Effect of movements in exchange rates	-	-	(21,326)	(523)	(857)	(865)	(23,571)
Balance, at December 31, 2015	**$ -**	**170,932**	**1,417,650**	**165,315**	**70,616**	**152,876**	**1,977,389**
Balance, at January 1, 2014	$ -	128,990	1,129,135	137,934	60,030	125,078	1,581,167
Depreciation	-	14,295	243,845	22,775	13,692	16,295	310,902
Disposals	-	-	(135,257)	(11,080)	(15,235)	(1,895)	(163,467)
Reclassification	-	13,352	-	-	-	-	13,352
Effect of movements in exchange rates	-	-	29,017	628	723	1,892	32,260
Balance, at December 31, 2014	**$ -**	**156,637**	**1,266,740**	**150,257**	**59,210**	**141,370**	**1,774,214**
Carrying amount:							
Balance, at December 31, 2015	**$ 1,264,952**	**384,162**	**1,008,899**	**58,339**	**25,441**	**35,637**	**2,777,430**
Balance, at January 1, 2014	**$ 1,150,082**	**356,665**	**614,958**	**68,246**	**19,952**	**23,136**	**2,233,039**
Balance, at December 31, 2014	**$ 1,264,952**	**398,457**	**960,325**	**65,311**	**21,798**	**32,084**	**2,742,927**

As of December 31, 2015 and 2014, and January 1, 2014, the properties which were pledged as collateral are referred to Note 8.

Please refer to Note 6(23) for details of the gain and loss on disposal of property, plant and equipment.

(9) Investment property

	Land and improvements	Buildings	Total
Cost or deemed cost:			
Balance, at January 1, 2015	$ 9,458,281	2,012,051	11,470,332
Disposal	(6,073)	(7,354)	(13,427)
Balance, at December 31, 2015	**$ 9,452,208**	**2,004,697**	**11,456,905**
Balance, at January 1, 2014	$ 9,963,932	2,173,763	12,137,695
Reclassification	(505,651)	(161,712)	(667,363)
Balance, at December 31, 2014	**$ 9,458,281**	**2,012,051**	**11,470,332**
Depreciation and impairment losses：			
Balance, at January 1, 2015	$ 501,205	432,846	934,051
Depreciation	-	37,559	37,559
Disposal	-	(1,562)	(1,562)
Balance, at December 31, 2015	**$ 501,205**	**468,843**	**970,048**
Balance, at January 1, 2014	$ 501,205	432,426	933,631
Depreciation	-	38,197	38,197
Reclassification	-	(37,777)	(37,777)
Balance, at December 31, 2014	**$ 501,205**	**432,846**	**934,051**
Carrying amounts:			
Balance, at December 31, 2015	**$ 8,951,003**	**1,535,854**	**10,486,857**
Balance, at January 1, 2014	**$ 9,462,727**	**1,741,337**	**11,204,064**
Balance at, December 31, 2014	**$ 8,957,076**	**1,579,205**	**10,536,281**
Fair value:			
Balance, at December 31, 2015			**$ 13,790,552**
Balance, at January 1, 2014			**$ 13,337,333**
Balance, at December 31, 2014			**$ 14,057,954**

The Group defines investment property based the classification of assets. Investment property is a kind of property held for the purposes of earning rentals or capital appreciation, or for both. Hence, the Group considers if the main cash flow generated by a property can be independent of other assets held by the Group. Part of properties held by the Group is for earning rentals or capital appreciation purpose, and another part is for management purpose. If each part of investment properties can be sold independently, the Group shall account each part independently. If each part cannot be sold independently, only in the event that the part being held for management purpose is not important, the property is deemed as an investment property.

Investment property comprises a number of commercial properties that are leased to third parties. Refer to Note 6(15) for detail information (include rental revenue and other direct operating expenses).The investment property is based on a valuation by an independent evaluator. The valuation of property is assessed under market value.

As of December 31, 2015 and 2014, and January 1, 2014, the aforesaid investment properties were pledged as collateral; please refer to Note 8.

(10) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Group for the years ended December 31, 2015 and 2014, were as follows:

		Service Concession Agreements
Cost or deemed cost:		
Balance, at January 1, 2015	$	509,619
Additions		179,445
Balance, at December 31, 2015	**$**	**689,064**
Balance, at January 1, 2014	$	433,868
Additions		75,751
Balance, at December 31, 2014	**$**	**509,619**
Amortization and impairment loss:		
Balance, at January 1, 2015	$	61,049
Amortization		17,649
Balance, at December 31, 2015	**$**	**78,698**
Balance, at January 1, 2014	$	46,381
Amortization		14,668
Balance, at December 31, 2014	**$**	**61,049**

Carrying amount:	Service Concession Agreements
Balance, at December 31, 2015	$ 610,366
Balance, at January 1, 2014	$ 387,487
Balance, at December 31, 2014	$ 448,570

For the years ended December 31, 2015 and 2014, there were no significant disposals, addition or reversal of impairment.

As of December 31, 2015 and 2014, and January 1, 2014, the intangible assets were pledged as collateral; please refer to Note 8.

(11) Short -term Borrowings

	2015.12.31	2014.12.31	2014.01.01
Unsecured loans	$ 960,000	364,812	3,279,086
Secured loans	8,016,829	6,991,224	7,518,424
	$ 8,976,829	7,356,036	10,797,510
Unused credit limit	$ 20,412,185	20,433,875	17,030,513
Annual interest rate	1.15%~2.28%	1.18%~2.35%	1.15%~2.7%

For details of the related assets pledged as collateral, please refer to Note 8.

(12) Short-term Notes and Bills Payable

2015.12.31

	Guarantee or Acceptance Agency	Interest Rate Range	Amount
Bills payable	financial institutions	1.239%~1.262%	$ 100,000

2014.12.31

	Guarantee or Acceptance Agency	Annual interest rate	Amount
Bills payable	financial institutions	1.301%	$ 100,000

2014.01.01

	Guarantee or Acceptance Agency	Annual interest rate	Amount
Bills payable	financial institutions	0.822%~1.43%	$ 1,550,000

For details of the related assets pledged as collateral, please refer to Note 8.

(13) Long term borrowings

2015.12.31

	Currency	Interest Rate Range	Matured Period	Amount
Unsecured loans	TWD	1.4023%~2.27%	2016~2019	$ 2,050,000
	USD	1.7142%	2020	328,250
Secured loans	TWD	1.3884%~2.1882%	2016~2025	9,620,332
				11,998,582
Less: current portion				(1,267,834)
Less:fees				(4,425)
Total				**$ 10,726,323**
Unused credit limit				**$ 450,000**

2014.12.31

	Currency	Interest Rate Range	Matured Period	Amount
Unsecured loans	TWD	1.0306%~2.32%	2015~2018	$ 2,200,000
	USD	1.0306%~1.0429%	2015	221,550
Secured loans	TWD	1.5243%~2.1797%	2015~2025	9,930,166
				12,351,716
Less: current portion				(1,207,501)
Less:fees				(4,875)
Total				**$ 11,139,340**
Unused credit limit				**$ 391,000**

2014.01.01

	Currency	Interest Rate Range	Matured Period	Amount
Unsecured loans	TWD	1.0544%~2.37%	2014~2015	$ 1,337,085
	USD	1.0306%~1.0429%	2015	221,550
Secured loans	TWD	1.4545%~2.1987%	2014~2025	9,970,000
				11,528,635
Less: current portion				(333,834)
Less:fees				(5,325)
Total				**$ 11,189,476**
Unused credit limit				**$ 1,186,000**

i. For details of the related assets pledged as collateral, please refer to Note 8.

ii. The loan agreement requires Continental Engineering Corp. to maintain certain financial ratios: debt-to-equity ratio<150% (derestricted in 2014), interest coverage ratio>5(derestricted in 2014), current ratio>100%, financial debt-to-equity ratio<100%, long term liability and equity conformity ratio>100%, fixed long term conformity ratio<100%. As of December 31, 2015 and 2014, and January 1, 2014, Continental Engineering Corp. did not violate any terms in the loan agreement.

iii. The loan agreement requires Hsin-Dar Environment Engineering Co., Ltd to maintain certain financial ratios: debt ratio≦ 250%, and net worth > 250 million. As of December 31, 2015 and 2014, and January 1, 2014, Hsin-Dar Environment Engineering Co. did not violate any terms in the loan agreement.

iv. The loan agreement requires North Shore Corp. to maintain certain financial ratios:

Financial ratio	2010～2016	2017～2023
Debt ratio≦	230%	150%
Financial ratio	2012～2023	
Liquidity ratio≧	1	

As of December 31, 2015 and 2014, and January 1, 2014, North Shore Corp. did not violate any terms in the loan agreement.

(14) Provision

	Warranties	After-sales service	Total
Balance, at January 1, 2015	$ 143,300	412,598	555,898
Provision made during the year	87,999	219,293	307,292
Provision used during the year	(14,487)	(2,299)	(16,786)
Provision reversed during the year	(89,148)	(374,608)	(463,756)
Balance, at December 31,2015	**$ 127,664**	**254,984**	**382,648**

	Warranties	After-sales service	Total
Balance, at January 1, 2014	$ 141,996	415,558	557,554
Provision made during the year	15,011	11,490	26,501
Provision used during the year	(11,339)	(2,393)	(13,732)
Provision reversed during the year	(2,368)	(12,057)	(14,425)
Balance, at December 31, 2014	**$ 143,300**	**412,598**	**555,898**

The provision for warranties and after-sales service relates mainly to construction contracts and sales premises for the years ended December 31, 2015 and 2014. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability within one to five years after the construction completed.

(15) Operating leases

Please refer to Note 6(9) for operating leases of investment property. The future minimum lease receivables under non-cancellable leases are as follows:

	2015.12.31	2014.12.31	2014.01.01
Less than one year	$ 264,285	240,200	246,814
Between one and five years	821,260	745,710	691,099
More than five years	-	109,239	250,889
	$ 1,085,545	**1,095,149**	**1,188,802**

For the years ended December 31, 2015 and 2014, the rental revenue of investment property was $255,894 thousand and $267,956 thousand, respectively.

Repair and maintenance expenses arising from investment property (recognized as cost of rental sales were as follows:

	2015	2014
Expenses that generated rental revenue	$ 6,462	8,766
Expenses that not generated rental revenue	139	136
	$ 6,601	**8,902**

(16) Advanced Receipts

		2015.12.31	2014.12.31	2014.01.01
Advance receipts from construction contract	$	3,575,862	3,640,427	4,730,358
Advance receipts from real state		2,376,481	4,343,688	4,073,954
Others		46,982	39,176	44,540
Total	$	**5,999,325**	**8,023,291**	**8,848,852**

The total contracts price which is associated with the above-mentioned advanced receipts, please refer to Note 9.

(17) Employee benefits

(a) Defined benefit plan

The present value of the defined benefit obligations and fair value of plan assets were as follows:

		2015.12.31	2014.12.31	2014.01.01
Present value of defined benefit obligations	$	534,782	546,511	533,423
Fair value of plan assets		(140,237)	(162,960)	(167,104)
Net defined benefit liabilities	$	**394,545**	**383,551**	**366,319**

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for six-month period prior to retirement.

i Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, 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 interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $140,237 thousand at the end of the reporting period. The information related to the pension fund includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

ii Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the years 2015 and 2014 were as follows:

		2015	2014
Defined benefit obligation, January 1	$	546,511	533,423
Current service costs and interest		22,317	15,629
Re-measurements of the net defined benefit liability (assets)			
Actuarial gains (losses) arose from changes in financial assumption		3,548	1,158
Experience adjustments		4,077	15,817
Benefits paid by the plan		(41,671)	(19,516)
Defined benefit obligation, December 31	**$**	**534,782**	**546,511**

iii Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the years 2015 and 2014 were as follows:

		2015	2014
Fair value of plan assets, January 1	$	162,960	167,104
Interest revenue		2,726	2,934
Re-measurements of the net defined benefit liability (asset)			
Expected return on plan assets (excluding interest)		1,494	1,197
Contributions made		1,046	1,092
Benefits paid by the plan		(27,989)	(9,367)
Fair value of plan assets, December 31	**$**	**140,237**	**162,960**

iv Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years 2015 and 2014, were as follows:

		2015	2014
Current service costs	$	13,202	6,985
Interest on net defined benefit obligations (assets)		6,389	5,710
	$	**19,591**	**12,695**
Administrative expenses	**$**	**19,591**	**12,695**

v Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years 2015 and 2014 were as follows:

		2015	2014
Cumulative amount, January 1	$	35,011	19,233
Recognized during the period		6,131	15,778
Cumulative amount, December 31	**$**	**41,142**	**35,011**

vi Actuarial assumptions

The following were the principal actuarial assumptions at the measurement date:

	2015.12.31	2014.12.31
Discount rate	1.0%~1.7%	1.2%~2.0%
Long- term average adjustment rate of salary	2.5%~3.0%	2.5%~3.0%

The Group expects to pay defined contribution benefit plans amounted to $1,005 thousand within one year, after December 31, 2015.

The weighted-average duration of the defined benefit plan is three to twenty-four years.

vii Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2015 and 2014, the changes in the principal actuarial assumptions will impact the present value of the defined benefit obligation as follows:

	Impact on the defined benefit obligation	
	Increase	**Decrease**
December 31, 2015		
Discount (change by 0.25%)	1.00~3.81	(3.64)~1.71
Future salary increase (change by 1.00%)	0.21~43.18	(37.26)~6.62

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

The analysis was performed on the same basis for the prior year.

(b) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were $39,849 thousand and $38,432 thousand for the years 2015 and 2014, respectively. Payment was made to the Bureau of Labor Insurance.

(c) Shore -term employee benefits

The Group's short- term employee benefit plan includes the compensated absences liability. As of December 31, 2015 and 2014, and January 1, 2014, the compensated absences liabilities were $19,973 thousand, $17,745 thousand, and $17,170 thousand, respectively.

(18) Income Tax

(a) Income tax expense recognized in profits or losses

		2015	2014
Current income tax expense			
Current period	$	25,333	29,988
Prior years' adjustment on current income tax		1,891	(458)
Additional 10% surtax on unappropriated earnings		2	1,049
Current land value increment tax		90,843	122,707
		118,069	153,286
Deferred income tax expense			
Reversal of temporary difference		(7)	(2,218)
Income tax expense	$	**118,062**	**151,068**

(b) Income tax recognized in other comprehensive income (expense) benefit

		2015	2014
Defined benefit plan actuarial (losses) gains	$	**1,255**	**3,231**

(c) The reconciliation of income before tax to income tax expense (benefit) was as follows:

		2015	2014
Income (losses) before tax	$	**686,186**	**(824,369)**
Income tax expense at domestic statutory tax rate	$	116,652	(140,142)
Effect of difference tax rates on foreign countries		54,234	(40,422)
Tax-exempt income		(152,307)	(195,707)
Investment gain accounted for using equity method		42,929	(40,478)
Current tax loss from unrecognized deferred tax assets		310,783	31,736

	2015	2014
Investment loss	(390,338)	-
Adjustment for prior periods	1,891	(458)
Impairment loss on financial asset	-	384,032
Additional 10% surtax on unappropriated earnings	2	1,049
Current land value increment tax	90,843	122,707
Others	43,373	28,751
Total	$ **118,062**	**151,068**

(d) Deferred Tax Assets and Liabilities

i. Unrecognized Deferred Tax Assets:

Deferred tax assets have not been recognized in respect of the following items:

	2015.12.31	2014.12.31
Deductible temporary difference	$ 232,021	124,007
Net losses	1,203,071	1,072,200
	$ **1,435,092**	**1,196,207**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset against taxable income over a period of ten years for local tax reporting purposes. The temporary difference associated with the net losses was not recognized as deferred tax assets as the Group is not expected to have enough taxable income to offset against taxable loss in the foreseeable future.

The estimated unused loss carry-forwards of domestic subsidiaries up to December 31, 2015 were as follows:

Years of losses	Unused amount	Year of expiry
2008 (assessed)	$ 540,042	2018
2009 (assessed)	1,711,519	2019
2010 (assessed)	1,002,043	2020
2011 (assessed)	1,213,320	2021
2012 (assessed)	360,651	2022
2014 (filed)	565,301	2024
2015(estimated)	1,686,291	2025
	$ **7,076,890**	

ii.Recognized Deferred Tax Assets and Liabilities :

Changes in the amount of deferred tax assets and liabilities for 2015 and 2014 were as follows:

		Others
Deferred tax liabilities:		
Balance, at January 1, 2015	$	2,228
Current tax expense		(1,819)
Effect of movements in exchange rates		(1,258)
Offsetting of current deferred tax assets of overseas Group		3,077
Balance, at December 31, 2015	**$**	**2,228**
Balance, at January 1, 2014	$	4,431
Current tax expense		6,901
Effect of movements in exchange rates		(224)
Offsetting of current deferred tax assets of overseas Group		(8,880)
Balance, at December 31, 2014	**$**	**2,228**
Deferred tax assets:		
Balance, at January 1, 2015	$	5,018
Current tax expense		(1,812)
Effect of movements in exchange rates		(1,258)
Offsetting of current deferred tax assets of overseas Group		3,077
Balance, at December 31, 2015	**$**	**5,025**
Balance, at January 1, 2014	$	4,994
Current tax expense		9,119
Effect of movements in exchange rates		(215)
Offsetting of current deferred tax assets of overseas Group		(8,880)
Balance, at December 31, 2014	**$**	**5,018**

(e) The Company and subsidiaries income tax returns for the years up to 2013 and 2012 have been assessed by the tax authorities.

(f) Integrated income tax information was as follows:

	2015.12.31	2014.12.31
Unappropriated earnings generated after 1998	$ 2,200,915	1,467,359
Balance of CHC's imputation credit account (ICA)	$ 254,065	241,070

	2015(Estimated)	2014(Actual)
Tax creditable ratio for the R.O.C.resident shareholders	11.57%	-%

The above Integrated income tax information was based on Decree No. 10204562810 announced on October 17, 2013 by the Ministry of Finance of the Republic of China.

(19) Capital and reserves

As of December 31, 2015 and 2014, the total value of nominal authorized ordinary shares amounted to $10,000,000 thousand. Face value of each share is $10, which means in total there were 1,000,000 thousand ordinary shares, of which 853,216 thousand shares, and 883,216 thousand shares, respectively were issued. All issued shares were paid up upon issuance.

(a) Ordinary shares

The Company was established on April 8, 2010, and issued shares in exchange for CEC's stock. The total value of ordinary shares amounted to $8,411,581 thousand and had been registered with the government.

On June 6, 2014, the annual general shareholders' meeting resolved to increase the share capital from retained earnings, divided into 0.05 shares, amounting to $420,579 thousand. The increasing of the share capital has been approved by FSC and has taken effect on July 4, 2014. The record date was August 22, 2014, and the shares have been distributed on October 1, 2014.

(b) Capital surplus

The components of the capital surplus were as follows:

	2015.12.31	2014.12.31
Premiums from issuance of share capital	$ 6,631,068	6,864,224
Treasury stock transactions	221,332	-
	$ 6,852,400	6,864,224

i The Company was established on April 8, 2010, and issued shares in exchange for CEC's stock. The net equity of CEC's stock in excess of par value of the Company's stock amounted to $7,368,919 thousand and was credited to capital surplus. In addition, in 2011, the Company used capital surplus to distribute cash dividends of the year 2010 amounted to $504,695 thousand.

ii In accordance with the R.O.C. Company Act amended in January 2012, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(c) Retained earnings

According to the policies of the Company, current-period earnings should first be used to offset any deficit in the previous years and to pay income tax. Of the remainder, 10 percent will be appropriated as legal reserve, and set aside or reverse a special reserve in accordance with the law or to satisfy the business needs of the Company. The remainder, plus, the unappropriated earnings will be recognized as the appropriated earnings which shall be proposed by the board of directors, and are subject to the approval of the shareholders' meeting based on the following percentages:

a. 0.5% as employee bonuses;

b. 0.5% as remuneration of directors and supervisors;

c.99% as dividends to shareholders

On each distribution, the amount of cash dividends shall be at least 20% of the total dividends.

In accordance with the amendments to the Company Act in May 2015, employee bonuses and directors' and supervisors' remuneration are not included in the distribution of retained earnings. Accordingly, the Company expects to make amendments to the Company's articles of incorporation to be approved during the 2016 annual shareholders' meeting.

i Legal Reverse

In accordance with the Company Act as amended in January 2012, 10 percent of net income after tax should be set aside as legal reserve, until it is equal to share capital. If the Company experiences no loss for the year, the distribution of the statutory legal reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

ii Special Reserve

The Company applied the exemptions at the first-time adoption of IFRSs and increased its retained earnings by $4,448,666 thousand, which resulted from the fair value of investment property being used as the cost on initial recognitions at the transition date, as well as the amount of $2,592,640 thousand being appropriated to special reserve according to Permit No. 1010012865, issued by the FSC on April 6, 2012. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. As of December 31, 2015 and 2014, and January 1, 2014, the Company recognized the special reserve related to all IFRSs adjustments amounting to $2,493,481 thousand.

A special reserve equal to the debit balance of unrealized loss on financial instruments in the stockholders' ' equity is appropriated from the unappropriated retained earnings pursuant to Article No.41 of the Securities and Exchange Act. A special reserve is initially appropriated from current earnings, and any deficiency resulting from it shall be appropriated from the undistributed earnings of prior years. For the second year and the preceding years, the increase or decrease in the balance of unrealized loss on financial instruments in subsequent year, as shown in the statement of changes in stockholders' equity, is either subject to further appropriation for special reserve, or reversed to retained earnings.

On May 22, 2015 and June 6, 2014, the general shareholders' meeting of the Company resolved to reverse the balance of special reserve amounting to $174,202 thousand and 1,003,658 thousand, respectively, in accordance with the aforementioned Permit. As of December 31, 2015 and 2014, and January 1, 2014, the Company's balance of special reserve amounted to $2,493,481 thousand, $2,667,683 thousand and $3,770,501 thousand, respectively.

iii Earnings distribution

Because of the net loss in 2014, there was no estimation on the employee bonuses and the remuneration for directors and supervisors.

On May 22, 2015, the general shareholdings' meeting resolved not to distribute the 2014 bonuses to employees, and remuneration to directors and supervisors. There was no difference between the estimation and the actual distribution on the employee bonuses, and the remuneration for directors and supervisors. Related information on the distribution of employee bonuses and remuneration to directors and supervisors can be accessed from the Market Observation Post System web site.

In 2013, the differences in the retained earnings distribution between the amounts approved in the general shareholders' meeting and those recognized in the financial statements were as follows:

	2013		
	The amount approved in the general shareholders' meeting	The amount recognized in the financial statements	Differences
Employee bonus－cash	$ 4,248	2,124	2,124
Directors' and supervisors' remuneration	4,248	2,124	2,124
Total	$ 8,496	4,248	4,248

The differences between the approved amounts of the bonus to employees, and the remuneration to directors and supervisors, and the accrual amounts reflected in the financial statements in 2013 were regarded as changes in estimates and has been adjusted in the profit or loss for 2014.

The earning distribution for 2014 and 2013 has been approved in the general shareholders' meeting on May 22, 2015 and June 6, 2014, respectively. The relevant dividend distributions to shareholders were as follows:

	2014		2013	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to common shareholders:				
Cash	$ -	-	0.50	420,579
Share	$ -	-	0.50	420,579

(d) Treasury stocks

For the year ended December 31, 2015, the Company repurchased treasury stocks totaling 30,000 thousand shares in order to maintain the Company's credit and shareholders' interests, and has cancelled all the treasury stocks according to Section 28(b) of the Securities and Exchange Act.

In accordance with the aforementioned Securities and Exchange Act, the proportion of the shares repurchased by the Company cannot exceed 10% of the Company's total issued shares. The total amount of repurchase cannot exceed the sum of the Company's retained earnings, share premium, and realized capital surplus. The maximum shares that the Company is allowed to repurchase on June 30, 2015 were 88,321 thousand shares, equivalent to the amount of $9,312,676 thousand.

(e) Other equity interest

		Exchange differences on translation of foreign financial statements	Cash flow hedges	Available-for-sale investments
Balance, January 1, 2015	$	(174,533)	17,924	(1,262,267)
Exchange differences on transaction of foreign net assets		(70,299)	-	-
Shares of other comprehensive income of associate accounted for using equity method, exchange difference on translation		108,255	-	-
Shares of other comprehensive income of joint ventures accounted for using equity method, exchange difference on translation		220	-	-
Gains on hedging instruments, fair value hedges		-	2,351	-
Unrealized gains (losses) on available-for-sale financial assets		-	-	1,925,571
Shares of net income of subsidiaries for using equity method, available-for-sale financial assets		-	-	(244)
Balance, at December 31, 2015	$	(136,357)	20,275	663,060
Balance, at January 1, 2014	$	(380,464)	(1,192)	(2,385,189)
Exchange differences on transaction of foreign net assets		30,720	-	-
Shares of other comprehensive income of associate accounted for using equity method, exchange difference on translation		175,336	-	-
Shares of other comprehensive income of joint ventures accounted for using equity method, exchange difference on translation		(125)	-	-
Gains on hedging instruments, fair value hedges		-	19,116	-
Unrealized gains (losses) on available-for-sale financial assets		-	-	(1,131,225)
Adjustment on reclassification of impairment, available-for-sale financial assets		-	-	2,259,009
Shares of net income of subsidiaries for using equity method, available-for-sale financial assets		-	-	(4,862)
Balance, at December 31, 2014	$	(174,533)	17,924	(1,262,267)

(20) Earnings (losses) per share

(a) Basic earnings (losses) per share

The basic earnings (losses) per share of the Company are calculated based on the profit (loss) attributable to the ordinary shareholders of the Company amounted to $572,794 thousand, and $(979,039) thousand for the years 2015 and 2014, respectively; they were divided by the weighted-average numbers of 876,480 thousand ordinary shares and 883,216 thousand ordinary shares. The computations of the basic earnings per share were as follows:

i. Profit (loss) attributable to ordinary shareholders

		2015	2014
Profit (loss) attributable to ordinary shareholders	$	572,794	(979,039)

ii Weighted average number of ordinary shares

	2015	2014
Weighted average number of ordinary shares, at December 31	876,480	883,216

(b) Diluted earnings (losses) per share

The diluted earnings (losses) per share that are calculated based on the profit (loss) attributable to the ordinary shareholders of the Company amounted to $572,794 thousand and $(979,039) thousand for the years ended December 31, 2015 and 2014, respectively; they were divided by the weighted-average numbers of 876,777 thousand ordinary shares and 883,406 thousand ordinary shares after the adjustment for the effects of potentially dilutive ordinary shares. The computations of diluted earnings (losses) per share were as follows:

i. Profit (loss) attributable to ordinary shareholders (Diluted)

		2015	2014
Profit (loss) attributable to ordinary shareholders (Diluted)	$	572,794	(979,039)

ii Weighted average number of ordinary shares (Diluted)

	2015	2014
Weighted average number of ordinary shares (Basic)	876,480	883,216
Effect of the employee bonuses	297	190
Weighted average number of ordinary shares (Diluted)	**876,777**	**883,406**

(21) Operating Revenue

The Group's revenue for the years 2015 and 2014 were as follows:

		2015	2014
Construction revenue	$	16,801,333	17,132,340
Real estate revenue		4,378,685	4,735,616
Rental revenue		255,894	267,956
Other operating revenue		340,968	309,575
	$	**21,776,880**	**22,445,487**

(22) Remuneration for employees, and directors and supervisors

Based on the Company's amended articles of incorporation, which have been approved by the Board of Directors but have not been approved by the general shareholders' meeting, remuneration for employees, and directors and supervisors is appropriated at the rate of 0.5% and no more than 0.5%, respectively, of the profit before tax. The Company should offset its prior years' accumulated deficit before any appropriation of profit. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the year ended December 31, 2015, remuneration for employees, and directors and supervisors of $2,901 thousand and $2,079 thousand, respectively, were estimated and recognized. These amounts were calculated using the Company's profit before tax (excluding the remuneration for employees, and directors and supervisors) for the year ended December 31, 2015, and were determined according to the earnings allocation. These benefits were charged to profit or loss under operating expenses for the year ended December 31, 2015. The management expects that the differences, if any, between the amounts which are yet to be approved in the general shareholders' meeting and those recognized in the financial statements will be treated as changes in accounting estimates and charged to profit or loss for 2016.

(23) Non-operating income and expenses

(a) Other income

The Group's other income for the years 2015 and 2014 were as follows:

		2015	2014
Interest income			
Cash in banks	$	8,389	16,903
Financing		12,566	2,621
Interest of guarantee		108	14,963
Others		12	20
Dividend income		88,199	88,196
Compensation income		1,312,767	179,045
Other income		9,846	49,967
	$	**1,431,887**	**351,715**

For details of the compensation income from THSRC, please refer to Note 6(2).

(b) Other gains and losses

The Group's other gains and losses for the years 2015 and 2014 were as follows:

		2015	2014
Foreign exchange gain (loss)	$	(65,310)	1,756
Gain on disposal of investment		8,576	302
Loss on Financial assets and liability at fair value through profit or loss		-	(55)
Impairment loss on financial assets		-	(2,259,009)
Gain on disposal of property, plant and equipment		15,333	15,319
Others		(17,581)	(684)
	$	**(58,982)**	**(2,242,371)**

(c) Financial costs

The Group's financial costs for the years 2015 and 2014 were as follows:

		2015	2014
Interest expenses	$	367,925	354,817
Less: capitalized interest		(161,226)	(127,220)
	$	**206,699**	**227,597**

(24) Reclassification of the other comprehensive income

The Group's reclassification of other comprehensive income for the years 2015 and 2014 were as follows:

	2015	2014
Available-for-sale financial assets		
Changes in available-for-sale financial assets at fair value	$ 1,925,327	(1,136,087)
Gains on reclassification of available-for-sale financial assets at fair value	-	2,259,009
Net changes recognized as other comprehensive income at fair value	$ 1,925,327	1,122,922

(25) Financial instruments

(a) Credit risk

i. Exposure to credit risk

The carrying amount of the Group's financial instruments represents the maximum credit risk exposure.

ii. Credit risk concentrations

Clients of the Group are concentrated in the construction industry and government entities. To minimize credit risk, the Group reviews the financial positions of the clients periodically and request collateral if necessary. The Group also evaluates the collectability of receivables and provides an allowance for doubtful accounts on a regular basis. The relevant loss on bad debts is generally under the Group's expectation.

(b) Liquidity risk

The followings are the contractual maturities of financial liabilities, including estimated interest payment..

	Carrying amount	Contractual cash flows	Within 6 months	6~12 months	1~2 years	2-5 years	More than 5 years
2015.12.31							
Non-derivative financial liabilities							
Secured loans	$ 17,632,736	18,767,130	5,086,174	1,048,859	5,930,965	4,723,966	1,977,166
Unsecured loans	3,338,250	3,491,928	1,178,045	125,816	515,036	1,673,031	-
Short-term bills payable	100,000	100,000	100,000	-	-	-	-
Accounts and notes payable	5,326,603	5,326,603	1,981,642	228,258	933,497	2,162,360	20,846
Other payables	909,361	909,361	815,607	1,676	19,244	72,371	103
Guarantee deposit received	114,968	114,968	114,968	-	-	-	-
	$ 27,421,918	28,709,990	9,276,436	1,404,609	7,398,742	8,632,088	1,998,115

	Carrying amount	Contractual cash flows	Within 6 months	6~12 months	1~2 years	2-5 years	More than 5 years
2014.12.31							
Non-derivative financial liabilities							
Secured loans	$ 16,916,515	17,998,427	4,415,635	1,514,480	2,108,591	7,801,436	2,158,285
Unsecured loans	2,786,362	2,873,126	1,121,775	208,305	5,677	1,537,369	-
Short-term bills payable	100,000	100,000	100,000	-	-	-	-
Accounts and notes payable	4,396,304	4,396,304	2,149,621	15,916	395,723	1,441,164	393,880
Other payables	937,523	937,523	873,080	10,979	13,136	40,328	-
Guarantee deposit received	124,762	124,762	124,762	-	-	-	-
	$ 25,261,466	26,430,142	8,784,873	1,749,680	2,523,127	10,820,297	2,552,165
2014.01.01							
Non-derivative financial liabilities							
Secured loans	$ 17,483,099	18,876,380	1,316,473	3,730,301	2,067,364	9,340,347	2,421,895
Unsecured loans	4,837,721	4,901,216	3,316,568	58,206	1,198,524	327,918	-
Short-term bills payable	1,550,000	1,550,000	1,550,000	-	-	-	-
Accounts and notes payable	4,825,464	4,825,464	2,901,602	-	-	1,481,206	442,656
Other payables	977,729	977,729	895,045	41,619	508	40,557	-
Guarantee deposit received	128,871	128,871	128,871	-	-	-	-
	$ 29,802,884	31,259,660	10,108,559	3,830,126	3,266,396	11,190,028	2,864,551

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(c) Currency risk

i Exposure to currency risk

The Group's significant exposures to foreign currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

	2015.12.31			2014.12.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial Assets						
Monetary items						
USD:TWD	$ 46,750	32.8250	1,534,558	43,507	31.6500	1,377,006
HKD:MOP	68,356	1.0300	288,460	69,564	1.0300	283,821
HKD: TWD	27,698	4.22000	116,885	-	-	-
MYR: TWD	14,883	7.6479	113,822	-	-	-
Financial Liabilities						
Monetary items						
JPY:INR	4,860	0.5551	1,325	4,860	0.5294	1,286
USD:INR	1,027	66.8125	33,722	1,173	63.3253	37,117
EUR:INR	495	73.0307	17,772	136	76,9708	5,246

	2014.01.01		
	Foreign currency	Exchange rate	TWD
Financial Assets			
Monetary items			
USD:TWD	$ 96,188	29.8050	2,866,871
HKD:MOP	-	-	-
HKD: TWD	-	-	-
MYR: TWD	-	-	-
Financial Liabilities			
Monetary items			
JPY:INR	191,206	0.5896	54,282
USD:INR	8,461	61.8970	252,180
EUR:INR	-	-	-

ii Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts measured in foreign currencies such as cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, other payables, etc. If the TWD, when compared with foreign currencies, had appreciated or depreciated 1% (with other factors remaining constant on the reporting date), profit would have increased or decreased by $16,608 thousand and by $13,423 thousand for the years 2015 and 2014, respectively.

iii Foreign exchange gains or losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange are summarized as a single amount. For the years ended December 31, 2015 and 2014, foreign exchange gain or loss (including realized and unrealized) amounted to $(65,310) thousand and $1,756 thousand, respectively.

(d) Interest rate analysis

Please refer to the aforementioned liquidity risk management for Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure in interest rates on the derivative and non-derivative financial instruments on the reporting date.

For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's internal management reports the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by $211,906 thousand and $180,311 thousand for the years 2015 and 2014, respectively, with all other variable factors remain constant. This is mainly due to the Group's variable rate borrowing.

(e) Fair value of financial instruments

i. Categories and fair value of financial instruments

The fair value of financial assets and liabilities was as follows (including information on fair value hierarchy, but excluding measurements that have similarities to fair value but are not fair value, financial instruments whose fair value cannot be reliably measured, and financial instruments whose inputs are unobservable in active markets):

	December 31, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Derivative financial assets for hedging	$ 189,488	189,488	-	-	189,488
Available-for-sale financial assets					
Domestic emerging stocks	1,663,821	1,663,821	-	-	1,663,821
Domestic non-public issuance of shares	1,166,620	-	-	1,166,620	1,166,620
Subtotal	2,830,441	1,663,821	-	1,166,620	2,830,441
Loans and receivables					
Cash and cash equivalents	2,423,182	2,423,182	-	-	2,423,182
Notes and accounts receivables	8,115,248	8,115,248	-	-	8,115,248
Other receivables	2,047,292	2,047,292	-	-	2,047,292
Subtotal	12,585,722	12,585,722	-	-	12,585,722
Total	$ **15,605,651**	**14,439,031**	-	**1,166,620**	**15,605,651**
Financial liabilities measured at amortized cost					
Bank loans	$ 21,070,986	21,070,986	-	-	21,070,986
Accounts and notes payable	5,326,603	5,326,603	-	-	5,326,603
Other payables	909,361	909,361	-	-	909,361
Guarantee deposit received	114,968	114,968	-	-	114,968
Subtotal	27,421,918	27,421,918			27,421,918
Total	$ **27,421,918**	**27,421,918**	-	-	**27,421,918**

	December 31, 2014				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Derivative financial assets for hedging	$ 24,303	24,303	-	-	24,303
Available-for-sale financial assets					
Domestic emerging stocks	2,979,385	2,979,385	-	-	2,979,385
Domestic non-public issuance of shares	1,322,188	-	-	1,322,188	1,322,188
Subtotal	4,301,573	2,979,385	-	1,322,188	4,301,573
Loans and receivables					
Cash and cash equivalents	1,581,758	1,581,758	-	-	1,581,758
Notes and accounts receivables	7,289,576	7,289,576	-	-	7,289,576
Other receivables	646,879	646,879	-	-	646,879
Subtotal	9,518,213	9,518,213	-	-	9,518,213
Total	$ **13,844,089**	**12,521,901**	-	**1,322,188**	**13,844,089**
Financial liabilities measured at amortized cost					
Bank loans	$ 19,802,877	19,802,877	-	-	19,802,877
Accounts and notes payable	4,396,304	4,396,304	-	-	4,396,304
Other payables	937,523	937,523	-	-	937,523
Guarantee deposit received	124,762	124,762	-	-	124,762
Subtotal	25,261,466	25,261,466			25,261,466
Total	$ **25,261,466**	**25,261,466**	-	-	**25,261,466**

	January 1, 2014				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 55	55	-	-	55
Derivative financial assets for hedging	66,153	66,153	-	-	66,153
Available-for-sale financial assets					
Domestic emerging stocks	4,092,893	4,092,893	-	-	4,092,893
Domestic non-public issuance of shares	1,339,905	-	-	1,339,905	1,339,905
Subtotal	5,432,798	4,092,893	-	1,339,905	5,432,798
Loans and receivables					
Cash and cash equivalents	2,073,438	2,073,438	-	-	2,073,438
Notes and accounts receivables	7,733,026	7,733,026	-	-	7,733,026
Other receivables	1,039,406	1,039,406	-	-	1,039,406
Subtotal	10,845,870	10,845,870	-	-	10,845,870
Total	$ **16,344,876**	**15,004,971**	-	**1,339,905**	**16,344,876**

	January 1, 2014				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Derivative financial liabilities	$ 425	425	-	-	425
Financial liabilities measured at amortized cost					
Bank loans	23,870,820	23,870,820	-	-	23,870,820
Accounts and notes payable	4,825,464	4,825,464	-	-	4,825,464
Other payables	977,729	977,729	-	-	977,729
Guarantee deposit received	128,871	128,871	-	-	128,871
Subtotal	29,802,884	29,802,884			29,802,884
Total	$ **29,803,309**	**29,803,309**	-	-	**29,803,309**

ii. Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

The ways the Company determines fair value of financial assets and liabilities are as follows:

a. If financial instruments are traded in active markets and meet the criteria, their fair value is determined on the basis of market quotation.

b.The fair value of other financial assets and liabilities is determined by the quoted price from competitors on the basis of discounted cash flow analysis.

(2.2) Derivative financial instruments

It is based on the valuation model accepted by most market users, such as discount rate and option pricing model. Forward exchange agreement is usually based on the current forward rate.

iii. Transfer between level 1 and level 2

Shares with quoted prices in active markets held by the Group are classified to level 1. The fair value for 2015 and 2014 has been adjusted to market price. There have been no transfers from each level for the years ended December 31, 2015 and 2014.

iv.The movement of level 3

		Available-for-sale financial assets
		Equity instruments without quoted market price
Balance, January 1, 2015	$	1,322,188
Total income or loss		
Recognized in other comprehensive income		(155,568)
Balance, December 31, 2015	$	**1,166,620**
Balance, January 1, 2014	$	1,339,905
Total income or loss		
Recognized in other comprehensive income		(17,717)
Balance, December 31, 2014	$	**1,322,188**

The aforesaid total income or loss was recognized in unrealized gain or loss on available-for-sale financial assets. Related assets held for the years ended December 31, 2015 and 2014 were as follows:

		2015	2014
Total income or loss			
Recognized in other comprehensive income (as unrealized loss on available-for-sale financial assets)	$	(155,568)	(17,717)

v. Quantified information for significant unobservable inputs (Level 3) of the fair value

The fair value measurement was categorized as level 3 in the hierarchy. Only the equity instruments without an active market have several significant unobservable inputs. The significant unobservable inputs of equity instruments without an active market are not related because they are independent from each other.

The quantified information for significant unobservable inputs is disclosed as follows:

Item	Valuation Technique	Significant unobservable input	Relationship between input and fair value
Available-for-sale financial assets, equity instruments without active market	Market approach	• The multiplier of price-to-earnings ratio (14.13 and 15.98) • Lack of market liquidity discount (80%)	• The higher the multiplier, the higher the fair value • The higher the lack of market liquidity discount, the lower the fair value
Available-for-sale financial assets, equity instruments without active market	Income approach	• Long term revenue growth rate (0%) • Weighted average cost of capital (5%)	• The higher weighted average cost of capital, the lower the fair value • The higher long term revenue growth rate, the higher the fair value

vi. Sensitivity analysis of reasonably replaceable assumptions for level 3 financial instruments

The valuation for level 3 financial instruments is reasonable. However, the result may change if applying different evaluation model or parameter. The following are the effects to current income or other comprehensive income if the parameters change:

	Input	Change up or down	Change in fair value reflecting in current income		Change in fair value reflecting in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2015						
Available-for-sale financial assets						
Equity instruments without an active market	Market liquidity discount	5%	$ -	-	72,773	72,773
Equity instruments without an active market	Weighted average cost of capital	1%	-	-	579	385
December 31, 2014						
Available-for-sale financial assets						
Equity instruments without an active market	Market liquidity discount	5%	$ -	-	82,470	82,470
Equity instruments without an active market	Weighted average cost of capital	1%	-	-	683	454

The favorable and unfavorable changes refer to the fluctuation of the fair value, which is measured using the valuation technique depending on the different levels of unobservable inputs. The fair values of financial instruments are affected by various inputs. The above table only discloses the effect caused by a single input change and does not consider the correlation and variance between inputs.

(26) Financial risk management

(a) Illustrative

The Group is exposed to the following risks due to usage of financial instruments:

i. Credit risk

ii. Liquidity risk

iii. Market risk

According to the exposed risks stated above, the following notes show the goals, policie 's and procedures of risk measurement and management of the Group.

(b) Risk management framework

i. The daily operation of the Group is affected by multiple financial risks, including credit risk, liquidity risk and market risk. The overall risk control policy focuses on unpredictable events in financial market and seeks reduction of potential adverse impact on financial status and financial performance.

ii. The Group's finance department implements risk management in accordance with the risk management policy approved by the Board of Directors. The Group's financial department works closely with internal operation department to identify, assess and minimize various financial risks. The Board of Directors has developed a risk policy which covers specific risk exposure, such as the use of derivative financial instruments and the investment of excess liquidity.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

i. Accounts receivables and other receivables

Clients of the Group are concentrated in the construction industry and government entities. To minimize credit risk, the Group reviews the financial positions of the clients periodically and request collateral if necessary. The Group also evaluates the collectability of receivables and provides an allowance for doubtful accounts on a regular basis. The relevant loss on bad debts is generally under the Group's expectation.

ii. Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transactions are with the banks, financial institutions, corporate organization and government agencies, with good credit ratings, there are no non compliance issues and therefore no significant credit risk.

iii. Guarantee

As of December 31, 2015 and 2014, and January 1, 2014, the Group's guarantee for construction contract work for other construction companies amounted to approximately $11,151,487 thousand, $11,151,487 thousand, and $17,238,999 thousand, respectively.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

The Group's capital and operating funds is adequate to meet demands, and there is no related liquidity risk.

As of December 31, 2015 and 2014, and January 1, 2014, the Group has unused bank facilities for $20,862,185 thousand, $20,824,875 thousand, and $18,216,513 thousand, respectively.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors.

i. Currency risk

The Group is exposed to currency risk on purchases that is denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD), Hong Kong Dollars (HKD), Macau Pataca (MOP), India Rupee (INR), and Malaysia Ringgit (MYR). The currencies used in these transactions are denominated in TWD, EUR, JPY, USD, HK, MOP, INR and MYR.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily the TWD and the USD.

The Group's investments in other subsidiaries are not hedged.

ii. Interest rate risk

As of December 31, 2015 and 2014, and January 1, 2014, financial liabilities exposed to cash flow interest rate risk amounted to $11,998,582 thousand, $12,351,716 thousand, and $11,528,635 thousand, respectively. Since the Group's long-term loans is floating-rate loans, the effective interest rate of the long-term debt would change if the market rate changed.

iii. Other market price risk

The equity price risk of the Group is derived from its investment in Taiwan High Speed Rail Corporation and from other strategic investments. The changes of fair value of the available-for-sale financial instruments will affect the Group's other comprehensive income.

(27) Capital Management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabiltiies.

The Group uses the debt-to-equity ratio to manage capital. This ratio is using the total net debt and divided by the total capital. The net debt from the balance sheet are derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non-controlling interest, plus, net debt.

	2015.12.31	2014.12.31	2014.01.01
Total liabilities	$ 35,937,351	36,058,212	41,241,106
Less: cash and cash equivalents	(2,423,182)	(1,581,758)	(2,073,438)
Net debt	33,514,169	34,476,454	39,167,668
Total equity	21,655,169	19,450,832	19,650,205
Total capital	**$ 55,169,338**	**53,927,286**	**58,817,873**
Debt to equity ratio	**60.75%**	**63.93%**	**66.59%**

(28)Non-cash transactions and investing activities

The non-cash transactions and investing activities of the Group in the years 2015 and 2014 are as follows:

	2015	2014
Prepayments for business facilities transfer to property, plant and equipment	$ (143,250)	(154,182)
Prepaid expenses transfer to property, plant and equipment	-	(7,391)
Investment properties transfer to inventory	-	(458,629)
Investment properties transfer to properties, plant and equipment	-	(170,957)
	$ (143,250)	**(791,159)**

7. RELATED-PARTY TRANSACTIONS

(1) Parent Group and Ultimate Controlling Party

The Company is the ultimate controlling party of the Group and its subsidiaries.

(2) Other related party transactions:

i. Construction

The information related to associate constructions is as follow:

2014	Total Contact Amount (Before tax)	Current Amount	Accumulated Amount
Other related party	$ 58,490	58,269	58,490

According to associate construction regulations, the associate construction contract amounts are based on the budget of each construction, plus, reasonable revenue from the administrative expenses. The amounts are approved by the managerial level.

ii. Income from sales of real estate

The information of the Group selling land and property to related party was as follows:

	2015	2014
Other related party	$ 564,110	-

On May 14, 2014, the Group signed an agreement with other related party to sell a part of its investment property, the total price (including tax) amounted to $568,469 thousand, and the estimated gain on disposal amounted to $90,817 thousand. On December 31, 2014, such assets were reclassified to inventories because the registration has yet to be completed. The Group has already received the payment of $142,118 thousand (recognized as advance receipts), the transfer of property right had been completed in January 2015, and all income were received.

The price which the Group sold to other related party was based on the market quotation and appraisal report from the property appraiser. The price and the credit term have no significant difference from the common customers.

iii. Purchases

Purchases from other related party amounted to $30,752 thousand for the year ended December 31, 2015. The price and the payment term have no significant difference from other common vendors.

iv. Other outstanding balance

The amounts of outstanding balances between the Group and related parties were as follows:

	Receivables from related party		
	2015.12.31	2014.12.31	2014.01.01
Other related party	$ -	6,141	-

	Other receivables from related party		
	2015.12.31	2014.12.31	2014.01.01
Joint venture	$ 209	8,348	-

v. Rental

(a) Rental revenue

	2015	2014
Other related party	$ 199	4,243

The Group leases the 3rd floor office of Min-sheng commercial building to other related party. The rent is based on the nearby market value of rental, and will be paid monthly.

vi. Loan to related parties

	2015.12.31	2014.12.31	2014.01.01
Joint ventures	$ 113,803	219,857	-
Associates	155,300	-	-
	$ 269,103	219,857	-

The interest rate is based on average rate of the short-term borrowings from financial institutions during this year. The borrowings are all unsecured. After assessment, no provisions for bad debts expenses were accrued.

vii. Transactions of properties

The Group purchases transportation equipment from key management amounting to $3,280 thousand in 2014. As of December 31, 2014, the payment has been made.

viii. Endorsements and Guarantees

	Subject of guarantee	2015.12.31	2014.12.31	2014.01.01
Associates	Project contract guarantee (Note)	$ -	-	6,087,512
Joint ventures	Non project contract guarantee	398,824	-	-
		$ 398,824	**-**	**6,087,512**

Note: The guarantee provided by FIC Corp. and other Surety Companies to American Bridge Group were USD zero, USD zero, and USD204,245 thousand as of December 31, 2015 and 2014, and January 1, 2014, respectively. In addition, the subsidiary had sold parts of its shares during 2012 and lost its controlling power over American Bridge Group. The purchaser had also promised to guarantee an amount up to the limit mentioned above.

ix. Other

Interest revenue

	2015	2014
Associates	$ 464	-
Joint ventures	12,102	2,621
	$ 12,566	**2,621**

(3) Key Management Personnel Transaction

Key Management Personnel Compensation

	2015	2014
Short-term employee benefits	$ **104,217**	**110,668**

The Group provides fourteen vehicles for key management personnel at a cost of $12,235 thousand.

8. PLEDGED ASSETS

The carrying values of pledged assets are as follow:

Asset	Purpose of pledge	2015.12.31	2014.12.31	2014.01.01
Inventory (development corp.)	Loan collateral	$ 15,627,757	14,372,657	14,691,853
Restricted deposits (other current assets)	Time deposits collateral	69,062	97,151	101,797
Property, plant and equipment	Loan collateral and construction guarantee	684,057	687,350	870,060
Investment property, net	Loan collateral and construction guarantee	10,016,817	10,052,263	10,556,085
Intangible assets	Loan collateral	610,366	448,570	387,487
Long-term receivables	Loan collateral	3,763,513	3,521,614	3,344,615
		$ 30,771,572	29,179,605	29,951,897

9. MAJOR COMMITMENTS AND CONTINGENCIES

(1) Major commitments were as follows:

(a) As of December 31, 2015 and 2014, and January 1, 2014, the details of realty advance sales and total sales of completed realty, and the advance receipts from these sales were listed as below:

	2015.12.31	2014.12.31	2014.01.01
Realty advance sales and total sales of completed realty	$ 8,800,620	10,582,510	13,376,379
Advance receipts	$ 2,376,481	4,343,688	4,073,954

(b) As of December 31, 2015 and 2014, and January 1, 2014, the Group signed a contract for purchasing the land were $76,472 thousand, $2,351,810 thousand, and $268,369 thousand, respectively, and $30,589 thousand, $455,926 thousand, and $211,316 thousand have been paid in accordance with the contract, respectively.

(c) As of December 31, 2015 and 2014, and January 1, 2014, the total price of construction contract entered by the Group and the total amount which has been collected or billed according to the contract is listed as below:

		2015.12.31	2014.12.31	2014.01.01
Total contract amount	TWD	103,861,223	96,796,975	76,997,480
	INR	44,222,144	32,873,373	29,497,344
	HKD	3,620,070	1,024,249	767,228
	MOP	831,619	812,430	121,558
	MYR	393,391	289,090	-
Accumulated billing amount		82,353,413	75,764,614	60,484,296

(d) As of December 31, 2015 and 2014, and January 1, 2014, the Group provides the guarantees for contract performance and construction warranties to other construction companies, including jointly liable contracts amounting to $11,151,487 thousand, $11,151,487 thousand, and $17,238,999 thousand, respectively.

(e) Service Concession agreements

The Group entered into a contract with New Taipei City regarding the "Sewerage Construction Outsourcing Plan in Tamshui Area". The primary terms of the contract are summarized as follows:

(i) Construction and operating period:

The construction period is five years from the day following the signing of the contract. The project will start to operate when the units are relatively completed and the related licenses of operation have already been obtained. Besides, there was also a need for documental permission. The total construction and operating period is thirty five years.

(ii) Authority and scope

The operational scope comprises the construction of the affiliate facilities and the sewage construction business in Tamshui area, as well as the management of sewage treatment.

(iii) Construction progress

A. Sewage treatment plant

In the first phase, the plant shall have the numbers of the unit of 28,000 CMD at the average of the day. After that, the number of units of the plant should be no less than 55,000 CMD at the average of the day when the operational assets are transferred to other party. The sewage treatment plant has to operate in the five years of construction period.

B. Sewerage system and units of pipes:

The laying of main and minor drainpipes as well as pipelines shall be completed in fifteen years. Furthermore, the pipelines shall be completed with the numbers of 8,400 units, 25,900 units and 31,500 units, within 5, 8 and 12 years, respectively, from the day following the signing of the contract.

(iv) Operation:

A. The sewage plant needs to have the approval of the International Organization for Standardization of sewage plant within two years after the initial operation day, and has to be maintained within the operating period.

B. When the pipelines have reached 50% of the first phase or 8,000 units, the Group will have the right to charge the amortized sewage treatment expense. If the construction progress is delayed and is not able to conform with the said requirements within two years from the day of the initial operation, the penalty will be $100 thousand per day. Besides, the amortized maintenance expenses of the pipelines shall be charged at a contractual rate from the beginning date of the operation.

(v) Supervisal

A. During the construction period, the Group's subsidiaries shall keep more than 50% of its ownership, and the transfer of ownership is not allowed without permission.

B. Within the thirty-five years, the subsidiaries shall keep holding at least 25% of the capital they owned.

C. To carry out the plan and maintain the quality, the Group should afford to pay project management expenses of no more than $175,000 thousand over the thirty- five years. Hence, the Group has to make the payment of $10,000 thousand each year from the day signing of the contract commerce to the 3rd year of the operation, as well as the three years prior to the transferring period. The payments for the remaining years will be reduced to $5,000 thousand.

(vi) Performance guarantees

A. Before entering into the contract, the Group provided the amount of $100,000 thousand for performance guarantees. On March 3, 2007, the former performance guarantees provided were replaced by the bank.

B. Discharge performance guarantees:

Both the New Taipei City and the Group agreed that if there is no any delinquency on the terms as well as the completion of the laying of the pipelines of 19,000 and 31,500 units, the Group will recover 25% of the guarantees for each of the aforesaid requirement. Also, in the event of the due year, the Group will recover 50% of the guarantees when the assets are fully transferred to other parties and the Group has to offer the warranty provision. As of April 26, 2012 and July 9, 2014, the Water Resources Agency (New Taipei City) consented to discharging each 25% guarantee and returning it to the Group.

(vii) Operating assets transferor

A. At the event of due year

(a) The Group should propose a plan on the transferring of its assets free of charge three years before the due year. It should also enter into a transfer agreement with the New Taipei City two years before the due year.

(b) The underlying transferred assets mean that all assets and affiliated enterprises can be used as going concern at the event of the due year.

(c) The Group will be responsible for warranty within three years after the transferring of the aforesaid assets, and the performance guarantees at the 3rd phase will be kept as warrant guarantees.

B. Before the due year

(a) If the contract is terminated during the construction and operating period, the appraiser groups chosen by both sides will appraise the assets and make a report on it.

(b) The transferred prices will be at the lower appraisal prices and the total cost, less, received amortized sewage treatment expenses at the day of the termination.

(f) The Group's issued but unused letter credit

		2015.12.31	2014.12.31	2014.01.01
Issued but unused L/C	$	196,678	171,845	19,620

(2) Contingent liability:

(a) As of December 31, 2015 and 2014, and January 1, 2014, the Group provided promissory notes for contract performance, issuance of commercial paper, and construction warranty, amounting to $24,996,009 thousand, $24,224,289 thousand, and $24,061,718 thousand, respectively.

(b) As of December 31, 2015 and 2014, and January 1, 2014, the Group was provided guarantee deposits and performance guarantees amounting to $931 thousand, $11,222 thousand and $53,200 thousand, respectively, by subcontractors for the Tamshui sewerage construction system.

(3) Other

(a) As of December 31, 2015 and 2014, and January 1, 2014, the Group paid guarantee deposits for the joint construction contracts with several landowners amounting to $20,749 thousand, $43,268 thousand, and $819,520 thousand, respectively. (Recognized as other current assets)

(b) The controversies over the Wu-jia to Shang- liao construction project of Kao- Nan region construction office for the east-west expressway between the Group and Directorate General of Highways, MOTC are the extension of the construction period and the expense of the changing for construction. The Group has filed a lawsuit in April 2005, and made the claim of $444,579 thousand against Kao- Nan region construction office for the east-west expressway. In February, 2014, Taiwan high court (Kaohsiung branch) ruled that the construction office shall pay the amount of $243,206 thousand as compensation, which includes interests. The Group and the construction office did not agree with the verdict of the High court and made an appeal to the Supreme Court. In June, 2014, the Supreme Court turned down the second verdict and handed the case back to Taiwan high court (Kaohsiung branch). Based on the opinion of the external lawyer, the compensation in the third verdict will turn out to be higher than the second verdict. However, the Group is still waiting for the final verdict.

10. LOSS DUE TO MAJOR DISASTERS: None

11. SIGNIFICANT SUBSEQUENT EVENTS:

On January 29, 2016, the Company's board of directors resolved to repurchase the treasury stock totaling 30,000 thousand shares to maintain Company's credit and shareholders' interests.

12. OTHER

Employee, depreciation, depletion and amortization expenses summarized as follow:

	2015			2014		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee expenses						
Salary expenses	$ 1,380,151	585,061	1,965,212	1,069,879	543,998	1,613,877
Labor and health Insurance expenses	63,353	34,240	97,593	62,968	31,356	94,324
Pension expenses	78,228	38,633	116,861	50,137	30,554	80,691
Other employee expenses	237,373	78,138	315,511	219,011	76,996	296,007
Depreciation expenses	291,440	26,946	318,386	325,541	23,558	349,099
Amortization expenses	17,649	-	17,649	14,668	-	14,668

13. DISCLOSURES REQUIRED

(1) Information on significant transactions

(a) Schedule 1: Loans to others:

(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Account	Related Parties (Y/N)	Highest amount	Ending balance	Amount occurred during the period	Interest rate	Nature (Note 3)	Amount of commercial dealings	Financing purpose	Allowance for bad debt amount	Collateral Item	Maximum amount to individual (Note 1)	Maximum total financing amount (Note 1)
1	Continental Engineering Corp.	CEC INTERNAT-IONAL MALAYSIA SDN BHD.	Other receivables	Y	378,000	262,600	246,188 (Note 2)	2.64	2	-	Operation requirements	-	-	3,297,216	3,297,216
2	Continental Development Corp.	MEGA Capital Development Sdn. Bhd	Other receivables	Y	286,909	251,329	113,803	7.85	2	-	Land purchasing and operation requirements	-	-	5,174,024	5,174,024
2	Continental Development Corp.	Sho-he Development Company	Other receivables	Y	155,300	155,300	155,300	1.90	2	-	Construction payment	-	-	5,174,024	5,174,024

Note 1: The amount of total loans to others is limited to 40% of net equity value. The amount of loans to a single business enterprise is limited to 40% of net equity value. Calculation is as follows:

(1) Continental Engineering Corp.:
Maximum loans are limited to 40% of net equity value:$8,243,041 thousand×40%=3,297,216 thousand
Loans to a single business enterprise are limited to 40% of net equity value: $8,243,041 thousand×40%=3,297,216 thousand

(2) Continental Development Corp.:
Maximum loans are limited to 40% of net equity value:$12,935,060 thousand×40%=5,174,024 thousand
Loans to a single business enterprise are limited to 40% of net equity value: $12,935,060 thousand×40%=5,174,024 thousand

Note 2: The above transactions were eliminated when preparing the consolidated financial statements.

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note 3: Nature of Financing:
(1) Business dealings: 1
(2) Short-term financing needs: 2

(b) Schedule 2: Endorsements/guarantees to others:

(In Thousands of New Taiwan Dollars)

NO.	Guarantor	Guaranteed party											
	Name of the Company	Name of the Company	Relationship with the Company (Note 2)	Limit on guarantees provided to a single business	Maximum balance of endorsements/ guarantees for the period	Ending balance of endorsements/ guarantees	Amount occurred during the period	Collateral	Cumulative guarantee as percentage of net worth of the most recent financial statements	Maximum amount of endorsements/guarantees	Endorsements /guarantees Provided by Parent Company	Endorsements/ guarantees Provided by A Subsidiary	Endorsements/ guarantees Provided to Subsidiaries in Mainland China
0	Continental Holdings Corp.	CEC International Corp. (India) Pvt. Ltd.	(3)	84,096,876	637,829	614,322	614,322	-	2.92%	84,096,876	Y	N	N
0	Continental Holdings Corp.	Continental Engineering Corp.	(2)	84,096,876	8,802,683	3,326,453	2,241,203	-	15.82%	84,096,876	Y	N	N
1	Continental Engineering Corp.	North Shore Corp.	(2)	16,486,082	200,000	200,000	115,000	-	2.43%	16,486,082	N	N	N
1	Continental Engineering Corp.	Hsin-Dar Environment Engineering Co., Ltd.	(2)	16,486,082	520,000	520,000	300,540	-	6.31%	16,486,082	N	N	N
1	Continental Engineering Corp	CEC International Corp. (India) Pvt. Ltd.	(2)	16,486,082	322,220	196,950	64,194	-	2.39%	16,486,082	N	N	N
1	Continental Engineering Corp.	CEC International Corp.	(2)	16,486,082	493,050	492,375	328,250	-	5.97%	16,486,082	N	N	N
1	Continental Engineering Corp.	CEC International Corp. (India) Pvt. Ltd.	(2) and(5)	24,729,123	5,191,575	4,992,987	4,992,987	-	60.57%	49,458,246	N	N	N
1	Continental Engineering Corp.	CEC International Malaysia Sdn Bhd.	(2) and(5)	24,729,123	4,402,274	3,854,542	3,854,542	-	46.76%	49,458,246	N	N	N
1	Continental Engineering Corp.	Hsin-Dar Environment Engineering Co., Ltd.	(2) and(5)	24,729,123	10,001	4,851	4,851	-	0.06%	49,458,246	N	N	N
1	Continental Engineering Corp.	Fu Tsu Construction Co., Ltd.	(5)	24,729,123	11,151,487	11,151,487	11,151,487	-	135.28%	49,458,246	N	N	N

(Continued)

	Guarantor	Guaranteed party										
NO.	Name of the Company	Name of the Company	Relationship with the Company (Note 2)	Limit on guarantees provided to a single business	Maximum balance of endorsements/ guarantees for the period	Ending balance of endorsements/ guarantees	Amount occurred during the period	Collateral	Cumulative guarantee as percentage of net worth of the most recent financial statements	Maximum amount of endorsements/guarantees	Endorsements /guarantees Provided by Parent Company	Endorsements/ guarantees Provided by A Subsidiary	Endorsements/ guarantees Provided to Subsidiaries in Mainland China
2	Continental Development Corp.	CEC Commercial Development Corp.	(2)	25,870,120	725,000	725,000	660,000	-	5.60%	25,870,120	N	N	N
2	Continental Development Corp.	CEC Commercial Development Corp.	(2)	25,870,120	750,000	750,000	750,000	-	5.80%	25,870,120	N	N	N
2	Continental Development Corp.	MEGA Capital Development Sdn. Bhd	(6)	25,870,120	399,371	398,824	398,824	-	3.08%	25,870,120	N	N	N
3	CEC Commercial Development Corp.	Continental Development Corp.	(4)	12,687,700	888,800	888,800	705,000	1,015,200	28.02%	12,687,700	N	N	N
3	CEC Commercial Development Corp.	Continental Development Corp.	(4) and(5)	12,687,700	1,912,000	1,912,000	1,473,567	-	60.28%	12,687,700	N	N	N
4	Hsin-Dar Environment Engineering Co., Ltd.	Continental Engineering Corp.	(4) and(5)	8,177,372	3,651,000	3,651,000	3,651,000	-	178.59%	8,177,372	N	N	N

Note 1: According to the policy of Continental Holdings Corp., the amount of total endorsements/guarantees is limited to four times the net equity value of the Company's most recent financial statements: \$21,024,219 thousand × 4＝\$84,096,876 thousand

Endorsements/guarantees to a single business are limited to four times the net equity value of the Company's most recent financial statements: \$21,024,219 thousand × 4＝\$84,096,876 thousand

According to the policy of Continental Engineering Corp., the amount of total endorsements/guarantees is limited to six times the net equity value of the Company's most recent financial statements in the event of joint liability in joint ventures with other companies in the same industry: \$8,243,041 thousand × 6＝\$49,458,246 thousand

Endorsements/guarantees to a single business are limited to three times the net equity value of the Company's most recent financial statements: \$8,243,041 thousand × 3＝\$24,729,123 thousand

According to the policy of Continental Engineering Corp., the amount of total endorsements/guarantees is limited to two times the net equity value of the Company's most recent financial statements except in the event of joint liability in joint ventures with other companies in the same industry: $8,243,041 thousand × 2=$16,486,082 thousand

Endorsements/guarantees to a single business are limited to two times the net equity value of the Company's most recent financial statements: $8,243,041 thousand × 2=$16,486,082 thousand

According to the policy of Continental Development Corp., the amount of total endorsements/guarantees is limited to two times the net equity value of the Company's most recent financial statements: $12,935,060 thousand × 2=$25,870,120 thousand

Endorsements/guarantees to a single business are limited to two times the net equity value of the Company's most recent financial statements: $12,935,060 thousand × 2=$25,870,120 thousand

According to the policy of CEC Commercial Development Corp., the amount of total endorsements/guarantees is limited to four times the net equity value of the Company's most recent financial statements: $3,171,925 thousand × 4=$12,687,700 thousand
Endorsements/guarantees to a single business are limited to four times the net equity value of the Company's most recent financial statements: $3,171,925 thousand × 4=$12,687,700 thousand

According to the policy of Hsin-Dar Environment Engineering Co., Ltd., the amount of total endorsements/guarantees is limited to four times the net equity value of the Company's most recent financial statements: $2,044,343 thousand × 4=$8,177,372 thousand
Endorsements/guarantees to a single business are limited to four times the net equity value of the Company's most recent financial statements: $2,044,343 thousand × 4=$8,177,372 thousand

Note 2: The relationship between the guarantor that provided endorsements/guarantees and the guaranteed party is as follows:
(1)The Company has business with the Company
(2)Subsidiary Company directly owned over 50% by the Company;
(3)The investee Company owned over 50% by the Company and its subsidiary;
(4)Parent Company which directly held the Company over 50%;
(5)The Company should provide a guarantee to other companies in the same industry based on the necessary of undertaken projects and the contract.
(6) Because of jointly investing each shareholder held the endorsements based on interest owned.

(c) Schedule 3: Marketable securities held on December 31, 2015 (subsidiaries, associates and joint ventures are excluded):

(In Thousands of New Taiwan Dollars)

Holding Company	Type of Marketable Security	Relationship with the Company	Account	December 31, 2015				Maximum Percentage of Ownership for the period	Note
				Shares	Book Value	Share %	Market Value/Equity (dollars)		
Continental Engineering Corp.	Taiwan High Speed Rail Cor. – common stock	-	Current available-for-sale financial assets	79,442,800	825,410	1.42%	10.39	1.42%	
Continental Engineering Corp.	Evergreen Steel Corp.	-	Non-current available-for-sale financial assets	25,645,907	639,301	6.28%	24.93	6.28%	
Continental Engineering Corp.	Shin Yung Enterprise Corp.	-	Non-current available-for-sale financial assets	12,256,347	525,062	8.45%	42.84	8.45%	
Continental Engineering Corp.	JieBang Consultant Management Co., Ltd.	-	Non-current available-for-sale financial assets	300,000	2,257	6.00%	7.52	6.00%	
Continental Engineering Corp.	Taiwan Motp MacDonald Ltd.	-	Non-current available-for-sale financial assets	380,000	-	19.00%	-	19.00%	
Continental Engineering Corp.	International Property & Finance Co., Ltd.	-	Non-current financial assets at cost	26,301	-	1.64%	-	1.64%	
Continental Engineering Corp.	Shin Yu Energy Development Co., Ltd.	-	Non-current financial assets at cost	22,405,297	-	9.00%	-	9.00%	
Continental Development Corp.	Taiwan High Speed Rail Cor. – common stock	-	Current available-for-sale financial assets	80,694,000	838,411	1.44%	10.39	1.44%	
Continental Development Corp.	Sho-he Development Company	-	Non-current financial assets at cost	50,000	500	100.00%	-	100.00%	

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d)Schedule 4: Cumulative purchases or sales of the same marketable securities exceeding $300,000 thousand or 20% of paid-in capital or above:

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of securities	Account name	Counter-party of transaction	Relationship	Beginning balance		Purchases		Sales				Ending balance	
					Shares	Amount (Note)	Shares	Amount	Shares	Price	Carrying value	Gains (losses) on disposal	Shares	Amount
Continental Engineering Corp.	A1 registered preferred stock	Current available-for-sale financial assets	Taiwan High Speed Rail Cor.	-	99,675,000	996,750	-	-	99,675,000	996,750	996,750	-	-	-
Continental Engineering Corp.	C4 registered preferred stock	Current available-for-sale financial assets	Taiwan High Speed Rail Cor.	-	9,800,000	91,140	-	-	9,800,000	91,140	91,140	-	-	-
Continental Engineering Corp.	C5 registered preferred stock	Current available-for-sale financial assets	Taiwan High Speed Rail Cor.	-	59,125,000	549,863	-	-	59,125,000	549,863	549,863	-	-	-
Continental Engineering Corp.	C8 registered preferred stock	Current available-for-sale financial assets	Taiwan High Speed Rail Cor.	-	32,250,000	299,925	-	-	32,250,000	299,925	299,925	-	-	-
Continental Development Corp.	A1 registered preferred stock	Current available-for-sale financial assets	Taiwan High Speed Rail Cor.	-	99,675,000	996,750	-	-	99,675,000	996,750	996,750	-	-	-

Name of holder	Category and name of securities	Account name	Counter-party	Relationship	Beginning balance		Purchases		Sales				Ending balance	
					Shares	Amount (Note)	Shares	Amount	Shares	Price	Carrying value	Gains (losses) on disposal	Shares	Amount
Continental Development Corp.	C5 registered preferred stock	Current available-for-sale financial assets	Taiwan High Speed Rail Cor.	-	48,375,000	449,887	-	-	48,375,000	449,887	449,887	-	-	-

Note: Beginning balance represents original investment amount.

(e)Schedule 5: Acquisition of real estate exceeding $300,000 thousand or 20% of paid-in capital or above:None.

(f) Schedule 6: Disposal of real estate exceeding $300,000 thousand or 20% of paid-in capital or above:None.

(g)Schedule 7: Sales or purchases from related parties exceeding $100,000 thousand or 20% of paid-in capital or above:

(In Thousands of New Taiwan Dollars)

Purchasing (Selling) Party	Counter-Party	Relationship	Transactions with Controlling Company				Uncommon Transactions		Accounts and Notes Receivable (Payable)		Remark
			Purchases (Sales)	Amount	% of Total Purchases (Sales)	Term	Unit Price	Term	Balance	% of Total Accounts and Notes Receivable (Payable)	
Continental Engineering Corp.	Continental Development Corp.	Related party of the Company	Construction contract	(1,648,677)	(10)%	The same as those in general transactions	-	-	626,716	14%	Note 1
Continental Development Corp.	Continental Engineering Corp.	Related party of the Company	Construction project	1,579,875	52%	〃	-	-	(626,716)	(86)%	

Note 1: The Company recognized its construction contract income by the percentage-of-completion method and accounted for it under sales.

Note 2: The above transactions were eliminated when preparing the consolidated financial statements.

(h)Schedule 8: Receivables from related parties exceeding $100,000 thousand or 20% of paid-in capital:

(In Thousands of New Taiwan Dollars)

Company Having Receivable	Counter-Party	Relationship	Balance of Accounts Receivable – Related Parties	Turnover Ratio	Overdue Receivables		Subsequent Received Amount Accounted for under Accounts Receivable – Related Parties	Provision for Bad Debt Allowance
					Amount	Treatment		
Continental Engineering Corp.	Continental Development Corp.	Related party of the Company	Account receivable 626,716	2.88	-	-	339,685	-

Note: The above transactions were eliminated when compiling the consolidated financial statements.

(i) Schedule 9: Transactions involving financial derivatives:

As of December 31, 2015, the derivative financial instruments of the Group held not for trading were the Forward contracts amounting to USD$4,900 thousand.

CONTINENTAL HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(j) Intercompany business relationship and significant transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
0	Continental Holdings Corp.	Continental Engineering Corp.	1	Rental costs	11,690	The same as those in general transactions	0.05%
1	Continental Engineering Corp.	Continental Holdings Corp.	2	Rental revenue	11,690	The same as those in general transactions	0.05%
		Continental Development Corp.	3	Rental revenue	14,903	The same as those in general transactions	0.07%
		Continental Development Corp.	3	Construction revenue	1,648,677	The same as those in general transactions	7.57%
		Continental Development Corp.	3	Accounts receivable	626,716	-	1.09%
		CIMY	3	Other receivables	259,350	-	0.45%
2	Continental Development Corp.	Continental Engineering Corp.	3	Construction costs	1,579,875	The same as those in general transactions	7.25%
		Continental Engineering Corp.	3	Rental costs	14,903	The same as those in general transactions	0.07%
		Continental Engineering Corp.	3	Accounts payable	626,716	-	1.09%
3	Hsin-Dar Environment Engineering Co., Ltd.	North Shore Corp.	3	Operating revenue	169,825	The same as those in general transactions	0.78%
		North Shore Corp.	3	Service revenue	65,003	The same as those in general transactions	0.30%
		North Shore Corp.	3	Accounts receivable	32,696	-	0.06%

(Continued)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
4	North Shore Corp.	Hsin-Dar Environment Engineering Co., Ltd.	3	Accounts payable	32,696	-	0.06%
		Hsin-Dar Environment Engineering Co., Ltd.	3	Construction cost	169,825	The same as those in general transactions	0.78%
		Fu-Da Construction Corp., Ltd.	3	Accounts payable	43,064	-	0.07%
		Fu-Da Construction Corp., Ltd.	3	Construction cost	132,983	The same as those in general transactions	0.61%
5	Fu-Da Construction Corp., Ltd.	North Shore Corp.	3	Accounts receivable	43,064	-	0.07%
		North Shore Corp.	3	Construction revenue	132,983	The same as those in general transactions	0.61%

Note 1: For transactions between the Company and its subsidiaries, numbers are assigned as follows:

a. 0 represents the Company.

b. serial numbers for the subsidiaries begin from number 1.

Note 2: Relationships are as follows:

a. the Company to subsidiary.

b. subsidiary to the Company.

c. subsidiary to other subsidiary

Note 3: The above transactions were eliminated when compiling the consolidated financial statements.

(2) Information on investee companies

Names and addresses of, and relevant information on, investee companies for the year ended December 31, 2015:

(In Thousands of New Taiwan Dollars)

Investor	Name of investee Company	Location	Main business	Investment amount		Balance as of December 31, 2015			Maximum Percentage of Ownership for the period	Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December31, 2015	December31, 2014	Shares	Percentage of Ownership	Carrying Value				
Continental Holdings Corp.	Continental Engineering Corp.	Taiwan	Comprehensive construction	8,844,949	8,844,949	460,062,071	100.00%	8,150,205	100.00%	(758,897)	(834,881)	Note 1
Continental Holdings Corp.	Continental Development Corp.	Taiwan	Housing and building development and lease	6,620,748	6,620,748	479,400,000	100.00%	12,935,060	100.00%	1,518,111	1,518,111	Note 1
Continental Engineering Corp	Hsin-Dar Environment Engineering Co., Ltd.	Taiwan	Plumbing	1,010,000	1,010,000	101,000,000	100.00%	2,044,344	100.00%	219,885	Unnecessary to disclose based on the R.O.C. law	-
Continental Engineering Corp	CEC International Corp. (India) Pvt. Ltd	India	Construction projects	497,839	497,839	73,981,492	100.00%	(54,698)	100.00%	(193,190)	〃	-
Continental Engineering Corp	CEC International Corp.	British Virgin Islands	Investment and holding	1,305,504	1,305,504	39,139,940	100.00%	2,744,711	100.00%	(257,154)	〃	-
Continental Engineering Corp	CEC International Malaysia Sdn Bhd.	Malaysia	Construction projects	85,130	85,130	9,100,000	70.00%	40,092	70.00%	(38,108)	〃	-

Investor	Name of investee Company	Location	Main business	Investment amount		Balance as of December 31, 2015			Maximum Percentage of Ownership for the period	Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December31, 2015	December31, 2014	Shares	Percentage of Ownership	Carrying Value				
Continental Development Corp.	CEC Commercial Development Corp.	Taiwan	Housing and building development and lease	976,539	976,539	26,395,978	80.65%	2,558,157	80.65%	34,950	Unnecessary to disclose based on the R.O.C law	-
Continental Development Corp.	Mega Capital Development Sdn. Bhd.	Malaysia	Real estate development	6,298	6,298	675,000	45.00%	(10,095)	45.00%	(33,552)	〃	-
CEC International Corp.	New Continental Corp.	British Virgin Islands	Investment and holding	1,219,149	1,219,149	4,596	45.47%	3,010,276	45.47%	(522,154)	〃	-
New Continental Corp.	Granitte Investments(UK) Limited	United Kingdom	Investment and holding	Note 2	Note 2	2	100.00%	6,130,849	100.00%	(521,260)	〃	-
Hsin-Dar Environment Engineering Co., Ltd.	Fu-Da Construction Corp., Ltd.	Taiwan	Construction projects	49,600	79,600	3,000,000	100.00%	40,224	100.00%	6,023	〃	-
Hsin-Dar Environment Engineering Co., Ltd.	North Shore Corp.	Taiwan	Pollution protection and other environmental sanitation	1,112,000	1,112,000	128,986,000	100.00%	2.223.267	100.00%	194,745	〃	-

Note1: The investment income/loss for the year ended December 31, 2015 was leased on the investees' financial statements audited by the auditors for the same period.

Note 2: The original investing amount is GBP 1.57.

(3) Information on investment in Mainland China: None.

14. Segment information

For the years ended December 31, 2015 and 2014, operating segments required to be disclosed are categorized as Construction Business, Real Estate Business, and Investment Business. The main operating activities of Construction Business are civil and architectural engineering and construction. The main operating activities of Real Estate Business are selling, renting and investing in construction of the residential, commercial buildings and large-scale residential communities. The main function of Investment Business is to integrate operating strategy, supervising and monitoring each operating segments' operation, and control and allocate each operating segments' operating resources. The Consolidation Group assessed performance of the segments based on the segments' net income before taxes, which is in line with the financial information used to prepare the consolidated financial statements.

The Group and its subsidiaries engage primarily in the business of construction and real estate. Segment income referred to above represents operating income from external sources, excluding other income of the Group that is unrelated to any segment, and gain/loss on investments recognized under the equity method.

Segment income or loss is the balance after subtracting segment costs and expenses from revenue. Segment costs and expenses refer to those related to the revenue- generating process of a segment. If operating costs and expenses are not directly attributable, the number of employees will be used to allocate them to each segment. Cost of the technology service segment is allocated by the percentage of segment operating income, but segment costs and expenses do not include general expenses and interest unrelated to a segment.

Identifiable assets comprise tangible and intangible assets directly attributable to each segment. If more than two segments use an asset, costs will be allocated by the number of employees. However, assets identifiable by segments do not include the following items:

(1) Assets not attributable to the operations of any specific segment.

(2) Long-term equity investments under the equity method and the cost method.

(a) Disclosure the information of industrial departments

The reconciliation statements of all operating departments:

		2015				
		Construction	Real estate	Investment	Adjustment and write-off	Total
Revenue:						
Segment revenues from external customers	$	17,181,693	4,595,187	-	-	21,776,880
Intersegment revenues		2,078,767	-	683,616	(2,762,383)	-
Total revenues	$	**19,260,460**	**4,595,187**	**683,616**	**(2,762,383)**	**21,776,880**
Reportable segment profit or loss	$	**(809,248)**	**1,651,282**	**575,187**	**(731,035)**	**686,186**
Assets:						
Investments accounted for using equity method	$	10,102,914	2,548,062	21,085,265	(30,736,060)	3,000,181
Capital expenditure		4,402,230	8,861,341	716	-	13,264,287
Reportable segment total assets	$	**34,443,437**	**33,972,202**	**21,090,574**	**(31,913,693)**	**57,592,520**
Reportable segment total liabilities	$	**19,145,275**	**17,865,216**	**66,355**	**(1,139,495)**	**35,937,351**

		2014				
		Construction	Real estate	Investment	Adjustment and write-off	Total
Revenue:						
Segment revenues from external customers	$	17,483,388	4,962,099	-	-	22,445,487
Intersegment revenues		1,446,603	-	(850,265)	(596,338)	-
Total revenues	$	**18,929,991**	**4,962,099**	**(850,265)**	**(596,338)**	**22,445,487**
Reportable segment profit or loss	$	**(947,935)**	**636,288**	**977,990**	**465,268**	**(824,369)**
Assets:						
Investments accounted for using equity method	$	10,544,279	2,534,753	18,831,845	(28,759,096)	3,151,781
Capital expenditure		4,369,383	8,907,239	2,586	-	13,279,208
Reportable segment total assets	$	**33,276,145**	**33,036,638**	**18,865,889**	**(29,669,628)**	**55,509,044**
Reportable segment total liabilities	$	**18,446,248**	**19,007,429**	**55,054**	**(1,450,519)**	**36,058,212**

(b) Geographic information

The revenues from external customers are categorized by the geographical location of customers and the noncurrent assets are categorized by the area the assets located:

Area		2015	2014
Revenue from external customers:			
Taiwan	$	16,716,851	17,758,588
Others		5,060,029	4,686,899
	$	**21,776,880**	**22,445,487**
Non-current assets			
Taiwan	$	16,670,284	16,286,633
Others		1,068,525	975,448
Total	**$**	**17,738,809**	**17,262,081**

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, but excluding financial instruments, deferred tax assets, assets of pension benefit, and assets arising from insurance contracts as well.

(c) Information on major customers

		2015	2014
Construction corporations	$	5,294,720	8,256,078
Governments		11,814,696	8,548,409
Others		4,667,464	5,641,000
Total	**$**	**21,776,880**	**22,445,487**