(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Ginko International Co., Ltd.
and Subsidiaries

Consolidated Financial Statements

December 31, 2016 and 2015
(With Independent Auditors' Report Thereon)

Address: Scotia Center, 4th Floor, P.O. Box 2804, George Town, Grand Cayman Islands., British West Indies

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The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Ginko International Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Ginko International Co., Ltd. and Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2016 and 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), IFRIC interpretation as well as SIC Interpretations.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

   Please refer to note 4(p) for accounting policy of revenue, note 5(b) for significant accounting assumptions and judgments, and major sources of estimation uncertainty and note 6(q) explanation of significant accounts of the consolidated financial statements.

KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

How the matter was addressed in our audit:

The Group's revenue to provide sales return and allowance to clients is based on the agreed upon contracts. The Group's management recognized the above estimation as deduction of revenue. In addition, investors and management evaluated the income as the main index of the Group's financial and sales performance. Therefore, the appropriate recognition of revenue is significant to consolidate financial statements. As for the report, revenue and sales return and allowance has been identified as one of the majority key audit matters.

Our principal audit procedures included:

Our key audit procedures performed in respect of the above included the following: testing the relevant control points of sales and collection operation cycle, inspecting the Group's sales contracts and relevant documents, reviewing clients' information, changes in customers and products, combing with performing sales cut-off test to determine whether sales income, return, and discounts have been appropriately recognized.

As the key audit procedures of estimation of sales return and allowance, auditor evaluated the Group's hypothesis adopted by management, and compared assertions of existence and accuracy sources, then realized if there is any significant sales return and allowance incurred in subsequent period.

2. Inventory Evaluation

Please refer to note 4(i) for accounting policy for inventory, note 5(a) for significant accounting assumptions and judgements, and major sources of estimation uncertainty, and note 6(d) for explanation of significant account of the consolidated financial statements.

How the matter was addressed in our audit:

The Group's major supplies are eye health products, including contact lenses, lens care products for market demand. Because products are unique, the charge in market demand sale price will result the change in the change of products category. Other than to meatured the lower of inventory cost or net realizable value, management evaluated the final price based on relevant information from marketing and outside sources. Therefore, inventory evaluation is identified as one of the majority key audit matter.

Our principal audit procedures included:

Our key audit procedures performed in respect of above included reasonable inventory allowances and loss and assess whether appropriate provision policies for inventories are applied. Obtaining aging analysis of inventories, assessing the appropriateness of provision set aside for obsolate and slow-moving inventories, and examining relevant documents to verify the accuracy of the aging period, reviewing selling condition, and determine realized value used to identify reasonableness of inventory and review management disclosure in account receivables.

3. Account Receviable Evaluation

Please refer to note 4(h) for accounting policy of account receviable, note 5(c) for significant accounting assumptions and judgements, and major sources of estimation uncertainty, and note 6(c) for explanation of significant account of the consolidated financial statements.

How the matter was addressed in our audit:

The Group's accounts receivable has a significant ratio of 32% in the total asset of the consolidated statement of financial position. Based on marketing sources and historical experiences, management has evaluated the loss of accounts receivable. Therefore, the impairment of accounts receivable was considered to be one of the key audit matter in our audit.

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Our principal audit procedures included:

Obtaining and reviewing aging analysis of accounts receivable and examining relevant documents to verify the accuracy of the aging period, sampling and send confirmation to clients, then performing test-of-detail on situations of receivable in subsequent period to determine the reasonable loss of accounts receivable and assessing the appropriateness and adequacy of provision for doubtful accounts made by the management.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC and SIC interpretation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are

Yuan-Chen Mei and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2017

Notes to Readers

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

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Ginko International Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2016 and 2015

(All Amount Expressed in thousands of currency)

	Assets	December 31, 2016 CNY	TWD	%	December 31, 2015 CNY	TWD	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 743,195	3,431,333	20	503,373	2,514,347	16
1150	Notes receivable, net (note 6(c))	9,817	45,323	-	5,778	28,862	-
1170	Accounts receivable, net (note 6(c))	1,154,095	5,328,456	32	1,037,357	5,181,598	33
1181	Accounts receivable from related parties (notes 6(c) and 7)	22,257	102,762	1	14,695	73,400	-
1200	Other receivables (note 6(c))	40,182	185,520	1	14,523	72,539	-
1210	Other receivables from related parties (notes 6(c) and 7)	41,323	190,787	1	55,448	276,965	2
1220	Current income tax assets	960	4,428	-	44	218	-
130X	Inventory (note 6(d))	436,491	2,015,279	12	343,249	1,714,529	11
1410	Prepayments	32,359	149,404	1	23,067	115,221	1
1470	Other current assets (notes 6(b) and 8)	116,842	539,459	3	100,448	501,742	3
	Total current assets	2,597,521	11,992,751	71	2,097,982	10,479,421	66
	Non-Current assets:						
1600	Property, plant and equipment (notes 6(f) and 8)	984,624	4,546,010	26	868,520	4,338,258	27
1780	Intangible assets (note 6(g))	17,645	81,468	-	17,250	86,163	-
1840	Deferred income tax assets (note 6(n))	34,235	158,062	1	41,400	206,792	1
1915	Prepayments on purchase of equipment (notes 6(f), 8, and 9)	76,101	351,358	2	121,904	608,908	4
1930	Long-term receivables, net (note 6(c))	15,727	72,610	-	24,717	123,462	1
1995	Other non-current assets (notes 6(h) and 8)	17,708	81,760	-	17,679	88,308	1
	Total non-current assets	1,146,040	5,291,268	29	1,091,470	5,451,891	34
	Total assets	$ 3,743,561	17,284,019	100	3,189,452	15,931,312	100

	Liabilities and equity	December 31, 2016 CNY	TWD	%	December 31, 2015 CNY	TWD	%
	Current liabilities:						
2100	Short-term bank loans (notes 6(t), 7, and 8)	$ 892,055	4,118,616	25	696,438	3,478,708	22
2120	Financial liabilities at fair value through profit or loss-current (notes 6(j) and 6(t))	-	-	-	39	194	-
2150	Notes payable	1,028	4,743	-	2,721	13,592	-
2170	Accounts payable	94,438	436,020	3	72,345	361,363	2
2200	Other payables (notes 6(k), 6(o), and 6(r))	126,967	586,207	3	89,100	445,056	3
2220	Other payables to related parties (note 7)	2,443	11,280	-	-	-	-
2230	Current income tax liabilities	35,046	161,806	1	40,478	202,190	1
2250	Provisions for liabilities - current (note 6(l))	11,972	55,276	-	7,137	35,649	-
2320	Long-term liabilities, current portion (notes 6(i), 6(j), 7, and 8)	-	-	-	215,093	1,074,388	7
	Total current liabilities	1,163,949	5,373,948	32	1,123,351	5,611,140	35
	Non-current liabilities:						
2530	Bonds payable (note 6(j))	149,240	689,040	4	-	-	-
2540	Long-term bank loans (notes 6(i) and 8)	231,752	1,070,000	6	60,060	300,000	2
2570	Deferred income tax liabilities (note 6(n))	7,789	35,963	-	7,946	39,690	-
	Total non-current liabilities	388,781	1,795,003	10	68,006	339,690	2
	Total liabilities	1,552,730	7,168,951	42	1,191,357	5,950,830	37
	Equity attributable to owners of parent (notes 6(j) and 6(o)):						
3110	Share capital - common stock	192,423	926,975	5	192,423	926,975	6
3200	Capital surplus	695,529	3,167,374	19	695,529	3,167,374	22
3300	Retained earnings	1,342,427	6,433,732	36	1,155,689	5,545,285	37
3410	Exchange differences on translation of foreign financial statements	(21,836)	(325,284)	(1)	(25,909)	437,465	(1)
3500	Treasury stocks	(19,637)	(96,617)	(1)	(19,637)	(96,617)	(1)
	Equity attributable to owners of the parent	2,188,906	10,106,180	58	1,998,095	9,980,482	63
	Non-Controlling Interest:						
36XX	Non-Controlling Interest (note 6(e)))	1,925	8,888	-	-	-	-
	Total equity	2,190,831	10,115,068	58	1,998,095	9,980,482	63
	Total liabilities and equity	$ 3,743,561	17,284,019	100	3,189,452	15,931,312	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(All Amount Expressed in thousands of Chinese Yuan)

		2016 Amount	%	2015 Amount	%
4000	**Operating revenue (notes 6(q), 7, and 14)**	$ 1,348,654	100	1,211,751	100
5000	**Cost of goods sold (notes 6(d), 6(m), 6(o), 6(r), 12, and 14)**	541,288	40	479,842	40
	Net operating margin	807,366	60	731,909	60
	Operating expenses (notes 6(c), 6(g), 6(h), 6(m), 6(o), 6(r), 7, 9, 12, and 14):				
6100	Selling expenses	227,121	17	188,429	16
6200	General and administrative expenses	143,988	11	126,330	10
6300	Research and development expenses	21,375	2	22,015	2
	Total operating expenses	392,484	30	336,774	28
	Operating Profit	414,882	30	395,135	32
	Non-operating income and expenses (notes 6(j), 6(s), 7, and 14):				
7010	Other income	15,561	1	20,924	2
7020	Other gains and losses	(31,780)	(2)	(28,929)	(2)
7050	Financial costs	(20,377)	(2)	(17,805)	(1)
	Total non-opearting income and expenses	(36,596)	(3)	(25,810)	(1)
7900	**Profit before income tax**	378,286	27	369,325	31
7950	**Income tax expense (note 6(n))**	66,569	5	57,983	5
	Net income for the year	311,717	22	311,342	26
8300	**Other comprehensive income (loss):**				
8360	**Items that may be subsequently reclassified into profit or loss**				
8361	Foreign currency translation differences for foreign operations	4,269	-	(4,446)	-
8399	Income tax relating to components of other comprehensive income	-	-	-	-
	Total items that may be subsequently reclassified into profit or loss	4,269	-	(4,446)	-
	Other comprehensive income (loss), net of tax	4,269	-	(4,446)	-
8500	**Total comprehensive income for the year**	**$ 315,986**	**22**	**306,896**	**26**
	Profit attributable to:				
	Shareholders of the parent	$ 312,877	22	311,342	26
	Noncontrolling interest	(1,160)	-	-	-
		$ 311,717	22	311,342	26
	Comprehensive income attributable to:				
	Shareholders of the parent	$ 316,950	22	306,896	26
	Noncontrolling interest	(964)	-	-	-
		$ 315,986	**22**	**306,896**	**26**
9710	**Basic earnings per share (expressed in Chinese Yuan) (note 6(p))**	**$**	**3.38**		**3.37**
9810	**Diluted earnings per share (expressed in Chinese Yuan) (note 6(p))**	**$**	**3.36**		**3.33**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(All Amount Expressed in thousands of New Taiwan Dollars)

		2016 Amount	%	2015 Amount	%
4000	**Operating revenue (notes 6(q), 7, and 14)**	$ 6,539,490	100	6,098,863	100
5000	**Cost of goods sold ((notes 6(d), 6(m), 6(o), 6(r), 12, and 14)**	2,624,652	40	2,415,091	40
	Net operating margin	3,914,838	60	3,683,772	60
	Operating expenses (notes 6(c), 6(g), 6(h), 6(m), 6(o), 6(r), 7, 9, 12, and 14):				
6100	Selling expenses	1,101,288	17	948,381	16
6200	General and administrative expenses	698,183	11	635,833	10
6300	Research and development expenses	103,645	2	110,803	2
	Total operating expenses	1,903,116	30	1,695,017	28
	Operating Profit	2,011,722	30	1,988,755	32
	Non-operating income and expenses (notes 6(j), 6(s), 7, and 14):				
7010	Other income	75,455	1	105,312	2
7020	Other gains and losses	(154,100)	(2)	(145,596)	(2)
7050	Financial costs	(98,806)	(2)	(89,615)	(1)
	Total non-operating income and expenses	(177,451)	(3)	(129,899)	(1)
7900	**Profit before income tax**	1,834,271	27	1,858,856	31
7950	**Income tax expense (note 6(n))**	322,786	5	291,835	5
	Net income for the year	1,511,485	22	1,567,021	26
8300	**Other comprehensive income (loss):**				
8360	**Items that may be subsequently reclassified into profit or loss**				
8361	Foreign currency translation differences for foreign operations	(762,163)	(12)	(211,845)	(3)
8399	Income tax relating to components of other comprehensive income	-	-	-	-
	Total items that may be subsequently reclassified into profit or loss	(762,163)	(12)	(211,845)	(3)
	Other comprehensive income (loss), net of tax	(762,163)	(12)	(211,845)	(3)
8500	**Total comprehensive income for the year**	**$ 749,322**	**10**	**1,355,176**	**23**
	Profit attributable to:				
	Shareholders of the parent	$ 1,517,110	22	1,567,021	26
	Noncontrolling interest	(5,625)	-	-	-
		$ 1,511,485	22	1,567,021	26
	Comprehensive income attributable to:				
	Shareholders of the parent	$ 754,361	10	1,355,176	23
	Noncontrolling interest	(5,039)	-	-	-
		$ 749,322	**10**	**1,355,176**	**23**
9710	**Basic earnings per share (expressed in New Taiwan Dollars) (note 6(p))**	**$ 16.41**		**16.95**	
9810	**Diluted earnings per share (expressed in New Taiwan Dollars) (note 6(p))**	**$ 16.28**		**16.77**	

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Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

(All Amount Expressed in thousands of currency)

	Equity attributable to owners of parent																			
					Retained Earnings															
	Share capital - Common stock		Capital surplus		Legal reserve		Undistributed earnings		Total		Foreign currency translation differences		Treasury stocks		Equity attributable to owners of the parent		Non-controlling interest		Total equity	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	NCY	TWD
Balance at January 1, 2015	$ 192,423	926,975	695,529	3,167,374	68,012	326,324	898,860	4,262,113	966,872	4,588,437	(21,463)	649,310	(19,637)	(96,617)	1,813,724	9,235,479	-	-	1,813,724	9,235,479
Appropriation and distribution of retained earnings:																				
Legal reserve	-	-	-	-	29,051	144,677	(29,051)	(144,677)	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(122,525)	(610,173)	(122,525)	(610,173)	-	-	-	-	(122,525)	(610,173)	-	-	(122,525)	(610,173)
Consolidated profit for the year	-	-	-	-	-	-	311,342	1,567,021	311,342	1,567,021	-	-	-	-	311,342	1,567,021	-	-	311,342	1,567,021
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	-	-	-	(4,446)	(211,845)	-	-	(4,446)	(211,845)	-	-	(4,446)	(211,845)
Total comprehensive income, net of income tax	-	-	-	-	-	-	311,342	1,567,021	311,342	1,567,021	(4,446)	(211,845)	-	-	306,896	1,355,176	-	-	306,896	1,355,176
Balance at December 31, 2015	192,423	926,975	695,529	3,167,374	97,063	471,001	1,058,626	5,074,284	1,155,689	5,545,285	(25,909)	437,465	(19,637)	(96,617)	1,998,095	9,980,482	-	-	1,998,095	9,980,482
Appropriation and distribution of retained earnings:																				
Legal Reserve	-	-	-	-	32,006	156,702	(32,006)	(156,702)	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(126,139)	(628,663)	(126,139)	(628,663)	-	-	-	-	(126,139)	(628,663)	-	-	(126,139)	(628,663)
Consolidated profit for the year	-	-	-	-	-	-	312,877	1,517,110	312,877	1,517,110	-	-	-	-	312,877	1,517,110	(1,160)	(5,625)	311,717	1,511,485
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	-	-	-	4,073	(762,749)	-	-	4,073	(762,749)	196	586	4,269	(762,163)
Total comprehensive income, net of income tax	-	-	-	-	-	-	312,877	1,517,110	312,877	1,517,110	4,073	(762,749)	-	-	316,950	754,361	(964)	(5,039)	315,986	749,322
Increse in noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,889	13,927	2,889	13,927
Balance at December 31, 2016	$ 192,423	926,975	695,529	3,167,374	129,069	627,703	1,213,358	5,806,029	1,342,427	6,433,732	(21,836)	(325,284)	(19,637)	(96,617)	2,188,906	10,106,180	1,925	8,888	2,190,831	10,115,068

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(All Amount Expressed in thousands of currency)

	2016		2015	
	CNY	TWD	CNY	TWD
Cash flows from operating activities:				
Profit before tax	$ 378,286	1,834,271	369,325	1,858,856
Adjustments:				
Adjustments to reconcile profit (loss)				
Depreciation	105,198	510,099	87,157	438,677
Amortization	5,216	25,292	4,092	20,595
Amortization of prepaid rents	432	2,095	433	2,179
Provision for doubtful accounts	21,963	106,496	14,728	74,127
Interest income	(3,700)	(17,940)	(6,524)	(32,838)
Financial cost	20,377	98,806	17,805	89,615
Repurchase loss of bond payable	2,912	14,320	-	-
Financial liabilities at fair value through profit or loss	(39)	(194)	(2,792)	(14,052)
Bond payable effect of change in exchange rate	14,120	-	-	-
Loss on disposal of property, plant, and equpiment	4,814	23,346	510	2,558
Gain on disposal of investment	(40)	(189)	-	-
Total adjustments to reconcile profit and loss	171,253	762,131	115,409	580,861
Change in operating assets and liabilities:				
Decrease (increase) in notes receivable	(4,039)	(18,648)	(1,071)	(5,350)
Decrease (increase) in accounts receivable	(138,701)	(640,383)	(44,335)	(221,453)
Decrease (increase) in accounts receivable from related parties	(7,562)	(34,914)	(3,170)	(15,834)
Decrease (increase) in other receivables	(25,659)	(118,468)	3,001	14,990
Decrease (increase) in other receivables from related parties	14,125	65,215	(40,140)	(200,500)
Decrease (increase) in inventory	(93,242)	(430,498)	(69,292)	(346,114)
Decrease (increase) in prepayments	(9,292)	(42,901)	12,772	63,797
Decrease (increase) in other current assets	(6,703)	(28,816)	(2,331)	(11,323)
Increase (decrease) in notes payable	(1,693)	(7,817)	-	-
Increase (decrease) in accounts payable	22,093	102,003	33,552	167,592
Increase (decrease) in other payables	35,681	164,739	32,226	160,970
Decrease in other payables to related parties	2,443	11,280	-	-
Increase (decrease) in provisions for liabilities	4,835	22,323	1,772	8,851
Cash provided by operating activities	341,825	1,639,517	407,718	2,055,343
Income taxes paid	(63,941)	(310,044)	(64,465)	(324,459)
Net cash flows from operating activities	277,884	1,329,473	343,253	1,730,884
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(66,269)	(321,339)	(103,153)	(519,185)
Decrease (increase) in prepayments on purchase of equipment	(111,858)	(516,448)	(67,808)	(338,702)
Acquisition of intangible	(5,740)	(28,518)	-	-
Decrease (increase) in long-term account receivables	8,990	50,852	(14,206)	(70,959)
Decrease (increase) in other current assets	(9,691)	(8,901)	(88,815)	(443,050)
Decrease (Increase) in other non-current assets	461	2,235	1,375	6,868
Interest received	3,700	17,940	6,524	32,837
Net cash flows from investing activities	(180,407)	(804,179)	(266,083)	(1,332,191)
Cash flows from financing activities:				
Increase (decrease) in short-term bank loans	195,671	639,908	60,411	301,753
Proceeds from long-term bank loans	231,752	1,070,000	60,060	300,000
Repayment of long-term bank loans	(97,466)	(450,000)	-	-
Cash dividends paid	(126,139)	(628,663)	(122,525)	(610,173)
Proceeds from issuance of bonds payable	(54,669)	(261,100)	(9,222)	(96,200)
Change in Noncontrolling interest	2,889	13,927	-	-
Interest paid	(17,185)	(83,329)	(14,013)	(70,531)
Net cash flows from financing activities	134,853	300,743	(25,289)	(175,151)
Effect of exchange rate changes on cash and cash equivalents	7,492	90,949	(9,157)	(54,817)
Net increase (decrease) in cash and cash equivalents	239,822	916,986	42,724	168,725
Cash and cash equivalents, beginning of the year	503,373	2,514,347	460,649	2,345,622
Cash and cash equivalents, end of the year	**$ 743,195**	**3,431,333**	**503,373**	**2,514,347**

See accompanying notes to financial statements.

(1) Company history

Ginko International Co., Ltd. (the "Company") was incorporated in the Cayman Islands on June 11, 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on Taipei Exchange Securities Market R.O.C. ("Taipei Exchange" TPEx) on April 27, 2012. The consolidated financial statements of the company as of and for the year ended December 31, 2015 and 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is a major supplier of eye health products, including contact lenses, lens care products and medicines which engages mainly in the researching, manufacturing and selling.

(2) Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 8th, 2017.

(3) New accounting standards, amendments and interpretations not yet adopted

The new standards, amendments and interpretations issued by the IASB but not yet in effect that may impact the consolidated financial statements are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Insurance Contracts"	January 1, 2021
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 Investment Property	January 1, 2018

The Group is still currently determining the potential impact of the standards listed below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue," IAS 11 "Construction Contracts," and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: • Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. • Impairment: The expected credit loss model is used to evaluate impairment. • Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.
September 11, 2014	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
January 19, 2016	Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	The objective of this project is to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. It clarifies that 'taxable profit excluding tax deductions' used for assessing the utilization of deductible temporary differences is different from 'taxable profit on which income taxes are payable'.
January 29, 2016	Amendments to IAS 7 "Disclosure Initiative"	The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

(Continued)

Issuance / Release Dates	Standards or Interpretations	Content of amendment
2016.6.20	Amendments to IFRS 2 "Clarifications of Classification and Measurement of Share based Payment Transactions"	The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for: • the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; • share-based payment transactions with a net settlement feature for withholding tax obligations; and • a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Group is evaluating the impact on its financial position and financial performance of the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

(a) Statement of compliance

The accompanying consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and IFRSs which including international accounting standards and interpretations issued by the IASB.

(b) Basis of preparation

i) Basis of measurement

The accompanying consolidated financial statements have been prepared on the basis of the historical cost except for the compound financial instruments are measured at fair value.

ii) Functional and presentation currency

The functional currency of the Company and subsidiary in Taiwan is New Taiwan Dollars and that of the subsidiaries in Mainland China is Chinese Yuan. The consolidated financial statements are presented in New Taiwan Dollars and Chinese Yuan respectively.

(c) Basis of consolidation

i) Principle of preparation of the consolidated financial statement

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if it results in the non-controlling interests having a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses, are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

ii) List of subsidiaries included in the consolidated financial statement:

Subsidiary	Notes	Establishment Location and date	Shareholding ratio Direct	Shareholding ratio Indirect	Paid-in / Registered capital	Nature of business
Prosper Link International Limited (Prosper Link)		British Virgin Islands September 5, 2007	100%	-	USD 3,000 thousand / USD 3,000 thousand	Holding company
Yungsheng Optical Co.,Ltd. (Yungsheng Corporation)		Taiwan October 14, 1995	100%	-	TWD1,560,000 thousand/ TWD 1,560,000 thousand	Manufacturing and selling contact lens and contact lens solution
Haichang International Limited (Haichang International)		Hong Kong October 9, 2007	-	100%	HKD 1,000 thousand / HKD 1,000 thousand	Holding company
Haichang Contact Lens Co., Ltd. (Haichang Corporation)	(a)	China November 17, 1995	-	100%	USD 56,319 thousand / USD 56,319 thousand	Manufacturing and selling of contact lens, contact lens solution and other eye-related appliance
Jiangsu Horien Contact Lens Co., Ltd. (Horien Corporation)	(a)	China April 11, 2005	-	100%	CNY 15,000 thousand / CNY 15,000 thousand	Manufacturing and selling of contact lens, contact lens solution and other eye-related appliance
Shanghai Horien Contact Lens Optical Co.,Ltd (Shanghai Horien)	(a)	China April 19, 2010	-	100%	CNY 75,000 thousand / CNY 75,000 thousand	Selling of contact lens and eye care solution
Gain Bless Management Ltd. (Gain Bless)		British Virgin Islands July 28, 2015	-	100%	USD 1,150 thousand / USD 1,150 thousand	Holding Company
Horien Optic (Malaysia) Sdn. Bhd. (Horien Malaysia)	(b)	Malaysia May 12, 2014	-	70%	MYR 2,500 thousand / MYR 2,500 thousand	Selling of contact lens and eye care solution

(Continued)

Subsidiary	Notes	Establishment Location and date	Shareholding ratio Direct	Indirect	Paid-in / Registered capital	Nature of business
Master Harvest Global Ltd. (Master Harvest)		Anguilla May 24, 2016	-	100%	USD 2,100 thousand / USD 2,100 thousand	Holding Company
エイショウ光學株式會社 (Yungsheng Japan)	(c)	Japan April 22,2014	-	70%	JPY 90,000 thousand / JPY 90,000 thousand	Selling of contact lens and eye care solution
Shanghai Fushiyuan Contact Lens Co., Ltd. (Shanghai Fushiyuan)	(a) and (d)	China September 28, 2016	-	100%	CNY 10,000 thousand / CNY 10,000 thousand	Selling of contact lens and eye care solution

(a)：Haichang Corporation, Horien Corporation, Shanghai Horien and Shanghai Fushiyuan were established in China and indirectly controlled by the Company.

(b)：Gain Bless acquired Horien Malaysia's full control on January 4, 2016.

(c)：Master Harvest acquired Yungsheng Japan's full control on August 1, 2016.

(d)：Haichang Corporation, injected capital to Shanghai Fushiyuan on December 14, 2016.

iii) Subsidiaries excluded from consolidation：None.

(d) Business combinations

A business combination must be accounted for by applying the acquisition method beginning from the acquisition date in which the acquirer acquired the controlling of the acquiree. Controlling means the acquirer has the power to determine the financial and operating policies of the acquiree so as to obtain benefits from its activities.

Goodwill, which the acquirer recognized at the acquisition date, is measured as an aggregation of the consideration transferred(which is generally measured at fair value according to IFRS3 at the acquisition date) and the amount of non-controlling interest of the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the business combination is achieved in stages, the Group shall measure any non-controlling equity interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the residual balance stated above is negative, the Group should recognize a gain on the bargain purchase thereafter.

In a business combination is achieved in stages, the Group shall measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

All the transaction costs incurred for business combination are recognized immediately as the Group's expenses when incurred, except for the issuance of debt or euity instruments.

Contingent consideration in a business combination that is not classified as an equity instrument is subsequently measured at fair value, with the corresponding gain or loss recognised either in profit or loss or other comprehensive income in accordance with IFRS 9.

If at acquisition date the acquiree has loss carryforward or other deductible temporary differences which are inconsistent with the definition of deferred tax assets, the changes of deferred tax assets should be recognized in profit or loss.

(e) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

Non-monetary claims and liabilities in foreign currency transactions are based on exchange rates at the transaction dates; dividend is measured by the exchange rate on the declaration date; income and expenses are translated at the average exchange rates.

Foreign currency differences are recognized in other comprehensive income, and are presented in the exchange differences on translation of foreign financial statements in equity.

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

An asset is classified as current when:

i) It is expected to be realized the asset, or intended to be sold or consumed, during the normal operating cycle;

ii) It is held primarily for the purpose of trading;

iii) It is expected to be realized within twelve months after the reporting period; or

iv) 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.

All other assets are classified as non-current.

A liability is classified as current when:

i) It is expected to be settled during its normal operating cycle;

ii) It is held primarily for the purpose of trading;

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

iv) It does not have an unconditional right to defer settlement 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 issuing equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(Continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and Certificate deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used for the purpose of meeting short-term commitments.

(h) Financial instruments

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

i) Financial assets

i. Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Receivables comprise trade receivables and other receivables. At initial recognition, these assets are recognized at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, receivables are 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 is recognized and derecognized, as applicable, using trade date accounting.

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

ii. 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 (a loss event) that occurred subsequent to the initial recognition of the asset and that a loss event (or events) has an impact on the future cash flows of the financial assets 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 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 the one suggested by historical trends.

For the receivables, an impairment loss is reflected in an allowance account. When it is determined a receivable is uncollectible, it is written off against the allowance account. Any subsequent recovery from the written off receivable is charged to the allowance account. Changes in the allowance accounts are recognized in profit or loss.

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Impairment losses and recoveries are recognized in profit or loss, and they are included in non-operating income and expense.

iii. 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.

ii) Financial liabilities and equity instruments

i. Classification of debt or equity instruments

Debt or equity instruments issued by the Group are classified as financial liabilities or equity instruments in accordance with the substance of the contractual agreement.

Compound financial instruments issued by the Group comprise convertible bonds payable that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

At initial recognition, the liability component of a compound financial instrument is recognized at fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially based on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, under non-operating income and expense. On conversion, financial liability is reclassified to equity, without recognizing any gain or loss.

ii. Financial liabilities at fair value through profit or loss

A hybrid instrument is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss, and are included in "non-operating income and expenses".

iii. Other financial liabilities

Financial liabilities not classified as held-for-trading, or designated as at fair value through profit or loss, which comprise of loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction cost. 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 finance cost.

iv. Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in "non-operating income and expenses".

v. Offsetting of financial assets and liabilities

Financial assets and liabilities are presented 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.

(i) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the relevant book value of stock should be-expensed as incurred with the revenue recognized on. The Group write-off book value and related losses, loss should be recognized as an annual loss for the period. If the change of circumstances has an impact in the increase of net realizable value, the Group should revere it as the deduction of cost of good sold.

(j) Property, plant and equipment

i) 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.

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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 separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined based on the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss, and is included in non-operating income and expenses.

ii) Subsequent cost

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

iii) Depreciation

Depreciation is calculated on the depreciable amount of an asset using the straight-line basis over its useful life. The depreciable amount of an asset is determined based on the cost less its residual value. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period is 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. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

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

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

i.	Building	20~50 years
ii.	Leasehold improvements	Shorter of the lease term and estimated useful life (usually about 10 years)
iii.	Machinery	5~10 years
iv.	Transportation equipment	3~5 years
v.	Other equipment	2~15 years

(k) Leased assets

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.

The land ownership is not transferred if the benefits and risks of the land lease are not fully transfer, and will be treated as operating leases. It is measured at cost less accumulated amortization and accumulated impairment losses. The long-term prepaid rents of land leasehold rights are recognized periodically as rent expenses on a straight-line basis.

(l) Intangible assets

i) Goodwill

i. Recognition

Goodwill arising from the acquisition of subsidiaries is recognized as intangible assets. Goodwill is the part of acquisition cost over the fair value of identifiable assets under the acquisition method. Goodwill is measured at its initial cost less accumulated impairment losses.

ii. Measurement

Goodwill is measured at cost less accumulated impairment losses. The carrying amount of the investment under equity method includes goodwill, so the related impairment loss is recognized as part of the carrying amount, because it can't be allocated to goodwill or other assets.

ii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

iv) Amortization

Depreciable amount of intangible asset is calculated based on the cost of an asset less its residual values.

Except for goodwill and intangible assets with infinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date when they are made available for use. The estimated useful lives of intangible assets for the current and comparative periods are as follows:

i.	Trademark rights	10~20 years
ii.	Patents	7~20 years
iii.	Technology know-how	10 years
iv.	License, chartered right and customer relationship	3~5 years
v.	Computer software cost	3 years

(m) Impairment—Non-derivative financial assets

Non-derivative financial assets except for inventories and deferred tax assets are assessed at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. 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.

The recoverable amount for 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 is reduced to its recoverable amount. Such is deemed as an impairment loss, which is 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 estimated.

An impairment loss recognized in prior periods for an asset 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 is increased to its recoverable amount by reversing an impairment loss.

Recovery of goodwill are required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Reversal of an impairment loss for goodwill is prohibited.

(n) Borrowing costs

Borrowing costs are recognized as an expense when they occur. However, borrowing costs which directly attributable to the acquisition, construction or production that necessarily takes a substantial period of time to get ready for its intended use or sale are included in the cost of the asset (capitalization).

Borrowing costs which are parts of assets costs should be capitalized when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization should be suspended or ceased during periods in which active development is interrupted or all of the activities necessary to prepare the asset for its intended use or sale are complete.

(Continued)

(o) 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 an outflow of economic benefits is possibly 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.

(p) Revenue

Revenue is recognized when it is probable that the future economic benefits attributable to the asset will flow to the entity, and the amount of revenue and cost can be measured reliably on current period is as follows:

i) Sales revenue—revenue of selling products should be recognized when the significant risks and rewards are transferred to the customers. The recognized amount is measured at fair value of the consideration received or receivable net of business tax, other sales tax, sales returns and discounts. When recognizing sales revenue, sales costs should be measured reliably while the company does not participate in the subsequent management of the transferred products.

ii) Distribution revenue—distribution revenue should be recognized when the distribution service is provided and the collectability could be measured reliably.

iii) Financial revenue—interest revenue is recognized at effective interest rate.

(q) Employee benefits

Wages, salaries, bonuses and employee welfare should be recognized during the employees rendering the services in the consolidated company. If the terms of payment are long, the company should recognize at a discount rate.

According to the regulations of P.R.C., R.O.C, Malaysia, and Japan pensions cost other than which is allocated to inventory costs should be recognized as expenses when it occur.

(r) Share-based payment

The Group recognizes the costs of issuing the employee stock warrants under fair value method. Accordance with the regulation of the employee stock warrants plan, the Group recognizes expenses during the vesting period, and increase the paid-in capital under equity account.

Employee stock warrants plan is estimated the fair value of warrants on the grant date under binominal option pricing model. Employees of the Group should conform to the vesting conditions of employee stock warrants so they could get the warrants unconditionally. The Group estimates the fair value and considers the probability that warrant owners get the warrants during the vesting period.

Under the vesting period, the expected implement of employee stock warrants has to inspect periodically. Any changes of fair value in prior years should be adjusted on current gains or losses and paid-in capital excluding the original cost of services which complies with assets recognition principles.

Subsequent information shows that the Group should amend the estimated amount if there is a difference between the expected vesting amount and estimated amount. Except for unfulfilling vesting conditions and waiving the right due to the market value, the Group should adjust the recognized expenses and paid-in capital to reflect the final amount of equity instruments.

(s) Treasury stock

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 the existing capital reserves arising from similar types of treasury shares. If there are any insufficient capital reserves to be offset, 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 the existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against the existing capital reserves arising from similar types of treasury shares. If there are any insufficient capital reserves to be offset, then such losses should be accounted for under retained earnings.

(t) Income taxes

Income tax expenses include both current taxes and deferred taxes.

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 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.

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 they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

Deferred tax assets and liabilities should not be offset unless the taxing authorities allow to settle tax assets and liabilities on a net basis.

(u) Earnings per share

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

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Major sources of accounting assumptions, judgments, and estimation uncertainty

The preparation of the consolidated financial statements requires the Group 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.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recongnized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

Information on critical judgments in applying accounting policies that have the most significant effect to the amounts recognized in the consolidated financial statements is as follows:

(a) Net realizable value of inventories

Based on production cost and net realizable value of inventories, the company evaluated price because of normal deterioration, aging, or no market demand, then transfer inventory costs to net realizable value. Inventory evaluation depend on the uniqueness of products, and price changes depend on market demand. Therefore, this may impact the change of sales demand to realizable value of inventories. For more details of inventory evaluation, please refer to consolidated financial report of Notes 6(d).

(b) Revenue Recognition

Based on agreement, historical experiences, marketing, economic conditions, and other reasons, which might occur in sales' return and allowance, the Group marked the sales of product as revenues' deduction and periodic inspection of estimates' reasonableness. Because of competition in marketing prices and development of production, these might cause majority change in prices. For more details of revenues' return and allowance, please refer to consolidated financial report of Notes 6(q).

(Continued)

(c) Impairment loss of accounts receivable and other receivables

Based on historical experiences, market and economic conditions, and other reasons, which might occur in impairment loss of accounts receivable, therefore the Group inspects the reasonableness of estimates periodically. For more details of impairment loss of account receivable, please refer to consolidated financial report of Notes 6(c).

(6) Description of Significant Accounts

(a) Cash and cash equivalents

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Cash on hand	$ 8,427	38,906	2,039	10,186
Check deposits	24	109	48	242
Demand deposits	474,799	2,192,152	455,191	2,273,676
Certificate deposits	259,945	1,200,166	46,095	230,243
Total	**$ 743,195**	**3,431,333**	**503,373**	**2,514,347**

(b) Other current assets

Item	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Restricted deposits	$ 104,506	482,503	94,815	473,602
Others	12,336	56,956	5,633	28,140
Total	**$ 116,842**	**539,459**	**100,448**	**501,742**

The restricted deposits were the certificate of deposits pledged by using the bank loans of the Company and Haichang Corporation.

(c) Notes receivable, accounts receivable and other receivables

i) The details were as follows:

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Notes receivable	$ 9,817	45,323	5,778	28,862
Accounts receivable	1,224,356	5,652,849	1,064,031	5,314,840
Accounts receivable from related parties	22,257	102,762	14,695	73,400
Other receivables	40,182	185,520	14,523	72,539
Other receivables from related parties	41,323	190,787	55,448	276,965
Long-term receivables	31,437	145,145	62,051	309,940
	1,369,372	6,322,386	1,216,526	6,076,546
Less: allowance for uncollectible accounts	85,971	396,928	64,008	319,720
	$ 1,283,401	**5,925,458**	**1,152,518**	**5,756,826**

(Continued)

ii) The movement in the allowance for uncollectible accounts was as follows:

		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
Beginning balance	$	64,008	319,720	49,280	250,935
Recognized impairment loss		21,963	106,496	14,728	74,127
Effect of change in exchange rates		-	(29,288)	-	(5,342)
	$	85,971	396,928	64,008	319,720

Aging analysis of the receivables which were overdue but not impaired were as follows:

		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
Past due less than 30 days	$	89,492	413,185	52,092	260,200
Past due 31 - 90 days		108,090	499,052	111,083	554,860
Past due 91 - 180 days		135,631	626,208	75,311	376,178
Past due 181 - 365 days		140,893	650,503	64,279	321,074
Past due more than 1 year		15,727	72,610	24,717	123,461
	$	489,833	2,261,558	327,482	1,635,773

iii) Factoring of accounts receivable:

The Group signed an account receivable factoring agreement without recourse with Danyang subbranch of China Construction Bank (CCB) Zhenjiang branch. According to the agreement, the Group does not need to bear the risk of irrecoverable accounts receivable. Additionally, China Construction Bank reserves 20% of the amount of factoring accounts receivable for potential losses resulting from trade disputes. The remaining payments will be made at the settlement date. The transactions were in accordance with the derecognition principle of financial assets.

The related factoring information as of the reporting date was as follows :

	December 31, 2016					
Factor	Derecognition		Line of Credit		The amount of the advances	
	CNY	TWD	CNY	TWD	CNY	TWD
CCB	$ -	-	-	-	-	-

	December 31, 2015					
Factor	Derecognition		Line of Credit		The amount of the advances	
	CNY	TWD	CNY	TWD	CNY	TWD
CCB	$ 180,000	899,100	225,000	1,123,875	180,000	899,100

(Continued)

(d) Inventories

i) The details were as follows:

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Raw materials	$ 202,162	933,380	116,867	583,751
Work in process	177,166	817,977	177,207	885,150
Finished goods	50,519	233,246	41,581	207,697
Low value consumables	6,644	30,676	7,594	37,931
	$ 436,491	**2,015,279**	**343,249**	**1,714,529**

ii) Cost of goods sold recognized in 2015 and 2014 was as follows:

	2016		2015	
	CNY	TWD	CNY	TWD
Cost of inventories sold	$ 507,247	2,459,591	455,702	2,293,592
Allowance for inventory abandonment loss	31,103	150,816	22,048	110,970
Allowance for inventory obsolescence loss	(748)	(3,626)	2,092	10,529
Inefficient yield loss	3,686	17,871	-	-
	$ 541,288	**2,624,652**	**479,842**	**2,415,091**

(e) Purchased subsidiary corporations

i) Acquired Horien Malaysia

On January 4th, 2016, the Group has paid USD 971 thousand (CNY 6,422 thousand ; TWD 32,053 thousand) to obtain control of Horien Optic (Malaysia) Sdn. Bhd. by acquiring 70% of the shares and voting interests of the Company. Before the exchange, the stockholders' rights have been discussed and reported to the local authorities, including changes in names of the board of directors by December 1, 2016.

Horien Malaysia was already one of the Ginko's overboard clients. Also, as a major supplier of selling eye health products, including contact lenses, lens care products and medicines, by acquiring control of Horien, the Group obtained full group of clients and marketing channel. This benefited the Group by entering and developing Southeast Asia's marketing.

From the date of taking full control of Horien until December 31st, 2016, the Group recognized to a revenue of CNY 2,444 thousand (TWD 11,851 thousand) and net loss of CNY 2,503 thousand (TWD 12,137 thousand). During exchange, the external costs is CNY 23 thousand (TWD 114 thousand).

The following table summarizes the recognized amounts of assets acquired and labilities assumed at the aquistion date:

	CNY	TWD
Consideration transferred	$ 6,422	32,053
Intangible Assets - clients relations	5,153	25,721
Property, Plant, and Equipment	119	592
Inventories	2,530	12,628
Account receivable and other receivable	1,511	7,541
Cash	1,471	7,343
Account payable and other payable	(2,185)	(10,905)
Taxes payable	(5)	(23)
Other liabilities	(934)	(4,663)
Non-controlling interest	(1,238)	(6,181)
Identifiable Net Assets	$ 6,422	32,053

ii) Acuqired Yungsheng Japan Co.

On August 1st, 2016, the Group has paid JPY 10,000 thousand (CNY 649 thousand ; TWD 3,089 thousand) to obtain control of Yungsheng Japan Optical Co. Ltd. by acquiring 100% of the shares of voting interests in the company. Before the exchange occured, the stockholders' rights have been discussed and reported to the local authorities. In addition, the names of legal representatives and supervisors have been changed on August 12th, 2016.

On August 2nd, 2016, the Group sold 30% of the shares and voting interests to external strategic investors, which the disposal price was JPY 3,531 thousand (CNY 231 thousand ; TWD 1,101 thousand).

In the beginning, the Group has requested Yungsheng Japan to apply for a consultanting company's license from Japanese Ministry of Health, Labour, and Welfare for manufacturing and selling contact lens. After acquiring the license, Yungsheng Japan became a manufacturing and selling company, which focuses on a major supplier of eye health products, including contact lenses, lens care products and medicines. By obtaining control of Yungsheng Japan, the Group has gained the advantages of expanding in Japan's marketing.

From the date of taking full control of Yungsheng Japan until December 31st, 2016, the Group recognized revenue of CNY 330 thousand (TWD 1,602 thousand) and net loss of CNY 1,364 thousand (TWD 6,614 thousand). During exchange, the external costs is CNY 5 thousand (TWD 27 thousand).

The following table summarizes the recognized amounts of assets acquired and labilities assumed at the aquistion date:

	CNY	TWD
Consideration transferred	$ 649	3,089
Intangible Assets - franchise	585	2,787
Account receivable and other receivable	95	449
Cash	49	233
Other Current Assets	30	141
Account Payable	(63)	(298)
Other Current Liabilities	(47)	(223)
Identifiable Net Assets	$ 649	3,089

(f) Property, plant and equipment

	2016									
	Beginning balance		Additions		Disposals		Reclassification and exchange rate difference		Ending balance	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Cost:										
Building	$ 248,169	1,239,606	3,040	14,741	-	-	111,452	420,060	362,661	1,674,407
Leasehold improvements	76,641	382,822	300	1,456	-	-	2,873	(15,776)	79,814	368,502
Machinery	817,464	4,083,234	10,718	51,980	(7,821)	(37,924)	78,592	53,187	898,953	4,150,477
Transportation equipment	10,228	51,086	1,342	6,506	-	-	149	(3,489)	11,719	54,103
Other equipment	22,788	113,824	1,849	8,963	(113)	(548)	1,588	(1,685)	26,112	120,554
Construction in process	23,235	116,059	49,020	237,693	-	-	(25,208)	(136,537)	47,047	217,215
Subtotal	1,198,525	5,986,631	66,269	321,339	(7,934)	(38,472)	169,446	315,760	1,426,306	6,585,258
Accumulated depreciation:										
Building	52,744	263,455	15,495	75,135	-	-	2,098	(13,845)	70,337	324,745
Leasehold improvements	12,666	63,268	5,632	27,310	-	-	587	(3,386)	18,885	87,192
Machinery	246,082	1,229,182	79,719	386,551	(3,025)	(14,667)	6,431	(81,114)	329,207	1,519,952
Transportation equipment	6,418	32,056	1,086	5,265	-	-	46	(2,466)	7,550	34,855
Other equipment	12,095	60,413	3,266	15,838	(95)	(459)	437	(3,288)	15,703	72,504
Subtotal	330,005	1,648,374	105,198	510,099	(3,120)	(15,126)	9,599	(104,099)	441,682	2,039,248
Property,plant and equipment,net	$ 868,520	4,338,257	(38,929)	(188,760)	(4,814)	(23,346)	159,847	419,859	984,624	4,546,010

	2015									
	Beginning balance		Additions		Disposals		Reclassification and exchange rate difference		Ending balance	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Cost:										
Building	$ 194,477	990,344	7,740	38,955	(5)	(23)	45,957	210,330	248,169	1,239,606
Leasehold improvements	73,681	375,154	2,294	11,548	-	-	666	(3,880)	76,641	382,822
Machinery	677,804	3,451,661	66,090	332,639	(957)	(4,815)	74,527	303,749	817,464	4,083,234
Transportation equipment	10,143	51,647	683	3,439	(619)	(3,117)	21	(883)	10,228	51,086
Other equipment	21,412	109,041	740	3,727	(60)	(302)	696	1,358	22,788	113,824
Construction in process	74,938	381,580	25,606	128,877	-	-	(77,309)	(394,398)	23,235	116,059
Subtotal	1,052,455	5,359,427	103,153	519,185	(1,641)	(8,257)	44,558	116,276	1,198,525	5,986,631
Accumulated depreciation:										
Building	40,999	208,831	12,317	61,995	(2)	(12)	(570)	(7,359)	52,744	263,455
Leasehold improvements	6,070	30,908	5,637	28,371	-	-	959	3,989	12,666	63,268
Machinery	180,697	920,349	65,098	327,647	(520)	(2,619)	807	(16,195)	246,082	1,229,182
Transportation equipment	5,960	30,358	1,008	5,075	(557)	(2,805)	7	(572)	6,418	32,056
Other equipment	8,984	45,761	3,097	15,589	(52)	(263)	66	(675)	12,095	60,412
Subtotal	242,710	1,236,207	87,157	438,677	(1,131)	(5,699)	1,269	(20,812)	330,005	1,648,373
Property,plant and equipment,net	**$ 809,745**	**4,123,220**	**15,996**	**80,508**	**(510)**	**(2,558)**	**43,289**	**137,088**	**868,520**	**4,338,258**

Situations about the Group provided collateral and pledge guarantee of property, plant, and equipment, please see note 8.

(g) Intangible assets

i) Goodwill

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Beginning balance	$ 7,831	39,115	7,831	39,875
Effect of change in exchange rates	-	(2,959)	-	(760)
	$ 7,831	**36,156**	**7,831**	**39,115**

The goodwill was generated 100% equity shares from the acquisition of Shanghai Horien Corporation and Yung Sheng Corporation on April 1, 2013 and September 1, 2010, respectively.

ii) Others

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Original cost	$ 34,826	177,334	34,826	177,334
Plus: Additions	5,740	28,518	-	-
Less: Disposals	(14,291)	(70,278)	-	-
Less: Accumlated amortization	(16,332)	(75,405)	(25,407)	(126,908)
Effect of change in exchange rates	(129)	(14,857)	-	(3,378)
	$ 9,814	**45,312**	**9,419**	**47,048**

(Continued)

The accumulated amortization in 2016 and 2015 was as follows:

		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
Beginning balance	$	25,407	126,908	21,315	108,536
Amortization for the year		5,216	25,292	4,092	20,595
Less: Disposals		(14,291)	(70,278)	-	-
Effect of change in exchange rates		-	(6,517)	-	(2,223)
	$	**16,332**	**75,405**	**25,407**	**126,908**

The amortization expense of the trademark, patent, technology-know-how, concession, licence, franchise and customer relationship were booked as general and administrative expenses in 2016 and 2015.

(h) Other non-current assets—lease prepayments

		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
Beginning balance	$	17,679	88,308	18,112	92,225
Effect of change in exchange rates		461	2,235	-	-
Less: Amortization for the year		(432)	(2,095)	(433)	(2,179)
Effect of change in exchange rates		-	(6,688)	-	(1,738)
	$	**17,708**	**81,760**	**17,679**	**88,308**

Lease prepayments represent the payments for the land use rights of four pieces of land in Mainland China. The lease terms of the land use rights above are between 42 years and 50 years.

Please see note 8 about the land use rights of pledged assets.

(i) Bank loans

		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
Current:					
Secured loans	$	381,142	1,759,733	582,979	2,911,980
Long-term loans within a year		489,913	2,261,926	113,459	566,728
Long-term liabilities, current portion		-	-	30,030	150,000
Loans of letter of credit		21,000	96,957	-	-
Subtotal		892,055	4,118,616	726,468	3,628,708
Non-current:					
Secured loans		231,752	1,070,000	60,060	300,000
Subtotal		231,752	1,070,000	60,060	300,000
Total	$	**1,123,807**	**5,188,616**	**786,528**	**3,928,708**

(Continued)

The loans above were interest-bearing loans with fixed or floating interest rates. As of December 31, 2016 and 2015, the interest rates were 1.33%～4.35% and 1.20%～5.35%, respectively.

Please refer to note 8 for the Group' s pledged assets as collateral for bank loans in note 7 as of December 31, 2016 and 2015.

As of June 17, 2016, the Group signed a credit contract from Chang Hwa Commercial Bank, which is the leading bank of the syndicated loan, that total amounts of loan commitments is TWD 240,000 thousand of syndicated loan to the banks of participating loan for purchase or expand factories, machines, and other relatives equipment. The rest amount of loan become enrich liquidity working captial.

Based on the agreement, Yungsheng Corporation should cancel the first position of mortgage, set at No. 163-1, No, 246, No. 171, No. 171-1, and No. 171-2, Hengshen Road, Daya District, Taichung City, when the contract began within 10 bank working days, and let Chang Hwa Commercial Bank have the right of becoming the first position of mortgage.

The Group needs to ensure the participating banks that the ratios of investments in Yungsheng Corporation, Haichang Corporation, Horien Corporation, Shanghai Horien must be more than 75% and have substantial control over the subsidiary corporations above. The Group should not set the pledge or other liabilities to the third party, because they own the shares of subsidiaries above.

From the first date of using quota, Yungsheng Corporation should make sure in every three months, accumulated amount of money remitted to Chang Hwa Commercial Bank from the sales revenue of Yungsheng Corporation should not be less than TWD 200,000 thousand or its equivalent.

Based on the agreement contract, the return date of reimbursement in the above quota should finish pay back within 5 years after the first date of using.

The Group also has to comply with the financial covenants with Yungsheng Corporation based on its audited annual and semi-annual financial statements as follows: (If the Group breaches the above contract, should immediately repay back the amount of loan that has been used.

(1) Current ratio (current assets / current liabilities) should be higher than or equal to 100%;

(2) Liabilities ratio (total liabilities / tangible net value) should be less than or equal to 150%.

(3) Times interest earned [(profit before income tax+ interest expense + depreciation + amortization) / interest expense] should not be less than 3.

(4) Tangible net assets (total equity - intangible assets) should not be less than TWD 2.2 billion.

The banks of participating loan would check the financial ratios above in accordance with the financial report of Yungsheng Corporation semi-annually. After calculated current ratio, the outstanding debt balance after a year's credit period has transfer into long-term loan within a year account, which is not longer in current liability account.

For the secured loans of CNY 231,752 thousand (TWD 1,070,000 thousand) on December 31, 2015, the part of using working capital turnover rate is CNY 43,318 thousand (TWD 200,000 thousand); the part of capital expenditures and compensation is CNY 188,434 thousand (TWD 870,000 thousand).

For the secured loans of CNY 60,060 thousand (TWD 300,000 thousand) on December 31, 2015, the Group needed to ensure Chang Hwa Commercial Bank that the ratio of investment in Yung Sheng Corporation should not be less than 100%. The total semi-annual cash flow remitted to Chang Hwa Commercial Bank from the sales revenue of Yung Sheng Corporation can not be less than TWD 100,000 thousand or its equivalent. The Group also has to comply with the financial covenants with Yung Sheng Corporation based on its audited annual consolidated financial statements as follows:

(1) Current ratio (current assets / current liabilities) should be higher than or equal to 100%;

(2) Liabilities ratio (total liabilities / tangible net value) should be less than or equal to 150%.

(3) The financial ratios above are in accordance with the consolidated financial report of the Group in the year ended December 31, 2015.

If the Group breaches the above contract, the bank will raise the interest rate by 0.2% according to the above mentioned interest payment date. If the following year-end consolidated report is in compliance with the restriction of the financial percentage as mentioned above, the bank will adjust the interest rate to its original condition. The adjustment will be made in the following month after each collection date suceeding the reporting date of the issued financial statements.

For the unsecured loans of CNY 30,030 thousand (TWD 150,000 thousand) on December 31, 2015, the Group needed to ensure Industrial Bank of Taiwan that the ratio of investment, directly or indirectly, in Haichang Co. and Horien Co. should not be less than 80%, and the Group also had to comply with certain financial covenants based on its audited annual and semi-annual consolidated financial statements:

(1) Current ratio(current assets/current liabilities) should be higher than or equal to 100%;

(2) Liabilities ratio(total liabilities/tangible net value) should be less than or equal to 150%;

(3) Tangible net assets should not be less than TWD 1.5 billion.

As of December 31, 2016 and 2015, the Group did not have any financial ratio against the criteria mentioned above.

(j) Bonds payable

i) The Group's unsecured convertible bonds were as follows:

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Convertible bonds issued	$ 421,363	2,000,000	421,363	2,000,000
Unamortized discounted on bonds payable	(4,648)	(21,460)	(9,452)	(47,212)
Accumulated conversion	(253,355)	(1,289,500)	(198,686)	(1,028,400)
Effect of change in exchange rates	(14,120)	-	(28,162)	-
	149,240	689,040	185,063	924,388
Less: due less than 1 year	-	-	185,063	924,388
	$ 149,240	**689,040**	-	-

(Continued)

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Embedded derivative instruments – conversion options, included in financial liabilities at fair value through profit or loss	$ -	-	39	194
Equity portion –conversion options, included in additional paid in capital	$ 11,312	60,155	15,893	82,261

	2016		2015	
	CNY	TWD	CNY	TWD
Embedded derivative instruments – conversion options, included in other gains and losses	$ 39	194	2,792	14,052
Interest expenses	$ 3,192	15,477	3,983	20,046

ii) On July 17, 2013 the Group issued the unsecured convertible bonds of TWD 2,000,000 thousand for broadening factory buildings, purchasing machinery and equipment, redeeming bank loans and enriching working capital. The major terms and conditions were as follows:

i. Issued period: 5 years, commencing from July 17, 2013 and maturing on July 17, 2018.

ii. Issued amount and denomination: The total issued amount was TWD 2,000,000 thousand, with a par value of TWD 100 thousand each unit, and issued at 100% of par value.

iii. Coupon rate: 0%

iv. Conversion right and target: As the rule, the Holders could request the company for converting the bonds to common shares based on the conversion price on the conversion date. The Group has the duty to issue new shares.

v. Conversion period: Holders will have the right to convert their bonds at any time during the conversion period commencing August 18, 2013 (the next day following a month after the Closing Date) and ending at the close of business on July 7, 2018 (the 10th day prior to the Maturity Date).

vi. Conversion price and adjustment:

1) Conversion price was TWD 501 per share upon issuance.

2) The Group should adjust the conversion price using the formula of issue method if the share capital increases after the issuance. The Group adjusted the conversion price per share to TWD 469.4, TWD 479.1, TWD 489.9 and TWD 496.2 on July 25, 2016, August 22, 2015, July 23, 2014 and July 23, 2013 (ex-dividend based date).

vii. Redemption of bonds:

1) Redemption at the option of the Group :

The Group would redeem the bonds in accordance with the conversion rules if the stock closing price in Taipei Exchange Securities Market during the period of 30 consecutive trading dates exceeds 30% of the conversion price, or if the outstanding amounts of bonds are less than the 10% of the total issued amounts during the period commencing August 18, 2013 (the next day following a month after the Closing Date) and ending at the close of business on June 6, 2018 (the 40th day prior to the Maturity Date).

2) Redemption at mature date:

Unless the bonds have been previously redeemed or converted, the bonds will be redeemed by the Group on the Maturity Date at an amount equal to the principal amount of the bonds.

3) Redemption at the option of the Holders:

Each Holder has the right to require the Group to redeem the principal amount of such Holder's bonds on July 17th of 2015 and 2016, at a redemption price equals to the principal amount of the bonds, with a yield-to-maturity of 0.5% per annum. If the bonds expire in two years, the interest payable refund from the bond conversion would be 1.00% of the par value of the bond. If they expire in three years, the interest payable refund from the bond conversion would be 1.51% of the par value of the bond.

(k) Other payables

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Accrued expense and others	$ 63,456	292,977	39,383	196,717
Accrued salary and reward	31,879	147,184	30,490	152,299
Advances from customers	10,429	48,151	11,135	55,620
Tax payable	21,203	97,895	8,092	40,420
	$ 126,967	**586,207**	**89,100**	**445,056**

Payables as mentioned above were expected to redeem within 1 year.

(l) Provisions

	CNY	TWD
Balance on January 1, 2016	$ 7,137	35,649
Provisions made during the period	96,266	444,460
Provisions used during the period	(91,965)	(424,602)
Effect of change in exchange rates	534	(231)
Balance on December 31, 2016 (Current)	**$ 11,972**	**55,276**

	CNY	TWD
Balance on January 1, 2015	$ 5,365	27,317
Provisions made during the period	125,888	628,811
Provisions used during the period	(124,215)	(620,456)
Effect of change in exchange rates	99	(23)
Balance on December 31, 2015 (Current)	**$ 7,137**	**35,649**

(m) Employee benefit

	2016		2015	
	CNY	TWD	CNY	TWD
Pension	**$ 16,431**	**79,672**	**12,657**	**63,700**

(n) Income taxes

i) Income tax expense

The income tax expense for the years ended December 31, 2016 and 2015, were as follows:

	2016		2015	
	CNY	TWD	CNY	TWD
Current income tax expense				
Currently incurred	$ 63,235	306,620	70,191	353,285
Adjustment to prior year's income tax charged to current income tax	(3,872)	(18,775)	(8,179)	(41,168)
	59,363	287,845	62,012	312,117
Deferred tax expense				
The origination and reversal of temporary differences unrecognized tax losses	7,206	34,941	(4,029)	(20,282)
Income tax expenses	**$ 66,569**	**322,786**	**57,983**	**291,835**

Ginko, Prosper Link, Gain Bless, and Master Harvest are incorporated in no tax areas, so they had no tax to pay in 2016 and 2015.

(Continued)

In 2015 and 2016, Haichang International did not have any income from Hong Kong, therefore, no tax to pay. However, according to the Income Tax Act of Hong Kong, if they have income from Hong Kong, then the tax rate will be 16.5%.

According to the Income Tax Act of the People's Republic of China, the tax rate for Haichang Corporation, Horien Corporation, Shanghai Horien, and Shanghai Fushiyuan would be 25% if without tax incentive.

Haichang Corporation was qualified for the tax benefit on July 6 ,2015, with the effective term from 2015 to 2017; therefore, the tax rate remains at 15%.

Horien Corporation was qualified for the tax benefit on December 3 ,2013, with the effective term from 2014 to 2016; therefore, the tax rate remains at 15%.

Effective January 2008, all foreign investors have to pay 10% withholding tax because of the dividends declaration of companies in domestic China according to the tax law of the People's Republic of China. However, some specific foreign investors would qualify a decrease in tax of up to 5% according to Letter No.601 [2009] of the State Administration of Taxation on October 27, 2009.

The Company' s subsidiary in Hong Kong, Haichang International, acquired a notice from the Taxing Authority in Danyang city on July 26, 2013, wherein its withholding dividend tax rate had changed from 10% to 5% since January 2008.

According to the Income Tax Act of the Republic of China, the tax rate for Yungsheng Corporation is 17%. Besides, Yungsheng Corporation should pay 10% surtax on unappropriated earnings of prior year.

According to the Income Basic Tax Act of the Republic of China, the tax rate of the amount of basic income for Yungsheng Corporation is 12%.

Yungsheng Corporation's tax returns through 2012 have been assessed and approved by National Taxation Bureau of the Central Area, Republic of China.

According to the Income Tax Act of Malaysia, Horien Malaysia's equity has not exceeded more than MYR 2,500 thousand, and did not achieve tax preferential, therefore, the tax rate is 19%.

According to the Income Tax Act of Japan, Japan Yungsheng's equity has not exceeded more than JPY 100,000 thousand, therefore, at the year end, if equity does not exceed JPY 80,000 thousand, then the tax rate is 22%; if equity does exceed 80,000 thousand, then the tax rate will be 30%.

The Group's reconciliations of tax expenses and profit before tax in 2015 and 2014 were as follows:

	2016		2015	
	CNY	TWD	CNY	TWD
Profit before tax	$ 378,286	1,834,271	369,325	1,858,856
Computing tax using the Group's domestic tax rate	$ 95,771	464,384	99,973	503,172
Effect of tax rate in foreign jurisdiction	9,203	44,625	1,549	7,798
Tax-exempt income	(35,446)	(171,873)	(40,563)	(204,158)
Prior years income tax adjustment	(3,872)	(18,775)	(8,179)	(41,168)
China's subsidiaries' projected surplus' withholding tax	438	2,124	4,203	21,157
Non-deductible expenses	8	38	8	39
Other temporary differences	467	2,263	992	4,995
Total	$ 66,569	322,786	57,983	291,835

ii) Deferred tax assets and liabilities

The changes of deferred tax assets and liabilities in 2015 and 2014 were as follows:

Deferred tax assets:

	Allowance for doubtful account		Loss carryforward		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
January 1, 2016	$ 11,722	58,552	13,077	65,320	16,601	82,920	41,400	206,792
Recognized in profit (loss)	3,681	17,848	(9,521)	(46,165)	(1,960)	(9,505)	(7,800)	(37,822)
Effect of change in exchange rates	-	(5,283)	593	-	42	(5,625)	635	(10,908)
December 31, 2016	$ 15,403	71,117	4,149	19,155	14,683	67,790	34,235	158,062
January 1, 2015	$ 9,034	46,000	14,669	74,695	9,387	47,798	33,090	168,493
Recognized in profit (loss)	2,688	13,529	(1,863)	(9,375)	6,813	34,292	7,638	38,446
Effect of change in exchange rates	-	(977)	271	-	401	830	672	(147)
December 31, 2015	$ 11,722	58,552	13,077	65,320	16,601	82,920	41,400	206,792

Deferred tax liabilities:

	Customer relationship		Tax of earnings distributed		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
January 1, 2016	$ 1,140	5,693	6,806	33,997	7,946	39,690
Recognized in loss (profit)	(595)	(2,885)	438	2,124	(157)	(761)
Effect of change in exchange rates	-	(291)	-	(2,675)	-	(2,966)
December 31, 2016	$ 545	2,517	7,244	33,446	7,789	35,963
January 1, 2015	$ 1,734	8,831	2,603	13,253	4,337	22,084
Recognized in loss (profit)	(594)	(2,993)	4,203	21,157	3,609	18,164
Effect of change in exchange rates	-	(145)	-	(413)	-	(558)
December 31, 2015	$ 1,140	5,693	6,806	33,997	7,946	39,690

(Continued)

(o) Capital and other equity interest

i) Share capital

As of December 31, 2016 and 2015, the Company issued common shares both amounting to TWD 926,975 thousand (CNY 192,423 thousand), respectively, with par value of TWD 10 per share.

ii) Nature and purposes of capital surplus

i. Share premium

According to the Cayman Islands Companies Law, the share premium issued could redeem the debts and maintain normal operating after dividend payments.

ii. Paid-in capital

Paid-in capital on consolidated financial statements consists of paid-in capital from equity restructuring, share premium, and share options of convertible bonds.

iii) Cumulative translation adjustment

Cumulative translation adjustment is the difference generated from foreign currency translation on the financial statements of China. Related accounting policies of cumulative translation adjustment are presented in Note 4(e).

iv) Appropriations of retained earnings from subsidiaries which is the actual operating entity—PRC statutory reserve

According to the regulations of PRC and the Article of Incorporation of the subsidiaries registered in China, the subsidiaries should allocate retained earnings to statutory reserve fund permitted by the board of directors.

Statutory reserve fund may be used to offset a deficit (if any), or increase capital; however, the increased capital could not be less than 25% of registered capital.

According to the accounting regulations and rules of PRC, each subsidiary which is 100% held by the parent company in PRC has to allocate 10% of net income to general reserve fund before distributing dividends to shareholders, until the balance of reserve fund is up to 50% of registered capital.

v) Earnings distribution

According to the Article of Incorporation of the Company, the net profit of the Company for each financial year shall be allocated or used in the following order and proposed by the Directors in the Shareholders' meeting for approval:

i. To settle the applicable amount of income tax;

ii. To cover the losses of previous years, where applicable;

iii. To set aside ten percent (10%) as Legal Reserve unless the accumulated amount of such Legal Reserve equals the total paid-up capital of the Company;

iv. To set aside an amount as Special Reserve Persuant to the Applicable Law;

(Continued)

v. A maximum of three percent (3%) of the net profit after deducting sub-paragraphs (i) to (iv) above shall be reserved for the purpose of Directors' and Supervisors' bonuses to be paid in cash (the allocation method shall be determined by the Directors after the members have approved the amount of the allocation);

vi. A maximum of ten percent (10%) of the net profit after deducting sub-paragraphs (i) to (iv) above shall be reserved for the purpose of employee bonuses to be paid in the form of cash and/or shares, including employees of any Affiliate satisfying such conditions to be prescribed by the Directors; and

vii. With respect to the earnings available for distribution (i.e. the net profit after deducting the items (i) to (vi) above, plus, previously unappropriated Retained Earnings), the Board may present a proposal to distribute the Shareholders' dividends at an annual general meeting for approval pursuant to the Applicable Law, provided such dividends may not be less than thirty percent (30%) of the difference between the net profit of the relevant financial year and the amounts in sub-paragraphs (i) to (vi) of this Article. Shareholders' dividends may be paid in the form of cash and/or bonus shares, provided that the portion of cash dividends shall not be less than thirty percent (30%) of the total dividends payable to the shareholders.

The Company had modified its Articles of Incorporation that were proposed at the board of directors' meeting on June 21, 2016.

The plan will be prepared by the following methods and order:

i. Tax payable complied with the tax regulations;

ii. Offsetting a deficit in prior years;

iii. Retaining 10% of its after-tax annual earnings as legal reserve according to related acts until it is equal to share capital;

iv. Retaining special reserve according to related regulations;

v. Based on the earnings of current year, after deducting the i to iv stated above and adding prior inappropriate earnings, the Company could get distributable net profit which convened by the board of directors and approved by the shareholders' meeting complied with related regulations. Distribution of profits to shareholders should not be less than 30% of earnings of the current year after deducting the i to iv stated above. Dividend to shareholders could be distributed by cash, bonus, and/or common stock, while distribution by cash could not be less than 30% of distribution of profits to shareholders.

On June 21, 2016 and June 25, 2015, the dividends to shareholders for 2014 and 2013 were as follows:

	2015		2014	
	Share distribution rate (in new Taiwan dollars)	TWD	Share distribution rate (in new Taiwan dollars)	TWD
Dividends attributable to ordinary shareholders:				
Cash	$ 6.80	628,663	6.60	610,173

For the years ended December 31, 2014, approved by the shareholders' meeting, distribution of employees' bonuses and compensation of directors and supervisors amounted to TWD 45,060 thousand (CNY 9,061 thousand) and TWD 9,012 thousand (CNY 1,812 thousand), respectively.

The difference between the distributions stated above and the amount disclosed on financial statements were insignificant, so the difference is considered as changes of estimation and recognized as operating costs and expenses in 2015, respectively. The relevant information of earnings, employees' bonuses and remuneration to directors and supervisors in 2015 can be obtained from the Market Observation Post System.

vi) Treasury stock

For the years ended December 31, 2016 the Company repurchased 247 thousand shares as treasury shares in order to the transfer shares to its employees.

In accordance with the requirements under section 28(2) of the Securities Exchange Act requirements as stated above, the number of shares repurchase should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves.

In accordance with the Securities and Exchange Act requirements, treasury shares held by the Company should not be pledged, and do not hold the shareholders' rights before their transfer.

vii) Capital management

The purpose of capital management for the Group is to sustain future development of business and to maintain investors creditor and market confidence.

The Group monitors and manages the capital structure periodically in order to strike a balance between investing high-rewards with heavy loans and maintaining stable and safe capital. It adjusts the capital structure based on economic environment.

In order to comply with operating activities, the Group takes liabilities to capital ratio as means of monitoring capital structure. The Group defines liabilities that total liabilities minus cash and cash equivalent, restricted deposits and time deposits. The Group's strategy is to keep liabilities to capital ratio within 100%.

(Continued)

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Current liabilities:				
—Short-term loans	$ 892,055	4,118,616	696,438	3,478,708
—Financial liabilities at fair value through profit or loss - current	-	-	39	194
—Notes payable	1,028	4,743	2,721	13,592
—Accounts payable	94,438	436,020	72,345	361,363
—Other payables(including from related parties)	129,410	597,487	89,100	445,056
—Current tax liabilities	35,046	161,806	40,478	202,190
—Provisions - current	11,972	55,276	7,137	35,649
—Bonds payable due within a year	-	-	30,030	150,000
—Long-term loans due within a year	-	-	185,063	924,388
Non-current liabilities:				
—Long-term loans	231,752	1,070,000	60,060	300,000
—Bonds payable	149,240	689,040	-	-
—Deferred income tax liabilities	7,789	35,963	7,946	39,690
Total liabilities	1,552,730	7,168,951	1,191,357	5,950,830
Less: Restricted deposits (Note)	(104,506)	(482,503)	(94,815)	(473,602)
Cash and cash equivalents	(743,195)	(3,431,333)	(503,373)	(2,514,347)
	(847,701)	(3,913,836)	(598,188)	(2,987,949)
Net liabilities	**$ 705,029**	**3,255,115**	**593,169**	**2,962,881**
Equity	**$ 2,190,831**	**10,115,068**	**1,998,095**	**9,980,482**
Debt to adjusted capital ratio	**32 %**	**32 %**	**30 %**	**30 %**

Note: Booked as other current assets.

The Group did not change the policies of capital management in 2016 and 2015.

The Group did not been requested for other capital regulation.

(p) Earnings per share

Shares : thousand

	2016		2015	
	CNY	TWD	CNY	TWD
Basic EPS:				
Profit	**$ 312,877**	**1,517,110**	**311,342**	**1,567,021**
Weighted-average number of ordinary shares	**92,450**	**92,450**	**92,450**	**92,450**
Basic EPS (in Chinese Yuan and New Taiwan Dollars)	**$ 3.38**	**16.41**	**3.37**	**16.95**

(Continued)

	2016		2015	
	CNY	TWD	CNY	TWD
Diluted EPS:				
Profit	$ 312,877	1,517,110	311,342	1,567,021
Effect of potentially dilutive ordinary shares				
—Conversion of convertible bonds	3,192	15,477	3,983	20,046
Profit (diluted)	**$ 316,069**	**1,532,587**	**315,325**	**1,587,067**
Weighted-average number of ordinary shares	92,450	92,450	92,450	92,450
Effect of potentially dilutive ordinary shares				
—Conversion of convertible bonds	1,514	1,514	2,028	2,028
—Employee stock bonuses	202	202	154	154
Weighted-average number of ordinary shares outstanding (diluted)	**94,166**	**94,166**	**94,632**	**94,632**
Diluted EPS (in Chinese Yuan and New Taiwan Dollars)	**$ 3.36**	**16.28**	**3.33**	**16.77**

(q) Operating revenues

The Group's operating revenues in 2014 and 2013 were as follows:

	2016		2015	
	CNY	TWD	CNY	TWD
Sales of manufactured goods:				
Contact lenses	$ 1,157,368	5,611,962	925,488	4,658,073
Contact lens care solution	363,669	1,763,396	423,599	2,132,016
	1,521,037	7,375,358	1,349,087	6,790,089
Less: sales discount and allowance	172,383	835,868	182,700	919,547
	1,348,654	6,539,490	1,166,387	5,870,542
Distribution of products:				
Contact lenses	-	-	65,265	328,485
Less: sales discount and allowance	-	-	19,901	100,164
	-	-	45,364	228,321
	$ 1,348,654	**6,539,490**	**1,211,751**	**6,098,863**

(r) Compensation to employees, directors and supervisors

According to the Articles of Incorporation of the Company in the event that the Company's annual income before tax results in a profit after taking into account the accumulated losses, it shall, upon the approval of a majority of the Directors present at a meeting of the Directors attended by two-thirds (2/3) or more of the Directors, set aside 1.5~10% as employee bonuses; and shall, upon the approval of a majority of the Directors present at a meeting of the Directors attended by two-thirds (2/3) or more of the Directors, set aside 3% as Directors and Supervisors bonuses.

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For the year ended December 31, 2016 and 2015, the employee bonuses amounted to TWD 42,888 thousand (CNY 8,845 thousand) and TWD 43,528 thousand (CNY 8,648 thousand) ; and the remuneration to directors and supervisors amounted to TWD 8,030 thousand (CNY 1,656 thousand) and TWD 9,034 thousand (CNY 1,795 thousand). According to the Articles of Incorporation, the amounts stated above were calculated using the profit before tax, multiplied by the distribution percentages of employee bonuses and compensation to directors and supervisors, and are recognized as operating costs or operating expenses for each period.

In 2015, the Group actual paid in employee bonuses and the remuneration to directors and supervisors amounted to NTD 50,653 thousand (RMB 10,346 thousand) and TWD 10,513 thousand (RMB 2,147 thousand). The acutal paid for employee bonuses and the remuneration to directors and supervisors in financial report are higher, the prices difference is NTD 8,604 thousand (RMB 2,050 thousand) identified as the change of estimated, which account to the loss of financial statement. Please refer to the Market Observation Post System for more information.

(s) Non-operating revenues and expenses

i) Other revenues

	2016		2015	
	CNY	TWD	CNY	TWD
Interest income from bank deposits	$ 3,700	17,940	6,524	32,838
Subsidy income from government	9,725	47,155	8,513	42,847
Others	2,136	10,360	5,887	29,627
	$ 15,561	**75,455**	**20,924**	**105,312**

Subsidy income from the governments was the unconditional subsidy given from Mainland China government for rewarding the contribution to local economic development during the period of report.

ii) Other gains or losses

	2016		2015	
	CNY	TWD	CNY	TWD
Gains (Losses) on financial assets and liabilities at fair value through profit or loss	$ 39	194	2,792	14,052
Foreign exchange gains or losses	(17,970)	(87,133)	(15,911)	(80,084)
Losses on disposal of property, plant, and equipment	(4,814)	(23,346)	(510)	(2,558)
Repurchase losses on bond payable	(2,912)	(14,320)	-	-
Account receivable factoring	(5,536)	(26,844)	(11,250)	(56,462)
Bank fees	(661)	(3,202)	(489)	(2,621)
Donation contributions	(1,376)	(6,670)	(838)	(4,218)
Others	1,450	7,221	(2,723)	(13,705)
	$ (31,780)	**(154,100)**	**(28,929)**	**(145,596)**

(Continued)

iii) Finance costs

		2016		2015	
		CNY	TWD	CNY	TWD
Interest expenses of bank loans	$	17,185	83,329	13,822	69,569
Interest expenses of bonds payable		3,192	15,477	3,983	20,046
	$	**20,377**	**98,806**	**17,805**	**89,615**

(t) Financial risk management and fair value

i) Financial instruments

i. Financial assets

		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
Cash and cash equivalents	$	743,195	3,431,333	503,373	2,514,347
Notes receivable, net		9,817	45,323	5,778	28,862
Accounts receivable (including from related parties)		1,176,352	5,431,218	1,052,052	5,254,998
Other receivable (including from related parties)		81,505	376,307	69,971	349,504
Other current assets		104,506	482,503	94,815	473,602
Long-term receivable, net		15,727	72,610	24,717	123,462
Total	$	**2,131,102**	**9,839,294**	**1,750,706**	**8,744,775**

ii. Financial liabilities

		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities	$	-	-	39	194
Financial liabilities at amortised cost:					
Short-term loans		892,055	4,118,616	696,438	3,478,708
Notes and accounts payable		95,466	440,763	75,066	374,955
Other payables (included related-parties)		129,410	597,487	89,100	445,056
Bonds payable		149,240	689,040	185,063	924,388
Long-term loans		231,752	1,070,000	90,090	450,000
Total	$	**1,497,923**	**6,915,906**	**1,135,796**	**5,673,301**

(Continued)

ii) Credit risk

The Group' s credit risk was mainly from accounts receivable and other receivable. The management had established policies and monitored the confronting risk continuously.

The Group aimed at the customer whose accounts receivable exceeded the credit limit, and proceeded with credit valuation. This valuation emphasized the customer's paying history, debt-paying abilities and relevant information.

Each customer has different payment term ranging from 90~300 days according to each credit grade. If needed, the Group will request customer to provide collateral to reduce the risk of financial loss due to uncollectible accounts receivable. The Group should redeem its overdue receivables before giving extra credits to customers. It will need additional approval when unexpected incident occurs.

Please refer to Note 6(c) for the disclosure of the Group' s maximum amount of credit risk exposure in accounts receivable and other receivables.

The Group's credit risk is mainly influenced by individual customer not by the integral economic environment of customer' s industry because material credit risk is arising from material transactions between the Group and customers.

The Group's top 5 customer's accounts receivable were 43% and 51% to total receivables on December 31,2016 and 2015, respectively.

Because the Group deposited restricted deposits, cash and cash equivalents in huge banks in Taiwan and China and considered that quality of credit was great, and therefore there was no material credit risk.

The largest credit risk of each financial asset was the balance of deducting allowance for impairment. The Group didn't have any credit risk due to guarantee.

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the financial obligation. Each subsidiary had the responsibility for each cash management including the demand of bank loans approved by each board of directors' meeting. The Group's policies were to check for current and expected liquidity standard periodically, to ensure to have sufficient cash to reimburse short-term and long-term liabilities.

	December 31, 2016							
	Carrying amount		Nominal principal		Within 1 year		Long-term	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Secured loans	$ 381,142	1,759,733	386,289	1,783,496	386,289	1,783,496	-	-
Unsecured loans	489,913	2,261,926	494,855	2,284,746	494,855	2,284,746	-	-
Long-term loans expire one year	214,447	990,099	214,447	990,099	214,447	990,099	-	-
Accounts payable and other payables (excluding advances from customers)	21,000	96,957	23,628	109,090	23,628	109,090	-	-
Bonds payable	149,240	689,040	153,888	710,500	153,888	710,500	-	-
Long-term loans	231,752	1,070,000	252,539	1,165,973	-	-	252,539	1,165,973
Total	**$ 1,487,494**	**6,867,755**	**1,525,646**	**7,043,904**	**1,273,107**	**5,877,931**	**252,539**	**1,165,973**

(Continued)

	December 31, 2015							
	Carrying amount		Nominal principal		Within 1 year		Long-term	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Secured loans	$ 582,979	2,911,980	586,559	2,929,862	586,559	2,929,862	-	-
Unsecured loans	113,459	566,728	113,880	568,831	113,880	568,831	-	-
Long-term loans due within a year	30,030	150,000	30,176	150,729	30,176	150,729	-	-
Accounts payable and other payables (excluding advances from customers)	153,031	764,391	153,031	764,391	153,031	764,391	-	-
Bonds payable	185,063	924,388	194,515	971,600	194,515	971,600	-	-
Long-term loans	60,060	300,000	75,557	377,407	-	-	75,557	377,407
Total	$ 1,124,622	5,617,487	1,153,718	5,762,820	1,078,161	5,385,413	75,557	377,407

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

iv) Interest rate risk

i. Interest rate table

	December 31, 2016		
	CNY	TWD	Average interest rate (%)
Fixed interest rate:			
Time deposits (booked as cash and cash equivalents)	$ 259,945	1,200,166	2.17
Restricted deposits (booked as other current assets)	104,506	482,503	2.26
Bank loans	(720,066)	(3,324,545)	3.31
	$ (355,615)	(1,641,876)	
Variable interest rate:			
Cash and cash equivalents	$ 474,799	2,192,152	0.31
Bank loans	(403,741)	(1,864,071)	2.00
	$ 71,058	328,081	

	December 31, 2015		
	CNY	TWD	Average interest rate (%)
Fixed interest rate:			
Time deposits(booked as other current assets)	$ 46,095	230,243	3.41
Restricted deposits(booked as other current assets)	94,815	473,602	2.17
Bank loans	(505,030)	(2,522,628)	1.83
	$ (364,120)	(1,818,783)	

(Continued)

	December 31, 2015		
	CNY	TWD	Average interest rate (%)
Variable interest rate:			
Cash and cash equivalents	$ 455,239	2,273,918	0.29
Bank loans	(281,498)	(1,406,080)	1.75
	$ 173,741	867,838	

ii. Sensitivity Analysis

The Company is exposed to interest risk arising from changes in interest rates that would affect the future cash flows and the fair value. Assuming the amount of the floating interest rate of the bank loans at the end of the reporting period had been outstanding for the entire period and all other variables were held constant, a hypothetical increase/ decrease in interest rates of 1% (100 basis point) would have resulted in an increase/ decrease in the interest expense, net of tax, by approximately CNY 586 thousand (TWD 2,839 thousand) and CNY 1,637 thousand (TWD 8,238 thousand) for the years ended December 31, 2016 and 2015, respectively.

To manage its exposure on the fair value fluctuations of the financial instruments, the assumption stated above is used as the basis for evaluation on the reporting date.

v) Foreign exchange risk

The related information on the financial assets and liabilities that are expose to foreign exchange risk is as follows:

	Amounts	Rate	CNY	TWD
December 31, 2016				
Financial assets				
USD	$ 11,572	6.9851	80,832	373,197
JYP	438,730	0.0597	26,192	120,914
MYR	1,552	1.4956	2,321	10,717
HKD	429	0.9006	386	1,784
EUR	7	7.3424	51	237
Financialliabilities				
USD	83,921	6.9851	586,197	2,706,470
MYR	5,155	1.4956	7,710	35,595
JPY	35,700	0.0597	2,131	9,839

(Continued)

		Amounts	Rate	CNY	TWD
December 31, 2015					
Financial assets					
USD	$	10,164	6.5716	66,793	333,633
JYP		222,432	0.0546	12,144	60,657
HKD		114	0.8478	97	483
EUR		7	7.1832	50	251
GBP		1	9.7437	10	49
KOR		322	0.0056	2	9
Financialliabilities					
USD		82,769	6.5716	543,922	2,716,892
JPY		200	0.0546	11	55

The related information on the foreign exchange risk at the reporting date that affects the net income and retained earnings is as follows:

		Increase(decrease) in net income and retained earnings			
		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
USD					
－CNY appreciation 5%	$	20,804	100,878	20,111	101,221
－CNY depreciation 5%		(20,804)	(100,878)	(20,111)	(101,221)
JPY					
－CNY appreciation 5%		(911)	(4,807)	(511)	(2,573)
－CNY depreciation 5%		911	4,807	511	2,573
Other					
－CNY appreciation 5%		204	989	(7)	(33)
－CNY depreciation 5%		(204)	(989)	7	33

The exchange rate risk is the change in foreign currency rate that leads to the risk of the fluctuation of financial derivative instruments' fair value or the fluctuation in cash flows. The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, loans, accounts receivables and other receivables, accounts payables and other payables. If other variables remains unchanged, a weakening or strengthening 5% of appreciation or depreciation of CNY and TWD against USD, JPY and other currencies would occur. In 2016 and 2015, the Group would have increased or decreased the net profit by CNY 20,097 thousand (TWD 97,060 thousand) and CNY 19,593 thousand (TWD 98,615 thousand), respectively.

The analysis is performed on the same basis for both periods, and the analysis exclude the difference of the conversion of the currency. The difference arise from converting the currency of foreign operating corporation to the Group.

(Continued)

vi) Fair value information

Except for the followings, carrying amount of the Group's financial assets and liabilities are valuated approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance with the regulations.

i. Categories and fair value of financial instruments.

The table below analyze the financial instruments to their fair value according to the valuation method.

Currency: CNY

	December 31, 2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 743,195	-	-	-	-
Accounts receivable、notes receivable and other receivable (including- related parties)	1,283,401	-	-	-	-
Other current assets	104,506	-	-	-	-
Total	$ 2,131,102	-	-	-	-
Financial liabilities at fair value through profit or loss-current:					
Short-term loans	$ 892,055	-	-	-	-
Accounts payable, notes payable, and other payable (not including prepayments)	214,447	-	-	-	-
Bonds payable	149,240	-	-	-	-
Long-term loans	231,752	-	-	-	-
Total	$ 1,487,494	-	-	-	-

	December 31, 2015				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 503,373	-	-	-	-
Accounts receivable、notes receivable and other receivable (including- related parties)	1,152,518	-	-	-	-
Other current assets	94,815	-	-	-	-
Total	$ 1,750,706	-	-	-	-

(Continued)

	December 31, 2015				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss-current					
Derivative financial-liabilities	$ 39	-	39	-	39
Financial liabilities at amortized cost:					
Short-term loans	696,438	-	-	-	-
Accounts payable, notes payable, and other payable (not including prepayments)	153,031	-	-	-	-
Bonds payable	185,063	-	-	-	-
Long-term loans, within a year	30,030	-	-	-	-
Long-term loans	60,060	-	-	-	-
Total	$ 1,124,661	-	39	-	39

Currency: TWD

	December 31, 2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,431,333	-	-	-	-
Accounts receivable、notes receivable and other receivable (including- related parties)	5,925,458	-	-	-	-
Other current assets	482,503	-	-	-	-
Total	$ 9,839,294	-	-	-	-
Financial liabilities at amortized cost:					
Short-term loans	$ 4,118,616	-	-	-	-
Accounts payable, notes payable, and other payable (not including prepayments)	990,099	-	-	-	-
Bonds payable	689,040	-	-	-	-
Long-term loans	1,070,000	-	-	-	-
Total	$ 6,867,755	-	-	-	-

(Continued)

	December 31, 2015				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,514,347	-	-	-	-
Accounts receivable、notes receivable and other receivable (including- related parties)	5,756,826	-	-	-	-
Other current assets	473,602	-	-	-	-
Total	$ 8,744,775	-	-	-	-
Financial liabilities at fair value through profit or loss-current					
Derivative financial liabilities	$ 194	-	194	-	194
Financial liabilities at amortized cost:					
Short-term loans	3,478,708	-	-	-	-
Accounts payable, notes payable, and other payable (not including prepayments)	764,391	-	-	-	-
Bonds payable	924,388	-	-	-	-
Long- term loans within a year	150,000	-	-	-	-
Long-term loans	300,000	-	-	-	-
Total	$ 5,617,681	-	194	-	194

ii The fair value of conversion options issued by the Group were computed by the Binominal Option Pricing Model.

iii Fair value hierarchy

The table below shows the financial instruments carried at fair value by the levels in the fair value hierarchy. The different level have been defined as follows:

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

2) 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).

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

	December 31, 2016							
	Total		Level 1		Level 2		Level 3	
Financial iterms at fair value	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Derivative instrument-liabilities								
Financial liabilities at fair value through profit or loss								
Conversion options	$ -	-	-	-	-	-	-	-

	December 31, 2015							
	Total		Level 1		Level 2		Level 3	
Financial iterms at fair value	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Derivative instrument-liabilities								
Financial liabilities at fair value through profit or loss								
Conversion options	$ 39	194	-	-	39	194	-	-

iv Transfer between level 1 and level 2's financial instrument.

There was no significant transfer from level 2 to level 1 in the fair value hierarchy in 2015 and 2014.

vii) Offsetting between financial assets and liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards Sections 42 No. 32 approved by the FSC which required for offestting. Financial assets and liabilities relating those transactions are recognized in the net amount of the balance sheet.

The following tables present the aforesaid offsetting financial assets and financial liabilites:

Currency: CNY

	December 31, 2016					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Derivaive financial instruments	$ -	-	-	-	-	-

	December 31, 2015					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial asset (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)=(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Derivaive financial instruments	$ 97	136	(39)	-	-	(39)

(Continued)

Currency: TWD

	December 31, 2016					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial asset (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Derivaive financial instruments	$ -	-	-	-	-	-

	December 31, 2015					
	Financial assets that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial asset (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Derivaive financial instruments	$ 485	679	(194)	-	-	(194)

(7) Related party transactions

(a) The ultimate parent company

The Company is the ultimate controlling party of the Group.

(b) Significant transactions with related parties

i) Revenue

The amounts of significant selling transactions between the Group and related parties were as follows:

	2016		2015	
	CNY	TWD	CNY	TWD
Other related parties	$ 92,119	446,675	65,002	327,164

There is no significant difference in terms and conditions of the sales to associates between those provided to third parties. The price is determined by the regional economic environment and the market competition.

ii) Service income

	2016		2015	
	CNY	TWD	CNY	TWD
Other related parties	$ -	-	636	3,200

There is no significant difference in terms and conditions of the transactions to associates between those provided to third parties.

(Continued)

iii) Lease from related parties

i. Rental expense

	2016		2015	
	CNY	TWD	CNY	TWD
Entity with significant influence over the Group	$ 943	4,571	795	4,000
Other related parties	6,532	31,674	5,036	25,345
	$ 7,475	36,245	5,831	29,345

There is no significant difference in terms and conditions of the transactions to associates between those provided to third parties. The Group leased an office from other related party in 2015 and 2016. The monthly lease payment was CNY 499 thousand (TWD 2,420 thousand) and CNY 499 thousand (TWD 2,512 thousand), respectively. As of December 31, 2015 and 2016, the prepaid lease and property costs of CNY 6,839 thousand (TWD 31,576 thousand) and CNY 12,400 thousand (TWD 61,938 thousand) were accounted for in other receivables from related parties.

Please see the following of contract and supplemental agreement of leases deposit and refundable deposit.

ii. Refundable deposits

The Group does not engage in such transactions with other vendors and no comparable information is available.

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Entity with significant influence over the Group	$ 152	700	140	700
Other related parties	10,000	46,170	14,522	72,537
	$ 10,152	46,870	14,662	73,237

There is no significant difference in terms and conditions of the transactions to associates between those provided to third parties.

As of December 31, 2015, and 2016, the Group rented work office at Shanghai Songjiang District from related parties and paid refundable deposits, which are RMB 10,000 thousand (TWD 46,170 thousand) and RMB 14,522 thousand and (TWD 72,537 thousand) under account of other receivables from related parties.

In supplementary agreement of the contract, the date of returning refundable deposits are based on the expiry date of the lease contract or the normal operation date of the related party, which the lease rate reaches 95% - whichever is shorter.

iv) Receivables from related parties

The receivables from related parties of the Group were as follows:

Account	Classification of related parties	December 31, 2016 CNY	December 31, 2016 TWD	December 31, 2015 CNY	December 31, 2015 TWD
Accounts receivable	Other related parties	$ 22,257	102,762	14,695	73,400
Other receivables	Other related parties	41,323	190,787	55,448	276,965
		$ 63,580	293,549	70,143	350,365

The other receivables- related parties above are primary composed of prepaid lease payment and property costs, lease deposit, disbursement of advertising and activity costs and service expense for delivery.

v) Payables to related parties

The payables to related parties of the Group were as follows:

Account	Classification of related parties	December 31, 2016 CNY	December 31, 2016 TWD	December 31, 2015 CNY	December 31, 2015 TWD
Other payables	Other related parties	$ 2,443	11,280	-	-

The other receivables- related parties are primary composed of rent payable, support advertising payable, and shareholder accounts.

vi) Endorsements and guarantees

Key management personnel provided endorsements for the Group to borrow loans from financial institution, as follow:

	December 31, 2016 CNY	December 31, 2016 TWD	December 31, 2015 CNY	December 31, 2015 TWD
Key Management personnel	$ -	-	60,060	300,000

The Group actual used, as follow:

	December 31, 2016 CNY	December 31, 2016 TWD	December 31, 2015 CNY	December 31, 2015 TWD
Key Management personnel	$ -	-	50,050	250,000

(c) Compensation of key management personnel

The compensation to the key management personnel was as follows:

	2016 CNY	2016 TWD	2015 CNY	2015 TWD
Short-term employee benefits	$ 8,505	41,239	9,403	47,324

(Continued)

(8) Pledged assets

			December 31, 2016		December 31, 2015	
			CNY	TWD	CNY	TWD
Other current asset:						
Certificate deposits	Short-term loan	$	103,885	479,633	94,701	473,032
Certificate deposits	Public utility guarantee		545	2,520	114	570
Certificate deposits	Industry-university cooperative guarantee		76	350	-	-
Property, plant, and equipment:						
Building	Long-term and Short-term loans		157,192	725,755	62,893	314,151
Machinary	Short-term loans		69,278	319,857	83,147	415,319
Equipment prepayments	Long-term loans		-	-	79,601	397,608
Other non-current asset:						
Land use right	Short-term loans		12,271	56,655	12,574	62,807
		$	**343,247**	**1,584,770**	**333,030**	**1,663,487**

(9) Commitments and contingencies

(a) Capital expenditure:

		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
Signed contracts	$	**174,056**	**803,617**	**52,870**	**266,100**

(b) Commitment of operating lease:

i) The Group signed two land leases from the Central Taiwan Science Park, which one of them is for 15 years (from Feburary, 2016 to December 2030) and another one is for 20 years (from June, 2011 to June, 2031). The rents for each month is TWD 677 thousand (CNY 139 thousand).

ii) The non-cancellable future lease payments under the operating leases in December 31, 2016 and 2015, were as follows：

		December 31, 2016		December 31, 2015	
		CNY	TWD	CNY	TWD
Less than 1 year	$	9,485	43,792	4,800	24,159
Between 1 and 5 years		17,467	80,784	4,449	22,392
More than 5 years		16,791	77,381	3,542	17,827
	$	**43,743**	**201,957**	**12,791**	**64,378**

iii) Expenses recognized in profit or loss in respect of operating leases were as follows:

	2016		2015	
	CNY	TWD	CNY	TWD
$	13,909	64,218	10,822	54,468

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Others

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function, were as follows:

Currency : CNY thousand

Function	2016			2015		
Account	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit						
Salary	123,568	57,515	181,083	102,628	70,303	172,931
Health and labor insurance	12,855	5,179	18,034	13,717	4,926	18,643
Pension	11,461	4,970	16,431	8,716	3,941	12,657
Others	17,158	6,231	23,389	9,625	3,907	13,532
Depreciation	89,227	15,971	105,198	74,479	12,678	87,157
Amortization	3	5,213	5,216	3	4,089	4,092

Currency : TWD thousand

Function	2016			2015		
Account	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit						
Salary	599,169	278,884	878,053	516,538	353,842	870,380
Health and labor insurance	62,333	25,112	87,445	69,039	24,793	93,832
Pension	55,573	24,099	79,672	43,867	19,833	63,700
Others	83,197	30,213	113,410	48,442	19,666	68,108
Depreciation	432,655	77,444	510,099	374,862	63,815	438,677
Amortization	15	25,277	25,292	17	20,578	20,595

As of December 31, 2016 and 2015, the employee number of the Group was 2,815 and 2,566, respectively.

The average employee number for the years ended December 31, 2016 and 2015 was 2,727 and 2,413, respectively, and the computation basis is in accordance with employee benefit.

(Continued)

(13) Other disclosures

(a) Related information of material transaction

According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group should disclose related information of material transaction on December 31, 2016 was as follows:

i) Loan to others :

Unit TWD thousand

Number	Company	Loan objects	Accounts	Related party	The highest balance this period	Ending balance	Actual used balance this period (Note 5)	Interest rate period	Property (Note 4)	Transaction amounts	Necessary reason for short-term finance	Allowance for doubtful accounts	Pledged		The limit of each loan object (Note 1)	The limit of total loan objects (Note 2)
													name	value		
3	Yung Sheng Optical Co ,Ltd	Ginko International Co , Ltd	Other receivable from related parties	Y	200,000	200,000	200,000	1 035 %	2	-		-		-	1,003,906	003,906
1	Haichang Contact Lens Co , Ltd	Prosper Link International Ltd	Other receivable from related parties	Y	554,040 (CNY120,000)	554,040 (CNY120,000)	207,765 (CNY45,000)	1 500 %	2	-	Operation turnover	-		-	3,078,611	078,611
5	Master Harvest Global Ltd.	Yungsheng Optical Co , Ltd	Other receivable from related parties	Y	22,957 (JPY83,300)	22,957 (JPY83,300)	22,957 (JPY83,300)	1 800 %	2	-	Operation turnover	-		-	24,888	24,888

Note 1 : According to the loan operating procedure, if the counterparty is a 100% owned overseas subsidiary, directly or indirectly, by the Group, the loan is not limited to 40% of the net equity of the Group
Note 2 : The total loan limit to all parties of the Group should not be over 40% of total equity
Note 3 : Nature of financial activities is as follows
According to the table 5-1 of Regulations Governing the Preparation of Financial Reports by Securities Issuers and rule of Market Observation Post System, 1 means that it is necessary to transaction "2"means that it is necessary to loan to other parties
Note 4 : The transactions within the Group are eliminated in the consolidated financial statements

ii) Guarantee for others :

Unit TWD thousand

Number	Guarantee company	Guaranteed objects		The limit of endorsement to single company (Note 1)	The highest balance of endorsement this period	Balance of endorsement at the end	Actual used amounts	Amounts of endorsement with pledged assets	Accumulated guarantee deposit of endorsement to net value of recent financial statement ratio	The highest amount of endorsement (Note 2)	Parent-to-subsidiary endorsement	Subsidiary-to-parent endorsement	Endorsement to China area
		Company	Relation (Note 3)										
0	Ginko International Co , Ltd	Yung Sheng Optical Co , Ltd	2	5,053,090	2,750,000	2,450,000	1,660,000	-	24.24 %	5,053,090	Y	N	N
0	Ginko International Co , Ltd	Haichang Contact Lens Co , Ltd	3	5,053,090	1,128,750 (USD35,000)	967,500 (USD30,000)	806,250 (USD25,000)	-	9 57 %	5,053,090	Y	N	Y
1	Haichang Contact Lens Co , Ltd	Ginko International Co , Ltd	4	3,848,264	645,000 (USD20,000)	-	-	-	- %	3,848,264	N	Y	N
1	Haichang Contact Lens Co , Ltd.	Shanghai Horien Contact Lens Optical Co., Ltd.	3	3,848,264	265,305 (CNY40,000 USD2,500)	115,425 (CNY25,000) USD25,000)	69,255 (CNY15,000)	-	1.50 %	3,848,264	N	N	Y
2	Jiangsu Horien Contact Lens Co , Ltd	Haichang Contact Lens Co , Ltd.	4	1,542,720	877,230 (CNY190,000)	877,230 (CNY190,000)	507,870 (CNY110,000)	-	28.43 %	1,542,720	N	N	Y

(Continued)

Note 1 : According to the guarantee operating procedure, the total gurantee provided to outside parties is limited to 50% of the net equity of the Group The guarantee provided to a single entity is limited to 20% of the net equity However, if the counterparty is a 100% owned subsidiary, directly or indirectly, by the Group, the guarantee provided is limited to 50% of the net equity of the Group.
Note 2 : The aggregate amount of guarantee is limited to fifty-percent of the Group's total equity
Note 3 : Relationship with guaranteed objects
According to the table 5-2 of Regulations Governing the Preparation of Financial Reports by Securities Issuers and rule of Market Observation Post System, "2" is for direct holding more than 50% of investee "3" is for holding more than 50% of investee by parent and subsidiaries "4" is for holding more than 50% of parent directly by the company or indirectly by the subsidiaries
Note 4 : According to the guarantee operating procedure, the Group and subsidiaries' guarantee of aggregate amount is limited to fifty-percent of the Group's total equity.

iii) Condition of holding securities in ending period(excluded investment in subsidiary, investment in associates and part of joint control):None.

iv) The accumulated buying or selling amounts of the same security are up to TWD 300 millions or more than 20% capital:None.

v) The amounts of acquiring properties are up to TWD 300 millions or more than 20% capital:None.

vi) The amounts of disposal of properties are up to TWD 300 millions or more than 20% capital: None.

vii) The amounts of merchandising and sell from related party are up to TWD 100 millions or more than 20% capital :

Unit TWD thousand

Company	Transaction object	Relationship	Condition of transaction				The reason and condition of difference between condition and normal transaction		Accounts and Notes receivable(payable)		Note
			(Merchandise (sell)	Amounts	To total merchandise (sell) ratio%	Credit period	Price per unit	Credit period	Balance (Note 2)	To total accounts and notes receivable (payable) ratio%	
Haichang Contact Lens Co., Ltd	Shanghai Horien Contact Lens Optical Co ,Ltd	Subsidiary	(sell)	1,323,789	20 24 %	300 days	-	Note 1	1,801,445	32 46 %	
Haichang Contact Lens Co., Ltd	Jiangsu Horien Contact Lens Co., Ltd	Subsidiary	(sell)	152,878	2 34 %	300 days	-	Note 1	-	- %	
Jiangsu Horien Contact Lens Co , Ltd.	Haichang Contact Lens Co., Ltd.	Subsidiary	(sell)	1,647,191	25 19 %	300 days	-	Note 1	1,572,329	28 33 %	
Yung Sheng Optical Co ,Ltd	Haichang Contact Lens Co , Ltd.	Subsidiary	(sell)	289,525	4 43 %	60 days	-	Note 1	111,173	2 00 %	
Yung Sheng Optical Co ,Ltd	Jiangsu Horien Contact Lens Co., Ltd	Subsidiary	(sell)	141,767	2.17 %	60 days	-	Note 1	23,602	0 43 %	
Yung Sheng Optical Co ,Ltd	Pao Lien Optical Co , Ltd	Affiliated company	(sell)	376,484	5 76 %	40 days	-	Note 1	82,798	1 49 %	

Note 1 : The payment is adjusted according to capital management
Note 2 : The transactions within the Group are eliminated in the consolidated financial statements

(Continued)

viii) The amounts of accounts receivable from related party are up to TWD 100 millions or more than 20% capital：

Unit. TWD thousand

Company	Transaction objects	Relationship	Balance of accounts receivable from related parties (Note 3)	Turnover rate	Overdue accounts receivable from related parties		Recover of Accounts receivable from related parties after the period	Recognize allowance for doubtful accounts
					Amounts	Way of handle		
Haichang Contact Lens Co , Ltd	Shanghai Horien Contact Lens Optical Co ,Ltd	Subsidiary	1,801,445 (CNY390,176)	0 73 %	485,982 (CNY105,259)		96,957 (CNY21,000)	Note 2
Jiangsu Horien Contact Lens Co , Ltd	Haichang Contact Lens Co , Ltd.	Subsidiary	1,572,329 (CNY340,552)	1.05 %	-		124,659 (CNY27,000)	Note 2
Yung Sheng Optical Co ,Ltd	Haichang Contact Lens Co., Ltd	Subsidiary	111,173 (CNY24,079)	2 90 %	4 (CNY1)		79,297 (CNY17,175)	Note 2
Yung Sheng Optical Co.,Ltd	Jiangsu Horien Contact Lens Co , Ltd	Subsidiary	23,602 (CNY5,112)	4 52 %	139 (CNY30)		19,347 (CNY4,190)	Note 2
Yung Sheng Optical Co ,Ltd	Pao Lien Optical Co , Ltd	Affiliated company	82,798 (CNY17,933)	5 29 %	-		59,193 (CNY12,821)	Note 2

Note 1：The payment is adjusted according to capital management.
Note 2：No impairment loss is recognized
Note 3：The transactions within the Group are eliminated in the consolidated financial statements

ix) Derivative:None.

x) The condition of business relationship and of material transaction between parent and subsidiaries:

Unit TWD thousand

Number	Name	Objects	Relationship with trader (Note 2)	Condition of transaction in 2016			
				Accounts	Amounts	Transaction condition	To total revenue or to total assets ratio
1	Haichang Contact Lens Co , Ltd	Jiangsu Horien Contact Lens Co , Ltd.	3	Sales	152,878	Note 1	2 34 %
1	Haichang Contact Lens Co , Ltd	Shanghai Horien Contact Lens Optical Co.,Ltd	3	Sales	1,323,789	Note 2	20.24 %
1	Haichang Contact Lens Co , Ltd.	Shanghai Horien Contact Lens Optical Co ,Ltd	3	Accounts receivables	1,801,445	〃	10.42 %
2	Jiangsu Horien Contact Lens Co , Ltd	Haichang Contact Lens Co., Ltd.	3	Sales	1,647,191	Note 1	25.19 %
2	Jiangsu Horien Contact Lens Co., Ltd	Haichang Contact Lens Co., Ltd.	3	Accounts receivables	1,572,329	〃	9 10 %
3	Yung Sheng Optical Co.,Ltd	Haichang Contact Lens Co., Ltd.	3	Sales	289,525	〃	4 43 %
3	Yung Sheng Optical Co ,Ltd	Haichang Contact Lens Co., Ltd	3	Accounts receivables	111,173	〃	0 64 %
3	Yung Sheng Optical Co ,Ltd	Jiangsu Horien Contact Lens Co., Ltd	3	Sales	141,767	〃	2 17 %
3	Yung Sheng Optical Co ,Ltd	Jiangsu Horien Contact Lens Co., Ltd.	3	Accounts receivables	23,602	〃	0 14 %
3	Yung Sheng Optical Co.,Ltd.	Horien Optic (Malaysia) Sdn. Bhd.	3	Sales	12,141	Note 2	0 19 %
3	Yung Sheng Optical Co.,Ltd	Horien Optic (Malaysia) Sdn Bhd.	3	Accounts receivables	24,289	〃	0 14 %
1	Haichang Contact Lens Co , Ltd.	Prosper Link International Ltd	3	Other receivables	207,765	Note 1	1.20 %
3	Yung Sheng Optical Co.,Ltd.	Ginko International Co , Ltd.	2	Other receivables	200,000	〃	1.16 %
5	Master Harvest Global Ltd	エイショウ光學株式會社(Yungsheng Japan)	3	Other receivables	22,957	〃	0 13 %

Note 1：The Group does not have similar transaction with normal customers, and therefore there is no comparable information The transactions within the Group are eliminated in the consolidated financial statements

(Continued)

Note 2：The number represents the following
1 Parent to subsidiary
2 Subsidiary to parent
3 Subsidiary to subsidiary

(b) Related information of reinvestment：

The Group's information on investees (excluded investees in Mainland China) for the years ended in 2016 was as follows:

Unit TWD thousand/thousand shares

Investor	Investee	Location	Main operation	Original investment amounts		Holding in ending period			Investee's net income or losses	Recognized investment gain or losses	Note
				Ending this year	Ending last year	shares	rate	carrying amount			
Ginko International Co , Ltd.	Prosper Link International Ltd	Cayman Islands	Investment control	5,965 (USD200)	5,965 (USD200)	3,000	100 00 %	10,407,490	1,520,162	1,520,162	
〃	Yung Sheng Optical Co ,Ltd	Taiwan	Merchandise and sale of contact lenses and care solution	1,560,000	1,560,000	156,000	100 00 %	2,509,767	208,824	130,008	
Prosper Link International Ltd	Haichang International Ltd	Hong Kong	Investment control	3,843 (HKD1,000)	3,843 (HKD1,000)	100	100.00 %	10,629,651	1,520,220	1,520,220	
Haichang Contact Lens Co , Ltd	Gain Bless Management Ltd	British Virgin Islands	Investment control	37,449 (USD1,150)	37,449 (USD1,150)	1,150	100 00 %	28,794	(8,546)	(8,546)	
Gain Bless Management Ltd	Horien Optic (Malaysia) Sdn Bhd.	Malaysia	Sale of contact lenses and care solution	32,053 (USD971)	-	1,750	70 00 %	23,557	(12,137)	(8,496)	
Yung Sheng Optical Co , Ltd	Master Harvest Global Ltd	Anguilla	Investment control	66,408 (USD2,100)	-	2,100	100 00 %	61,877	(4,531)	(4,531)	
Master Harvest Global Ltd	エイショウ光學株式會社 (Yungsheng Japan)	Japan	Sale of contact lenses and care solution	20,192 (JPY63,700)	-	6,300	70 00 %	15,562	(6,614)	(4,630)	

(c) Information of China investment：

i) Related information of investee's name, main operations……etc in China：

Unit TWD thousand

Investee in China	Main operation items	Capital	Investment way	Beginning accumulate invest-remitting amount from Taiwan this period	Remittance or withdraw investment during the period		Ending accumulate invest-remitting amount from Taiwan this period	Investee's net income	The Company 's holding ratio of direct or indirect investment	Recognized gain or losses	Ending carrying amount	Investment gain remitted back as of the end
					Remittance	Withdraw						
Haichang Contact Lens Co , Ltd	Merchandise and sale of contact lenses and care solution	1,688,079 (CNY56,319)	(Note 1)	-	-	-	111,152	1,000,320	100 00 %	1,000,320	7,696,529	588,690
Jiangsu Horien Contact Lens Co , Ltd	Merchandise and sale of contact lenses and care solution	72,090 (CNY15,000)	(Note 1) (Note 2)	-	-	-	9,610	532,400	- 100.00 %	532,400	3,085,441	-
Shanghai Horien Contact Lens Optical Co ,Ltd	Merchandise and sale of contact lenses and care solution	380,020 (CNY75,000)	(Note 2)	-	-	-	-	11,644	100 00 %	11,644	672,121	-

(Continued)

Investee in China	Main operation items	Capital	Investment way	Beginning accumulate invest-remitting amount from Taiwan this period	Remittance or withdraw investment during the period		Ending accumulate invest-remitting amount from Taiwan this period	Investee's net income	The Company 's holding ratio of direct or indirect investment	Recognized gain or losses	Ending carrying amount	Investment gain remitted back as of the end
					Remittance	Withdraw						
Shanghai Fushiyuan Contact Lens Co , Ltd	Merchandise and sale of contact lenses and care solution	45,950 (CNY10,000)	(Note 2)	-	-	-	-	(188)	100 00 %	(188)	45,762	-

Note 1 : Remittance from Ginko International Co , Ltd through Prosper Link International Ltd and Haichang International Ltd
Note 2 : Remittance from Haichang Contact Lens Co., Ltd. with its own equity
Note 3 : Investment incomes or losses were recognized under equity method and based on the financial report audited by international accounting firms cooperating with ROC accounting firms

ii) Investment limit for China :

Unit: TWD thousand

Ending accumulated amounts of China investment from Taiwan this period	Investment amounts approved by Investment Commission, MOEA	China investment limit according to Investment Commission, MOEA
120,762	120,762	Note 1

Note 1 : For the foreign issuer listed in TPEx in Taiwan, the investment in China is not subject to the limitation by the Investment Commission, MOEA.

iii) Please refer to Note 13(a) x for material transaction between subsidiary in China.

(14) Segment Information

The Group managed operation by operation segment. The Group presented internal information of resource distribution and performance to the team of board member with consistent method. The Group verified reportable segment as follows:

(a) General Information

i) Manufacture and sell contact lenses and contact lens care solution.

ii) Distribute contact lenses and contact lens care solution according to the contract. (The contract has ended at the year ended of 2015)

The Group's information of reportable segment provided to the team of board member for resource distribution and performance valuation in 2016 and 2015 was as follows:

	2016					
	Production and sale segments		Broker segments		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Operating revenue	$ 1,348,654	6,539,490	-	-	1,348,654	6,539,490
Interest income	3,700	17,940	-	-	3,700	17,940
Total	**$ 1,352,354**	**6,557,430**	-	-	**1,352,354**	**6,557,430**
Financial costs	**$ 20,377**	**98,806**	-	-	**20,377**	**98,806**
Depreciation and amortization	**$ 110,414**	**535,391**	-	-	**110,414**	**535,391**
Profit of segment	**$ 311,717**	**1,511,485**	-	-	**311,717**	**1,511,485**

(Continued)

	2015					
	Production and sale segments		Broker segments		Total	
	CNY	TWD	CNY	TWD	CNY	TWD
Operating revenue	$ 1,166,387	5,870,542	45,364	228,321	1,211,751	6,098,863
Interest income	6,524	32,838	-	-	6,524	32,838
Total	$ 1,172,911	5,903,380	45,364	228,321	1,218,275	6,131,701
Financial costs	$ 17,805	89,615	-	-	17,805	89,615
Depreciation and amortization	$ 91,249	459,272	-	-	91,249	459,272
Profit of segment	$ 303,558	1,527,845	7,784	39,176	311,342	1,567,021

(b) Regional information

Beside, the Group's information of regional assets and liabilities was as follows:

	China		Taiwan and beyond the borders		Adjustment and elimination		Total	
December 31, 2016	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Total assets	$ 2,760,651	12,745,926	1,777,260	8,205,607	(794,350)	(3,667,514)	3,743,561	17,284,019
Total liabilities	$ 550,361	2,541,017	1,796,719	8,295,448	(794,350)	(3,667,514)	1,552,730	7,168,951

	China		Taiwan and beyond the borders		Adjustment and elimination		Total	
December 31, 2015	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Total assets	$ 2,394,368	11,959,863	1,368,039	6,833,352	(572,955)	(2,861,903)	3,189,452	15,931,312
Total liabilities	$ 437,549	2,185,557	1,326,763	6,627,176	(572,955)	(2,861,903)	1,191,357	5,950,830

The Group' s regional information was as follows. The classification of revenue based on geographical locations of customers and the classification of non-current assets based on the geographical location of the assets.

	2016		2015	
Regional	CNY	TWD	CNY	TWD
External sales:				
China	$ 1,087,005	5,270,779	1,052,493	5,297,303
Taiwan	175,539	851,172	121,127	609,643
Northeast Asia	55,732	270,239	12,153	61,167
Europe	23,695	114,895	21,741	109,424
Southeast Asia	5,535	26,839	1,103	5,552
North America	47	228	2,111	10,625
Other country	1,101	5,338	1,023	5,149
Total	$ 1,348,654	6,539,490	1,211,751	6,098,863

	December 31, 2016		December 31, 2015	
	CNY	TWD	CNY	TWD
Non-current assets:				
China	$ 491,646	2,269,930	549,157	2,743,039
Taiwan	604,070	2,788,993	476,196	2,378,598
Malaysia	121	559	-	-
Japan	241	1,114	-	-
Total	**$ 1,096,078**	**5,060,596**	**1,025,353**	**5,121,637**

Non-current assets included property, plant and equipment, intangible assets, prepayment of equipment and other non-current assets. However, non-current assets excluded financial instruments and deferred tax assets.

(15) Total difference illustration between IFRS and the IFRS approved by Financial Supervisory Commission R.O.C

There are some difference between IFRS and the IFRS approved by Financial Supervisory Commission R.O.C on specific aspect and the differences have no material effect on the Group's consolidated balance sheet on December 31, 2016 and 2015 and consolidated income statement, consolidated statment of changes in equity and consolidated statment of cash flow for the years ended December 31, 2016 and 2015.