CHENG UEI PRECISION INDUSTRY CO., LTD.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2014 AND 2013

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. These English financial statements were translated from the financial statements originally prepared in Chinese. This English translation is solely for the readers' convenience and these financial statements do not include additional disclosures that are required for Chinese-language reports under the Guidelines for Securities Issuers' Financial Reporting promulgated by the Securities and Futures Commission of the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

TRANSLATED FROM CHINESE-LANGUAGE

PWCR 14000484

To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

We have audited the accompanying consolidated balance sheets of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income and of changes in equity and of cash flows for the years then ended, expressed in thousands of New Taiwan dollars. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets amounting to NT$6,643,368 thousand and NT$7,542,175 thousand, representing 10.02% and 10.74% of the consolidated total assets as of December 31, 2014 and 2013, respectively, total net operating revenue amounting to NT$9,245,734 thousand and NT$12,421,581 thousand, representing 10.15% and 11.70% of the consolidated total operating revenue for the years ended December 31, 2014 and 2013, respectively, and the share of profit or loss of associates accounted for using equity method was NTD$93,682 thousand and NTD$171,641 thousand for the years ended December 31, 2014 and 2013, respectively. Those financial statements were audited by independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Cheng Uei Precision Industry Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in conformity with the “Rules Governing the Preparations of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the non-consolidated financial statements of Cheng Uei Precision Industry Co., Ltd. (not presented herein) as of and for the years ended December 31, 2014 and 2013, on which we have expressed modified unqualified opinions on these non-consolidated financial statements.

The consolidated financial statements as of and for the year ended December 31, 2014, expressed in United States (US) dollars are presented solely for the convenience of the readers and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of US$1.00:NT$31.65 at December 31, 2014. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan

March 31, 2015

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

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF DOLLARS)

	December 31, 2014		December 31, 2013		December 31, 2014	
	Amount	%	Amount	%	Amount	%
	New Taiwan Dollars				US Dollars	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6(1))	$ 7,435,487	11	$ 7,917,337	11	$ 234,928	11
Financial assets at fair value through profit or loss - current (Note 6(2))	79	-	-	-	2	0
Notes receivable, net	62,366	-	18,075	-	1,970	0
Accounts receivable, net (Note 6(5))	16,291,001	25	18,748,352	27	514,724	25
Accounts receivable, net – related parties (Note 7)	687,736	1	871,744	1	21,729	1
Other receivables (Notes 6(5), (7) and 8)	947,185	2	690,377	1	29,927	1
Other receivables - related parties (Note 7)	710,538	1	182,229	-	22,450	1
Current income tax assets (Note 6(27))	3,498	-	3,931	-	111	0
Inventories, net (Note 6(6))	7,557,453	11	9,833,600	14	238,782	11
Prepayments	849,694	1	776,812	1	26,847	1
Other currrent assets (Note 8)	222,597	-	215,760	1	7,033	0
	34,767,634	52	39,258,217	56	1,098,503	52
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Note 6(3))	1,994,714	3	2,160,581	3	63,024	3
Financial assets carried at cost - non-current (Note 6(4))	534,626	1	33,000	-	16,892	1
Investments accounted for under the equity method (Note 6(7))	3,639,732	6	3,631,463	5	114,999	5
Property, plant and equipment (Note 6(8))	20,246,065	31	19,856,090	28	639,686	31
Investment property, net (Note 6(9))	315,059	-	305,968	1	9,954	0
Intangible assets (Note 6(10))	2,810,977	4	2,683,526	4	88,814	4
Deferred income tax assets (Note 6(27))	234,596	-	253,197	-	7,412	0
Other non-current assets (Notes 6(11) and 8)	1,744,799	3	2,036,258	3	55,130	3
	31,520,568	48	30,960,083	44	995,911	48
TOTAL ASSETS	$ 66,288,202	100	$ 70,218,300	100	$ 2,094,414	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 6(12))	$ 10,266,779	15	$ 9,909,862	14	$ 324,385	15
Financial liabilities at fair value through profit or loss - current (Note 6(2))	-	-	10,338	-	-	-
Notes payable	4,073	-	726	-	129	0
Accounts payable	12,523,506	19	17,060,049	24	395,687	19
Accounts payable - related parties (Note 7)	406,419	1	419,439	1	12,841	1
Other payables (Note 6(13))	4,752,329	7	5,615,456	8	150,153	7
Income tax payable (Note 6(27))	477,364	1	735,320	1	15,083	1
Other current liabilities (Notes 6(14), (15) and 8)	491,664	1	1,039,830	1	15,534	1
	28,922,134	44	34,791,020	49	913,812	44
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 6(15) and 8)	5,701,497	8	5,649,804	8	180,142	9
Deferred income tax liabilities (Note 6(27)	1,329,680	2	861,692	1	42,012	2
Other non-current liabilities (Notes 6(7) and (16))	1,220,670	2	1,167,995	2	38,567	2
	8,251,847	12	7,679,491	11	260,721	12
TOTAL LIABILITIES	37,173,981	56	42,470,511	60	1,174,533	56
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Common stock (Notes 6(17) and (18))	5,123,269	8	5,020,095	7	161,873	8
Capital reserve (Note 6(19))						
Capital reserve	9,419,502	14	9,049,199	13	297,615	14
Retained earnings (Note 6(20))						
Legal reserve	2,186,163	3	1,978,663	3	69,073	3
Special reserve	665,206	1	665,206	1	21,018	1
Unappropriated earnings (Note 6(27))	5,863,134	9	5,980,533	8	185,249	9
Other equity (Note 6(21))						
Other equity	2,368,359	4	1,997,120	3	74,829	4
Equity attributable to owners of the parent	25,625,633	39	24,690,816	35	809,657	39
Minority interest	3,488,588	5	3,056,973	5	110,224	5
TOTAL EQUITY	29,114,221	44	27,747,789	40	919,881	44
Significant contingent liabilities and unrecognised contract commitments (Note 9)						
TOTAL LIABILITIES AND EQUITY	$ 66,288,202	100	$ 70,218,300	100	$ 2,094,414	100

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

See report of independent accountants dated March 31, 2015.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	Year ended December 31, 2014		Year ended December 31, 2013		Year ended December 31, 2014	
	Amount	%	Amount	%	Amount	%
	New Taiwan Dollars				US Dollars	
Operating Revenue (Note 7)	$ 91,068,480	100	$ 106,156,276	100	$ 2,877,361	100
Operating Costs (Notes 6(6), 6(25) ,6(26) and 7)	(80,401,405)	(88)	(94,955,038)	(89)	(2,540,329)	(88)
Gross profit	10,667,075	12	11,201,238	11	337,032	12
Operating expenses (Notes 6(25) and 6(26))						
Sales and marketing expenses	(2,471,950)	(3)	(2,653,675)	(3)	(78,103)	(3)
General and administrative expenses	(4,525,915)	(5)	(4,645,049)	(4)	(142,999)	(5)
Research and development expenses	(1,927,015)	(2)	(1,768,755)	(2)	(60,884)	(2)
Total operating expenses	(8,924,880)	(10)	(9,067,479)	(9)	(281,986)	(10)
Operating income	1,742,195	2	2,133,759	2	55,046	2
Non-operating income and expenses						
Other income (Notes 6(9), 6(22) and 7)	512,109	-	564,144	1	16,180	-
Other gains and losses (Note 6(23))	611,119	1	236,402	-	19,309	1
Finance costs (Note 6(24))	(298,890)	-	(290,868)	-	(9,444)	-
Share of profit of associates and joint ventures accounted for under equity method (Note 6(7))	273,139	-	353,691	-	8,630	-
Total non-operating income and expenses	1,097,477	1	863,369	1	34,675	1
Income before income tax	2,839,672	3	2,997,128	3	89,721	3
Income tax expense (Note 6(27))	(948,874)	(1)	(945,669)	(1)	(29,980)	(1)
Net Income	$ 1,890,798	2	$ 2,051,459	2	$ 59,741	2
Other comprehensive income, net						
Exchange differences arising on translation of foreign operations	945,841	1	858,245	1	29,886	1
Unrealised gain on valuation of available-for-sale financial assets (Note 6(3))	(184,583)	-	1,223,340	1	(5,832)	-
Actuarial gain (loss) on defined benefit plan	9,985	-	(2,507)	-	315	-
Share of other comprehensive income of associates	57,871	-	58,042	-	1,828	-
Income tax benefit (expense) related to components of other comprehensive income (Note 6(27))	(285,816)	-	(460,400)	-	(9,031)	-
Other comprehensive income for the year, net of tax	543,298	1	1,676,720	2	17,166	1
Total comprehensive income for the year	2,434,096	3	3,728,179	4	76,907	3
Net income (loss) attributable to :						
Shareholders of the parent	$ 1,785,792	2	$ 2,075,008	2	$ 56,423	2
Non-controlling interests	105,006	-	(23,549)	-	3,318	-
Total	$ 1,890,798	2	$ 2,051,459	2	$ 59,741	2
Total comprehensive income (loss) attributable to :						
Shareholders of the parent	$ 2,166,245	3	$ 3,753,015	4	$ 68,444	3
Non-controlling interests	267,851	-	(24,836)	-	8,463	-
Total	$ 2,434,096	3	$ 3,728,179	4	$ 76,907	3
Basic earnings per share (in dollars) (Note 6(28))						
Net income attributable to equity holders of the Company	$ 3.50		$ 4.19		$ 0.11	
Diluted earnings per share (in dollars)						
Net income attributable to equity holders of the Company	$ 3.43		$ 4.12		$ 0.11	

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

See report of independent accountants dated March 31, 2015.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(EXPRESSED IN THOUSANDS OF DOLLARS)

	Equity attributable to shareholders of the parent									
			Retained earnings			Other equity				
Year ended December 31, 2013 (New Taiwan Dollars)	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating foreign operations	Unrealised gain or loss from available-for-sale financial assets	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2013	$ 4,936,829	$ 8,749,703	$ 1,783,263	$ 665,206	$ 5,888,642	($ 330,227)	$ 649,174	$ 22,342,590	$ 3,185,395	$ 25,527,985
Employee stock option (Notes 6(17) and (18))	83,266	296,284	-	-	-	-	-	379,550	-	379,550
Appropriations of 2012 earnings (Note 6(20))										
Legal reserve	-	-	195,400	-	(195,400)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,235,415)	-	-	(1,235,415)	-	(1,235,415)
Adjustments to share of changes in equity of associates and joint ventures (Note 6(19))	-	(4,282)	-	-	-	-	-	(4,282)	-	(4,282)
Differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries (Note 6(19))	-	7,494	-	-	-	-	-	7,494	-	7,494
Adjustments arising from changes in percentage of ownership in subsidiaries (Note 6(29))	-	-	-	-	(552,136)	-	-	(552,136)	-	(552,136)
Change in non-controlling interest	-	-	-	-	-	-	-	-	(103,586)	(103,586)
Other comprehensive income for the year (Note 6(21))	-	-	-	-	(166)	761,947	916,226	1,678,007	(1,287)	1,676,720
Net income for the year	-	-	-	-	2,075,008	-	-	2,075,008	(23,549)	2,051,459
Balance at December 31, 2013	$ 5,020,095	$ 9,049,199	$ 1,978,663	$ 665,206	$ 5,980,533	$ 431,720	$ 1,565,400	$ 24,690,816	$ 3,056,973	$ 27,747,789
Year ended December 31, 2014 (New Taiwan Dollars)										
Balance at January 1, 2014	$ 5,020,095	$ 9,049,199	$ 1,978,663	$ 665,206	$ 5,980,533	$ 431,720	$ 1,565,400	$ 24,690,816	$ 3,056,973	$ 27,747,789
Employee stock option (Notes 6(17) and (18))	103,174	352,119	-	-	-	-	-	455,293	-	455,293
Appropriations of 2013 earnings (Note 6(20))										
Legal reserve	-	-	207,500	-	(207,500)			-	-	-
Cash dividends	-	-	-	-	(1,518,197)			(1,518,197)	-	(1,518,197)
Adjustments to share of changes in equity of associates and joint ventures (Note 6(19))	-	17,964	-	-	-	-	-	17,964	-	17,964
Differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries (Note 6(19))	-	244	-	-	-	-	-	244	-	244
Adjustments arising from changes in percentage of ownership in subsidiaries (Note 6(29))	-	(24)	-	-	(186,708)	-	-	(186,732)	-	(186,732)
Change in non-controlling interest	-	-	-	-	-	-	-	-	163,764	163,764
Other comprehensive income for the year (Note 6(21))	-	-	-	-	9,214	691,294	(320,055)	380,453	162,845	543,298
Net income for the year	-	-	-	-	1,785,792	-	-	1,785,792	105,006	1,890,798
Balance at December 31, 2014	$ 5,123,269	$ 9,419,502	$ 2,186,163	$ 665,206	$ 5,863,134	$ 1,123,014	$ 1,245,345	$ 25,625,633	$ 3,488,588	$ 29,114,221

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(EXPRESSED IN THOUSANDS OF DOLLARS)

	Equity attributable to shareholders of the parent									
			Retained earnings			Other equity				
	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating foreign operations	Unrealised gain or loss from available-for-sale financial assets	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Year ended December 31, 2014 (US Dollars)										
Balance at January 1, 2014	$ 158,613	$ 285,915	$ 62,517	$ 21,018	$ 188,958	$ 13,640	$ 49,460	$ 780,121	$ 96,587	876,708
Employee stock option (Notes 6(17) and (18))	3,260	11,125	-	-	-	-	-	14,385	-	14,385
Appropriations of 2013 earnings (Note 6(20))										
Legal reserve	-	-	6,556	-	(6,556)	-	-	-	-	-
Cash dividends	-	-	-	-	(47,968)	-	-	(47,968)	-	(47,968)
Adjustments to share of changes in equity of associates and joint ventures (Note 6(19))	-	568	-	-	-	-	-	568	-	568
Differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries (Note 6(19))	-	8	-	-	-	-	-	8	-	8
Adjustments arising from changes in percentage of ownership in subsidiaries (Note 6(29))	-	(1)	-	-	(5,899)	-	-	(5,900)	-	(5,900)
Change in non-controlling interest	-	-	-	-	-	-	-	-	5,174	5,174
Other comprehensive income for the year (Note 6(21))	-	-	-	-	291	21,842	(10,113)	12,020	5,145	17,165
Net income for the year	-	-	-	-	56,423	-	-	56,423	3,318	59,741
Balance at December 31, 2014	$ 161,873	$ 297,615	$ 69,073	$ 21,018	$ 185,249	$ 35,482	$ 39,347	$ 809,657	$ 110,224	$ 919,881

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

See report of independent accountants dated March 31, 2015.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF DOLLARS)

	Years ended December 31, 2014	2013	2014
	New Taiwan Dollars		US Dollars
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	$ 2,839,672	$ 2,997,128	89,721
Adjustments to reconcile income before income tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation (including investment property) (Notes 6(8)(9)(25))	3,454,059	3,627,361	109,133
Amortisation (including long-term prepaid rent amortisation) (Notes 6(10)(11)(25))	70,744	67,308	2,235
Provision for bad debts (transfer to revenue) (Notes 6(5)(23))	80,268	(55,673)	2,536
Net loss on financial assets at fair value through profit or loss (Note 6(2))	(79)	10,388	(2)
Interest expense (Note 6(24))	298,890	290,868	9,444
Interest income (Note 6(22))	(82,506)	(63,012)	(2,607)
Share of profit or loss of associates accounted for using the equity method	(273,139)	(353,691)	(8,630)
Loss on disposal of property, plant and equipment (Note 6(23))	49,163	89,805	1,553
Gain on disposal of investments (Note 6(23))	(723,309)	(64,002)	(22,853)
Loss of impairment of financial assets	-	1,429	-
(Reversal of) loss on impairment of non-financial assets (Note 6(8)(10)(23))	53,522	(1,405)	1,691
Changes in assets/liabilities relating to operating activities			
Net changes in operating assets			
Notes receivable	(24,291)	(11,566)	(767)
Accounts receivable	2,507,083	(595,946)	79,213
Accounts receivable from related parties	184,008	(513,155)	5,814
Other receivables	(256,808)	266,817	(8,114)
Other receivables from related parties	(528,309)	139,914	(16,692)
Inventories	2,276,147	(588,583)	71,916
Prepayments	(72,882)	(103,533)	(2,303)
Other current assets	(6,837)	170,804	(216)
Other non-current assets	40,753	498,403	1,288
Net changes in liabilities relating to operating activities			-
Financial liabilities at fair value through profit or loss-current (Note 6(2))	(10,338)	8,191	(327)
Notes payable	3,347	(2)	106
Accounts payable	(4,536,543)	3,441,059	(143,335)
Accounts payables to related parties	(13,020)	51,796	(411)
Other payables	(620,568)	750,639	(19,607)
Other current liabilities	(435,161)	(705,906)	(13,749)
Other non-current liabilities	(49,544)	-	(1,565)
Cash generated from operations	4,224,322	9,355,436	133,472
Interest received	82,506	63,012	2,607
Dividend received	196,057	168,029	6,195
Interest paid	(281,626)	(299,294)	(8,898)
Income tax paid	(1,206,830)	(911,654)	(38,130)
Net cash provided by operating activities	3,014,429	8,375,529	95,246

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF DOLLARS)

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of financial assets at fair value through profit or loss	$ -	($ 30,000)	$ -
Proceeds from disposal of financial assets at fair value through profit or loss	-	830,586	-
Proceeds from disposal of available-for-sale financial assets	633,187	421,554	20,006
Acquisitions of financial assets measured at cost (Note 6(4))	(501,626)	(3,000)	(15,849)
Acquisition of investments accounted for using equity method	(932,793)	-	(29,472)
Proceeds from disposal of investments accounted for using equity method	77,115	-	2,436
Return of share capital from investees accounted for using equity method	43,104	-	1,362
Cash flow from acquisition of subsidiaries	-	(10,811)	-
Proceeds from disposal of subsidiary company	-	237,704	-
Acquisitions of property, plant and equipment (Note 6(31))	(3,582,124)	(4,916,023)	(113,179)
Proceeds from disposal of property, plant and equipment	388,413	47,030	12,272
Acquisitions of intangible assets (Note 6(10))	(50,271)	(30,458)	(1,588)
Proceeds from disposal of intangible assets	36	2,181	1
Changes in prepayment for equipment	278,451	230,141	8,798
Advance receipts from sale of subsidiaries	49,544	-	1,565
Net cash used in investing activities	(3,596,964)	(3,221,096)	(113,648)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	356,916	(4,943,543)	11,277
Increase in long-term borrowings	-	5,696,826	-
Repayment of long-term borrowings	(61,311)	(5,800,000)	(1,937)
Cash dividend distribution	(1,518,197)	(1,235,415)	(47,968)
Proceeds from exercise of employee stock options	455,293	379,550	14,385
Acquisitions of equity of subsidiary	(14,170)	(552,136)	(448)
Acquisitions of additional share capital accounted for using equity method	(172,538)	-	(5,451)
Changes in non-controlling interests	326,609	(104,873)	10,319
Net cash used in financing activities	(627,398)	(6,559,591)	(19,823)
Effect of change in exchange rates	728,083	743,141	23,004
Net decrease in cash and cash equivalents	(481,850)	(662,017)	(15,224)
Cash and cash equivalents, beginning of year (Note 6(1))	7,917,337	8,579,354	250,153
Cash and cash equivalents, end of year (Note 6(1))	$ 7,435,487	$ 7,917,337	$ 234,929

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

See report of independent accountants dated March 31, 2015.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

(EXPRESSED IN THOUSANDS OF DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Cheng Uei Precision Industry Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on July 14, 1986. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the manufacture of cable assemblies, connectors, battery packs, and power modules. Effective September 1999, the shares of the Company were listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 31, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Disclosures－Offsetting financial assets and financial liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, 'Consolidated financial statements'	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11, 'Joint arrangements'	January 1, 2013
IFRS 12, 'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendment to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

Based on the Group’s assessment, the adoption of the 2013 version of IFRS has no significant impact on the consolidated financial statements of the Group, except for the following:

A. IAS 19 (revised), ‘Employee benefits’

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service cost will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity’s future cash flows.

The Group expected to recognise previously unrecognised past service cost and as a consequence of elimination of the corridor approach to recognise prior unrecognised actuarial losses by decreasing prepaid pension by $2,647, increasing accrued pension liabilities by $12,826, increasing deferred tax assets by $2,181, decreasing retained earnings by $11,772 and increasing non-controlling interests by $1,520 at January 1, 2014; prepaid pension would be decreased by $2,183, accrued pension liabilities would be increased by $11,840, deferred tax assets would be increased by $2,013, retained earnings would be decreased by $10,953, non-controlling interest would be increased by $1,254 and net non-controlling interest would be decreased by $197 at December 31, 2014, operating expenses would be decreased by $987 and income tax expense would be increased by $168 for the year ended December 31, 2014.

B. IFRS 10, ‘Consolidated financial statements’

The standard replaces the requirements relating to consolidated financial statements in IAS 27, ‘Consolidated and separate financial statements’ and IAS 27 therefore is renamed ‘Separate financial statements’; the standard also supersedes requirements in SIC-12, ‘Consolidation-special purpose entities’. The standard defines the principle of control that an investor controls an investee if and only if the investor has all three elements of control.

C. IAS 1, ‘Presentation of financial statements’

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

D. IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

E. IFRS 13, ‘Fair value measurement’

The standard defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. Based on the Group’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

F. Improvements to IFRSs 2009-2011: Amendment to IAS 16, ‘Property, plant and equipment’

The amendment clarifies that spare parts, stand-by equipment and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.

G. Disclosures - Transfers of financial assets (amendment to IFRS 7)

The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.

Based on the Group’s assessment, the adoption of the amendment will require the Group to include qualitative and quantitative disclosures for all transferred financial assets.

H. In accordance with Article 10 Paragraph 3 Subparagraph 3 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the new regulation requires the amount of change in the fair value of a financial liability that is attributable to changes in the issuer's credit risk of that liability to be presented in other comprehensive income if an entity has designated the financial liability as at fair value through profit or loss.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

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

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

c) Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised past service cost and present value of defined benefit obligations.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. Conversely, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be transferred directly to retained earnings, if such gains or losses would be transferred directly to retained earnings when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			% of shares held		
Investor	Subsidiary	Main activity	December 31, 2014	December 31, 2013	Description
The Company	CU INTERNATIONAL LTD. (CU)	Manufacture of electronic telecommunication components and holding company	100	100	
The Company	CULINK INTERNATIONAL LTD. (CULINK)	General investments holding	100	100	
The Company	Foxlink International Investment Ltd. (FII)	Holding company	100	100	
The Company	Fu Uei International Investment Ltd. (FUII)	Holding company	100	100	
The Company	Darts Technologies Corporation (Darts)	Manufacture of electronic telecommunication and wireless components	97	97	
The Company	Foxlink (Vietnam) Inc.	Manufacture of electronic telecommunication components	100	100	
The Company	Du Precision Industry Co., Ltd. (Du Precision)	Manufacture of electronic telecommunication components	100	100	

			% of shares held		
Investor	Subsidiary	Main activity	December 31, 2014	December 31, 2013	Description
The Company	Foxlink Technology Ltd. (Foxlink Tech)	Holding company	100	100	
The Company	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	47.77	47.77	
The Company	Suntain Co., Ltd.	Manufacture of electronic telecommunication components	100	100	Note 3
CU	Fu Gang Electronics (Dong Guan) Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100	100	
CU	NEW START INDUSTRIES LTD. (NEW START)	Holding company	100	100	
CU	Fu Gang Electronics (Kun Shan) Ltd. (FGEKS)	Manufacture of electronic telecommunication components	100	100	
CU	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Manufacture of electronic telecommunication components	100	100	
CU	Foxlink Electronics (Dong Guan) Co., Ltd. (FEDG)	Manufacture of electronic telecommunication components	100	100	
CU	Foxlink Electronics (Tian Jin) Ltd. (FETJ)	Manufacture of electronic telecommunication components	25	25	
CU	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Manufacture of electronic telecommunication components	88.44	100	Note 5
CU	Neosonic Energy Technology (Tianjin) Ltd. (NE)	Manufacture of electronic telecommunication components	100	100	

Investor	Subsidiary	Main activity	% of shares held December 31, 2014	December 31, 2013	Description
CU	Kunshan Fushijing Electronics Co., Ltd. (KFE)	Manufacture of electronic telecommunication components	100	100	
CU	FUTURE VICTORY LTD. (FUTURE VICTORY)	Holding company	100	100	
CU	SOLTERAS LIMITED	General investments holding	100	100	
CU	Fushineng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fu Shi Xiang Research & Development Center (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
CU	Fu Gang Electronics (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	100	100	
CU	FUGANG ELECTRIC (YANCHENG) CO., LTD.	Manufacture of electronic telecommunication components	80	80	
CU	FUQIANG ELECTRIC (YANCHENG) CO., LTD.	Manufacture of electronic telecommunication components	100	100	
CU	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	Manufacture of electronic telecommunication components	100	100	Note 3
CU	Kunshan Fugang Investment Co., Ltd.	General investments holding	100	-	Note 1
NEW STAR	Fu Gang Electronics (Tian Jin) Ltd. (FGETJ)	Manufacture of electronic telecommunication components	100	100	
NEW STAR	Foxlink Tianjin Co., Ltd. (Foxlink Tianjin)	Manufacture of electronic telecommunication components	75	75	

Investor	Subsidiary	Main activity	% of shares held December 31, 2014	 December 31, 2013	Description
NEW STAR	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	26.64	26.64	
FGETJ	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	46.93	46.93	
CULINK	PACIFIC WEALTH LIMITED (PACIFIC WEALTH)	General investments holding	100	100	
PACIFIC WEALTH	FOXLINK INTERNATIONAL INC. (FOXLINK)	Sales agent	100	100	
PACIFIC WEALTH	MICROLINK INTERNATIONAL INC. (MICROLINK)	Sales agent	-	100	Note 2
Kunshan Fugang Investment Co., Ltd.	Dong Guan Fu Qiang Electronics Ltd. (DGFQ)	Manufacture of electronic telecommunication components	11.56	-	Note 1, Note 5
FII	Vegamedia Technology Co., Ltd. (VT)	Manufacture of electronic telecommunication components	100	100	
FII	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and flexible printed circuit	69.56	69.56	
FII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	50.03	50.03	
FII	POWER QUOTIENT INTERNATONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	9.22	9.22	Note 6
WCT	VALUE SUCCESS LIMITED (VALUE SUCCESS)	Holding company	100	100	

Investor	Subsidiary	Main activity	% of shares held December 31, 2014	% of shares held December 31, 2013	Description
VALUE SUCCESS	CAPITAL GUARDIAN LIMITED (CAPITAL)	Holding company	100	100	
CAPITAL	Capital Guardian Limited (Capital)	Holding company	100	100	
WCTHK	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	53.07	53.07	
Darts	BENEFIT RIGHT LTD. (BENEFIT)	Holding company	100	100	
BENEFIT	POWER CHANNEL LIMITED(POWER)	Holding company	64	-	Note 1
FUTURE VICTORY	Darts Technologies (Shang Hai) Co., Ltd. (DTSH)	Research and development of telecommunication components	100	100	
Du Precision	CE LINK INTERNATIONAL LTD. (CELINK)	Manufacture of electronic telecommunication components	100	100	
SOLTERAS LIMITED	SOLTERAS INC. (SOLTERAS)	Manufacture of electronic telecommunication components	25.59	25.59	
FUII	Studio A Inc. (Studio)	Manufacture of electronic telecommunication components	51	51	
FUII	Va Product Inc.	Manufacture of electronic telecommunication components	75.63	51	Note 1
FUII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	1.30	1.30	
FUII	Zhi De Investment Co., Ltd. (Zhi De Investment)	General investments holding	100	100	
FUII	Shinfox Corporation Ltd. (Shinfox)	Mechanical installation and piping engineering	57.17	57.17	

			% of shares held		
Investor	Subsidiary	Main activity	December 31, 2014	December 31, 2013	Description
Zhi De Investment	POWER QUOTIENT INTERNATONAL CO., LTD. (PQI)	Manufacture of electronic telecommunication components	33.34	33.34	Note 6
Shinfox Corporation Ltd. (Shinfox)	World Wide Famous Corp.	Energy service management	100	100	
Shinfox Corporation Ltd. (Shinfox)	FOXWELL ENERGY CORPORATION LTD.	Energy service management	100	100	Note 3
Shinfox Corporation Ltd. (Shinfox)	SHINFOX ENERGY INTERNATIONAL INC (SHINFOX ENERGY).	Energy service management	40	-	Note 1
Shinfox Corporation Ltd. (Shinfox)	KINMEN GAS CO., LTD.	Energy service management	100	-	Note 1
WORLD WIDE	Kunshan Xing Wei Installation Engineering Co., Ltd.	Mechanical installation and piping engineering	100	-	Note 1
PROCONN	Advance Electronic Ltd. (Advance Electronic)	General investments holding	100	100	
PROCONN	BYFORD INTERNATIONAL LTD. (BYFORD)	General international trade	100	100	
PROCONN	MEDIA UNIVERSE INC. (MEDIA UNIVERSE)	General international trade	100	100	
ADVANCE ELECTRONIC	PROCONN TECHNOLOGY CO., LTD. (PROCONN)	General investments holding	100	100	
ADVANCE ELECTRONIC	SMART TECHNOLOGY INTERNATIONAL LTD. (SMART)	General investments holding	100	100	
PROCONN	Proconn Technology (Shenzhen) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
SMART	Proconn Technology (Suzhou) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	

			% of shares held		
Investor	Subsidiary	Main activity	December 31, 2014	December 31, 2013	Description
Studio A Inc.	Jing Sheng Technology Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
Studio A Inc.	Studio A Inc. (Hong Kong)	Manufacture of electronic telecommunication components	51	51	
Studio A Inc.	Ashop Co., Ltd. (ASHOP)	Manufacture of electronic telecommunication components	51	51	
Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	Manufacture of electronic telecommunication components	100	100	
Studio A Inc. (Hong Kong)	Studio A Macau Limited	Manufacture of electronic telecommunication components	100	100	
FGEKS	Kunshan Fugang Electronics Trading Co., Ltd.	Manufacture of electronic telecommunication components	51	51	
FGEKS	Kunshan Fugang Investment Management Co., Ltd.	Holding Company	-	100	Note 2 Note 3
Kunshan Fugang Electronics Trading Co., Ltd	Shanghai Fugang Electric Trading Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
Kunshan Fugang Electronics Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	Manufacture of electronic telecommunication components	100	100	
PQI	POWER QUOTIENT INTERNATIONAL (H.K.) CO., LTD. (PQI H.K.)	Sale of electronic telecommunication components	100	100	
PQI	PQI JAPAN CO., LTD. (PQI JAPAN)	Sale of electronic telecommunication components	100	93.87	Note 1

Investor	Subsidiary	Main activity	% of shares held December 31, 2014	December 31, 2013	Description
PQI	SYSCOM DEVELOPMENT CO., LTD. (SYSCOM)	Specialized investments holding	100	100	
PQI	APIX LIMITED (APIX)	Specialized investments holding	100	100	
PQI	PQI MOBILITY INC. (PQI MOBILITY)	Specialized investments holding	100	100	
PQI	SIMTECH CO., LTD. (SIMTECH)	Manufacture of electronic telecommunication components	-	100	Note 2
PQI	POWER QUOTIENT INTERNATIONAL CO.,LTD	Trading of medical appliances	100	-	Note 1
SYSCOM	POWER QUOTIENT INTERNATIONAL (SHANGHAI) CO., LTD. (PQI SHANGHAI)	Re-export business of international trade	100	100	
SYSCOM	PQI CORPORATION (PQI USA)	Sale of electronic telecommunication components	100	100	
PQI MOBILITY	POWER QUOTIENT TECHNOLOGY (SUZHOU) CO., LTD. (PQI SUZHOU)	Manufacture of electronic telecommunication components	100	100	
APIX Limited	SINOCITY INDUSTRIES LTD.	Sale of electronic telecommunication components	100	100	Note 4
APIX Limited	Perennial Ace Limited	Sale of electronic telecommunication components	100	100	
SINOCITY INDUSTRIES LTD.	Sinocity Co., Ltd.	Sale of 3C products	100	100	Note 4

Note 1: Investment or incorporation began in 2014.

Note 2: Dissolved or liquidated in 2014.

Note 3: Investment or incorporation began in 2013.

Note 4: Sinocity Industries Ltd. and Sinocity Co., Ltd. are subsidiaries of Power Quotient International Co., Ltd. in Hong Kong and Macao, respectively, with balance sheet date of March 31. For the preparation of consolidated financial statements, Power Quotient International Co., Ltd. had required Sinocity Industries Ltd. and Sinocity Co., Ltd. as consolidated entities to prepare financial statements with balance sheet date on December 31 to conform to the balance sheet date of the consolidated financial statements.

Note 5: Kunshan Fugang Investment Management Co., Ltd. has participated in Dong Guan Fu Qiang Electronics Ltd.'s capital increase by purchasing 11.56% of shares in Dong Guan Fu Qiang Electronics Ltd. on September 17, 2014. Kunshan Fugang Investment Management Co., Ltd. along with CU hold 100% of shares in Dong Guan Fu Qiang Electronics Ltd.

Note 6: The Group holds 42.56% of shares in Power Quotient International Co., Ltd., however, the Group has obtained more than half of the seats on the Board of Directors, so the Group is substantively determined as having control over Power Quotient International Co., Ltd.

C. Subsidiaries not included in the consolidated financial statements:

			% of shares held		
Investor	Subsidiary	Main activity	December 31, 2014	December 31, 2013	Description
Foxlink International Investment Ltd. (FII)	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and electronic machinery equipment	75.00	75.00	Note 1
Studio A Inc.	Tayih Digital Technology Co., Ltd. (TAYIH)	Manufacture of electronic telecommunication components	60.00	60.00	Note 2

Note 1: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on October 5, 2004 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

Note 2: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on July 7, 2010 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

D. Adjustments for subsidiaries with different balance sheet dates:

Sinocity Industries Ltd. and Sinocity Co., Ltd. are subsidiaries of Power Quotient International Co., Ltd. in Hong Kong and Macao, respectively, with balance sheet date on March 31. For the preparation of consolidated financial statements, Power Quotient International Co., Ltd. had required Sinocity Industries Ltd. and Sinocity Co., Ltd. as consolidated entities to prepare financial statements with balance sheet date of December 31 to conform with the balance sheet date of the Group.

E. The restrictions on fund remittance from subsidiaries to the parent company: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

a) The operating results and financial position of all the group entities associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) <u>Classification of current and non-current items</u>

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

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

b) Assets held mainly for trading purposes;

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

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

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

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

b) Liabilities arising mainly from trading activities;

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

d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

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

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

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

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

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

(8) Available-for-sale financial assets

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

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

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

(9) Loans and receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

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

a) Significant financial difficulty of the issuer or debtor;

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

c) The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

e) The disappearance of an active market for that financial asset because of financial difficulties;

f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b) Financial assets measured at cost

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

c) Available-for-sale financial assets

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated fixed production overheads based on actual capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for under the equity method / associates

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

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

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

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) <u>Property, plant and equipment</u>

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

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

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

Buildings	20～50 years
Machinery and equipment	1～5 years
Office equipment	3 years
Other equipment	3～8 years

(15) Leased assets/ leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 ~ 50 years.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Trademark right (indefinite useful life)

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortized cost where no impairment loss was recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. Goodwill for impairment testing purpose is allocated to cash generating units. This allocation is identified based on operating segments. Goodwill is allocated to a cash generating unit or a group of cash generating units that expects to benefit from business combination that will produce goodwill.

(19) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) <u>Notes and accounts payable</u>

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(21) <u>Financial liabilities at fair value through profit or loss</u>

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

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

(22) <u>Derecognition of financial liabilities</u>

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) <u>Offsetting financial instruments</u>

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) <u>Financial liabilities and equity instruments</u>

Bonds payable

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

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

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

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

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

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

(25) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

(26) Employee benefits

A. Pensions

a) Defined contribution plans

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

b) Defined benefit plans

i. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

ii. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

B. Employees' bonus and directors' and supervisors' remuneration

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

(27) <u>Employee share-based payment</u>

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

(28) Income tax

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

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

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

(29) Share capital

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

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company's equity holders.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(31) Revenue recognition

A. The Group manufactures and sells electronic telecommunication component products. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised. The volume discounts are estimated based on the anticipated annual sale quantities.

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(33) Business combinations

A.The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

B.The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

(1) Critical judgements in applying the Group's accounting policies

Revenue recognition on a net/gross basis

The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of the Group's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Group acts as a principal, the amount received or receivable from the customer is recognised as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognised representing commissions earned. The revenue is recognised on a gross basis based on the following characteristics:

a. The Group has primary responsibilities for the goods or services it provides;
b. The Group bears inventory risk;
c. The Group has the latitude in establishing prices for the goods or services, either directly or indirectly; and
d. The Group bears credit risk of customers.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Revenue recognition

In principle, sales revenues are recognised when the earning process is completed. The Group estimates discounts and returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group’s subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(10) for the information of goodwill impairment.

C. Impairment assessment of investments accounted for under the equity method

The Group assesses the impairment of an investment accounted for under the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group’s share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

D. Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industry environment, and laws and regulations might cause material adjustments to deferred income tax assets.

E. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

F. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Cash on hand and petty cash	$ 14,625	$ 15,215	$ 462
Checking accounts and demand deposits	5,558,164	5,432,454	175,613
Cash equivalents			
Time deposits	1,802,927	2,469,668	56,965
Short-term bills	59,771	-	1,888
Total	$ 7,435,487	$ 7,917,337	$ 234,928

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

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2014	December 31, 2013	December 31, 2014
Items	New Taiwan Dollars		US Dollars
Current items:			
Financial assets held for trading			
Non-hedging derivatives	$ 79	$ -	$ 2
Financial liabilities held for trading			
Non-hedging derivatives	$ -	$ 10,338	$ -

A. The Group recognised net loss of $7,346 and $8,577 on financial assets held for trading for the years ended December 31, 2014 and 2013, respectively.

B. The non-hedging derivative instrument transactions and contract information are as follows:

	December 31, 2014		December 31, 2013	
Derivative Instruments	Contract Amount (Notional Principal)	Contract Period	Contract Amount (Notional Principal)	Contract Period
Current items:				
Forward exchange contracts	USD 6,000	2014/12~ 2015/02	USD 22,000	2013/10~ 2014/02

Forward exchange contracts

The Group entered into forward foreign exchange contracts to sell USD and buy NTD to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

Items	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Non-current items			
Listed stocks	$ 194,994	$ 234,418	$ 6,161
Emerging stocks	-	4,216	-
	194,994	238,634	6,161
Valuation adjustment of available-for-sale financial assets	1,799,720	1,921,947	56,863
	$ 1,994,714	$ 2,160,581	$ 63,024

A. The Group recognised ($184,583) and $1,223,340 in other comprehensive income for fair value change for the years ended December 31, 2014 and 2013, respectively.

B. As of December 31, 2014 and 2013, no available-for-sale financial assets were pledged to others.

(4) Financial assets measured at cost

Items	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Non-current item			
Non-publicly traded company	$ 534,626	$ 33,000	$ 16,892

A. Based on the Group's intention, its investment in stocks should be classified as 'available-for-sale financial assets'. However, as the above company stocks are not traded in an active market, and sufficient industry information of companies similar to the above company or the above company's financial information cannot be obtained, the fair value of the investment in stocks cannot be measured reliably. The Group classified those stocks as "financial assets measured at cost".

B. As of December 31, 2014 and 2013, no financial assets measured at cost held by the Group were pledged to others.

(5) Accounts receivable

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Accounts receivable	$ 16,463,538	$ 18,970,620	$ 520,175
Less: allowance for sales returns and discounts	(44,551)	(64,353)	(1,408)
Less: allowance for bad debts	(127,986)	(157,915)	(4,044)
	$ 16,291,001	$ 18,748,352	$ 514,724

A. The quality information of accounts receivable is based on customers' credit ranking and recoverable period of receivables in order to calculate the accrual of impairment. The Group's internal credit ranking policy is that the Group's business and management segment assesses periodically or otherwise whether the credit ranking of existing customers are appropriate and adjusts to obtain the latest information when necessary. Customers' credit ranking assessment is based on industrial operating scale, profitability and ranking assessed by financial insurance institutions.

B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Up to 30 days	$ 986,970	$ 742,164	$ 31,184
31 to 120 days	360,793	251,896	11,399
	$ 1,347,763	$ 994,060	$ 42,583

The ageing analysis is based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

a) As of December 31, 2014 and 2013, the Group's accounts receivable that were impaired amounted to $127,986 and $157,915, respectively.

b) Movements on the Group's provision for impairment of accounts receivable are as follows:

	2014		
	Individual provision	Group provision	Total
January 1, 2014	$ -	$ 157,915	$ 157,915
Reversal of impairment	-	(29,929)	(29,929)
December 31 , 2014	$ -	$ 127,986	$ 127,986

	2013		
	Individual provision	Group provision	Total
January 1, 2013	$ -	$ 202,185	$ 202,185
Reversal of impairment	-	(44,270)	(44,270)
December 31 , 2013	$ -	$ 157,915	$ 157,915

D. The maximum exposure to credit risk at December 31, 2014 and 2013, was the carrying amount of each class of accounts receivable.

E. The Group does not hold any collateral as security.

F. The Company entered into an agreement with Mega International Commercial Bank to sell its accounts receivable on April 27, 2013 and April 27, 2014. Under the agreement, the Company is not required to bear uncollectible risk of the underlying accounts receivable, but is liable for the losses incurred on any business dispute. The Company issued a promissory note to Mega International Commercial Bank according to the agreement as a security for the Company's failure in fulfilment of the agreement when any business dispute arises. These accounts receivable meet the derecognition criteria for financial assets.

G. As of December 31, 2014 and 2013, the outstanding accounts receivable sold to Mega International Commercial Bank were as follows:

	December 31, 2014					
Purchaser of accounts receivable	Accounts receivable sold	Amount derecognised	Limit	Amount advanced	Interest rate	Collateral
Mega International Commercial Bank Co., Ltd.	$2,434 (USD77)	$2,434 (USD77)	$1,107,750 (USD35,000)	$2,191 (USD69)	1.09%	None

	December 31, 2013					
Purchaser of accounts receivable	Accounts receivable sold	Amount derecognised	Limit	Amount advanced	Interest rate	Collateral
Mega International Commercial Bank Co., Ltd.	$648,717 (USD21,765)	$648,717 (USD21,765)	$1,043,175 (USD35,000)	$579,718 (USD19,450)	1.46%~1.82%	None

(6)Inventories

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
	New Taiwan Dollars		
Raw materials	$ 2,802,065	($ 143,276)	$ 2,658,789
Work in process	281,276	(4,059)	277,217
Finished goods	4,791,469	(291,008)	4,500,461
Inventory in transit	120,986	-	120,986
	$ 7,995,796	($ 438,343)	$ 7,557,453

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
	US Dollars		
Raw materials	$ 88,533	($ 4,527)	$ 84,006
Work in process	8,887	(128)	8,759
Finished goods	151,389	(9,195)	142,195
Inventory in transit	3,823	-	3,823
	$ 252,632	($ 13,850)	$ 238,782

	December 31, 2013		
	Cost	Allowance for valuation loss	Book value
	New Taiwan Dollars		
Raw materials	$ 4,999,718	($ 192,422)	$ 4,807,296
Work in process	744,415	(18,966)	725,449
Finished goods	4,623,377	(344,238)	4,279,139
Inventory in transit	21,716	-	21,716
	$ 10,389,226	($ 555,626)	$ 9,833,600

Expenses and losses incurred on inventories during the years ended December 31, 2014 and 2013 were as follows:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Cost of inventories sold	$ 80,585,047	$ 95,176,661	$ 2,546,131
Gain from price recovery for decline in market value	(117,283)	(182,271)	(3,706)
Others (revenue from sale of scraps)	(66,359)	(39,352)	(2,097)
	$ 80,401,405	$ 94,955,038	$ 2,540,329

The Group sold certain inventories during the years ended December 31, 2014 and 2013 that were previously provided with allowance. Accordingly, a gain from price recovery of inventory was recognised.

(7) Investments accounted for under the equity method

	December 31, 2014		
Investee	New Taiwan Dollars	US Dollars	Ownership percentage (%)
Glory Science Co., Ltd.	$ 1,030,720	$ 32,566	42.18%
Well shin Technology Co., Ltd.	1,028,566	32,498	19.25%
Foxlink Image Technology Co., Ltd.	915,962	28,940	30.47%
Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.	319,470	10,094	42.00%
Castles Technology Co., Ltd.	203,273	6,423	22.87%
CMPC Cultural & Creative Co., Ltd.	141,741	4,478	42.86%
Xie Xun Electronics (Ji An) Ltd.	-	-	-
Sharetronic Precision Industry (Shen Zhen) Co., Ltd.	-	-	-
Kleine Developments Ltd.	-	-	33.33%
Smart Vision Co., Ltd.	-	-	-
Core Solid Storage Corp	-	-	-
Microlink Communications Inc.	(25,150)	(795)	21.43%
	3,614,582	114,205	
Add : Credit balance of long-term equity investments reclassified to 'other liabilities–others'	25,150	794	
Total	$ 3,639,732	$ 114,999	

Investee	December 31, 2013 New Taiwan Dollars	Ownership percentage (%)
Glory Science Co., Ltd.	$ 512,227	35.59%
Well Shin Technology Co., Ltd.	988,945	19.61%
Foxlink Image Technology Co., Ltd.	885,630	30.48%
Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.	-	-
Castles Technology Co., Ltd.	192,603	22.87%
CMPC Cultural & Creative Co., Ltd.	144,638	42.86%
Xie Xun Electronics (Ji An) Ltd.	533,674	25.00%
Sharetronic Precision Industry (Shen Zhen) Co., Ltd.	120,650	25.00%
Kleine Developments Ltd.	84,586	33.33%
Smart Vision Co., Ltd.	125,406	31.25%
Core Solid Storage Corp	43,104	36.04%
Microlink Communications Inc.	(20,289)	21.43%
	3,611,174	
Add : Credit balance of long-term equity investments reclassified to ‘other liabilities-others'	20,289	
Total	$ 3,631,463	

A. The financial information of the Group’s principal associates is summarized below:

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
	New Taiwan Dollars				
December 31, 2014					
Well Shin Technology Co., Ltd.	$ 6,778,842	$ 1,632,118	$ 5,357,889	$ 454,790	19.25%
Foxlink Image Technology Co., Ltd.	5,047,889	2,041,797	5,572,825	372,548	30.47%
Glory Science Co., Ltd.	3,116,668	892,654	1,398,869	178,946	42.18%
Castles Technology Co., Ltd.	1,436,157	539,586	1,761,384	85,582	22.87%
Other	2,477,333	1,502,676	2,231,724	23,908	21.43%~42.86%
	$ 18,856,889	$ 6,608,831	$ 16,322,691	$ 1,115,774	

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
	US Dollars				
December 31, 2014					
Well Shin Technology Co., Ltd.	$ 214,181	$ 51,568	$ 169,286	$ 14,369	19.25%
Foxlink Image Technology Co., Ltd.	159,491	64,512	176,077	11,771	30.47%
Glory Science Co., Ltd.	98,473	28,204	44,198	5,654	42.18%
Castles Technology Co., Ltd.	45,376	17,049	55,652	2,704	22.87%
Other	78,273	47,478	70,513	755	21.43%~42.86%
	$ 595,794	$ 208,810	$ 515,725	$ 35,254	

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
	New Taiwan Dollars				
December 31, 2013					
Well Shin Technology Co., Ltd.	$ 6,025,376	$ 1,172,802	$ 5,277,177	$ 475,793	19.61%
Foxlink Image Technology Co., Ltd.	5,484,460	2,509,265	5,607,147	424,479	30.48%
Glory Science Co., Ltd.	1,950,565	771,930	1,122,201	116,641	35.59%
Castles Technology Co., Ltd.	1,413,246	571,044	1,567,875	100,969	22.87%
Other	5,333,406	2,403,677	4,912,260	316,244	21.43%~42.86%
	$ 20,207,053	$ 7,428,718	$ 18,486,660	$ 1,434,126	

B. The fair value of the Group's associates which have quoted market price was as follows:

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Well Shin Technology Co., Ltd.	$ 1,095,181	$ 1,091,839	$ 34,603
Foxlink Image Technology Co., Ltd.	1,009,008	975,546	31,880
Glory Science Co., Ltd.	2,276,626	836,284	71,931
Castles Technology Co., Ltd.	297,160	334,156	9,389
	$ 4,677,975	$ 3,237,825	$ 147,803

C. The Group has signed a stock purchase agreement with CMPC Cultural & Creative Co., Ltd. ("CMPC") on December 31, 2013. CMPC agreed to pay $150 million for acquisition of all the Company's shares in CMPC.

D. Well Shin Technology Co., Ltd.'s stockholding ratio continued to decrease because of Well Shin Technology Co., Ltd.'s issuance of employee stock options. The Group has assessed that the change did not impact the Group's significant influence.

E. The shareholders of Core Solid Storage Corp. have approved the liquidation to be effective on October 31, 2012 and investment of $80 million to be remitted back on May 28, 2013. The liquidation process was completed on February 6, 2014 and dividends of $43,104 thousand were distributed on February 24, 2014.

F. On October 17, 2014, the Boards of Directors of Fu Uei International Investment Ltd. and Foxlink International Investment Ltd. have resolved to participate in the cash capital increase of Glory Science Co., Ltd.. The investment increase was $613,322, accumulated investment was $1,048,592, and the shareholding ratio was 42.18%.

G. On October 13, 2014, the Board of Directors of Foxlink Technology Limited has resolved to sell 25% share capital in Xie Xun Electronics (Ji An) Ltd. to Liantao Electronics Co., Ltd. for RMB$149,722 thousand. As of December 31, 2014, the uncollected amount was RMB$134,606 thousand (recorded as 'other receivables').

H. Since KLEINE DEVELOPMENTS LIMITED keeps generating losses, the Group has assessed there is objective evidence of impairment and accrued impairment loss.

I. The Group has acquired POWER CHANNEL LIMITED using other receivables of $244,022 and completed the stock transfer in December 2014. The Group holds 64.25% of share capital in POWER CHANNEL LIMITED and ultimately holds 42% of share capital in Sharetronic Digital Electronic (Shen Zhen) Co., Ltd..

(8) Property, plant and equipment

	Land	Buildings	Machinery	Office equipment	Others	Total
	New Taiwan Dollars					
At January 1, 2014						
Cost	$ 416,391	$ 12,129,583	$ 8,576,135	$ 475,083	$ 6,544,191	$ 28,141,383
Accumulated depreciation and impairment	-	(1,585,793)	(3,972,841)	(244,080)	(2,482,579)	(8,285,293)
	$ 416,391	$ 10,543,790	$ 4,603,294	$ 231,003	$ 4,061,612	$ 19,856,090
Year ended December 31, 2014						
Opening net book amount	$ 416,391	$ 10,543,790	$ 4,603,294	$ 231,003	$ 4,061,612	$ 19,856,090
Additions	-	1,520,732	2,182,624	40,704	97,887	3,841,947
Disposals	(3,963)	(25,317)	(329,786)	(22,923)	(55,587)	(437,576)
Reclassifications	-	(23,064)	-	-	-	(23,064)
Depreciation charge	-	(359,933)	(2,079,512)	(86,770)	(905,511)	(3,431,726)
Impairment loss	-	(24,426)	(24,342)	(1,454)	(3,126)	(53,348)
Net exchange differences	-	308,222	87,202	4,055	94,263	493,742
Closing net book amount	$ 412,428	$ 11,940,004	$ 4,439,480	$ 164,615	$ 3,289,538	$ 20,246,065
At December 31, 2014						
Cost	$ 412,428	$ 13,902,976	$ 8,396,676	$ 413,408	$ 6,473,755	$ 29,599,243
Accumulated depreciation and impairment	-	(1,962,972)	(3,957,196)	(248,793)	(3,184,217)	(9,353,178)
	$ 412,428	$ 11,940,004	$ 4,439,480	$ 164,615	$ 3,289,538	$ 20,246,065
	US Dollars					
At December 31, 2014						
Cost	$ 13,031	$ 439,273	$ 265,298	$ 13,062	$ 204,542	$ 935,205
Accumulated depreciation and impairment	-	(62,021)	(125,030)	(7,861)	(100,607)	(295,519)
	$ 13,031	$ 377,251	$ 140,268	$ 5,201	$ 103,935	$ 639,686

	Land	Buildings	Machinery	Office equipment	Others	Total
	New Taiwan Dollars					
At January 1, 2013						
Cost	$ 412,428	$ 11,496,255	$ 9,910,348	$ 420,378	$ 5,713,494	$ 27,952,903
Accumulated depreciation and impairment	-	(1,261,847)	(4,408,346)	(216,188)	(2,336,090)	(8,222,471)
	$ 412,428	$ 10,234,408	$ 5,502,002	$ 204,190	$ 3,377,404	$ 19,730,432
Year ended December 31, 2013						
Opening net book amount	$ 412,428	$ 10,234,408	$ 5,502,002	$ 204,190	$ 3,377,404	$ 19,730,432
Additions	3,845	1,147,103	1,769,383	138,737	971,970	4,031,038
Disposals	-	344,430	(451,117)	(17,802)	(19,648)	(144,137)
Reclassifications	-	7,302	-	-	-	7,302
Depreciation charge	(98)	(270,946)	(2,365,199)	(97,944)	(871,787)	(3,605,974)
Reversal of impairment loss	-	-	-	20	1,385	1,405
Net exchange differences	216	(427,424)	148,226	3,803	111,203	(163,976)
Closing net book amount	$ 416,391	$ 11,034,873	$ 4,603,295	$ 231,004	$ 3,570,527	$ 19,856,090
At December 31, 2013						
Cost	$ 416,391	$ 12,129,583	$ 8,576,135	$ 475,083	$ 6,544,191	$ 28,141,383
Accumulated depreciation and impairment	-	(1,585,793)	(3,972,841)	(244,080)	(2,482,579)	(8,285,293)
	$ 416,391	$ 10,543,790	$ 4,603,294	$ 231,003	$ 4,061,612	$ 19,856,090

The property, plant and equipment were not pledged to others as collateral.

(9) Investment property

	Land	Buildings	Total
	New Taiwan Dollars		
At January 1, 2014			
Cost	$ 65,923	$ 491,335	$ 557,258
Accumulated depreciation and impairment	-	(251,290)	(251,290)
	$ 65,923	$ 240,045	$ 305,968
Year ended December 31, 2014			
Opening net book amount	$ 65,923	$ 240,045	$ 305,968
Reclassifications	-	23,064	23,064
Depreciation charge	-	(22,333)	(22,333)
Net exchange differences	-	8,360	8,360
Closing net book amount	$ 65,923	$ 249,136	$ 315,059
At December 31, 2014			
Cost	$ 65,923	$ 522,759	$ 588,682
Accumulated depreciation and impairment	-	(273,623)	(273,623)
	$ 65,923	$ 249,136	$ 315,059
	US Dollars		
At December 31, 2014			
Cost	$ 2,083	$ 16,517	$ 18,600
Accumulated depreciation and impairment	-	(8,645)	(8,645)
	$ 2,083	$ 7,872	$ 9,954

	Land	Buildings	Total
	New Taiwan Dollars		
At January 1, 2013			
Cost	$ 65,923	$ 490,213	$ 556,136
Accumulated depreciation and impairment	-	(225,622)	(225,622)
	$ 65,923	$ 264,591	$ 330,514
Year ended December 31, 2013			
Opening net book amount	$ 65,923	$ 264,591	$ 330,514
Reclassifications	-	(7,302)	(7,302)
Depreciation charge	-	(21,387)	(21,387)
Net exchange differences	-	4,143	4,143
Closing net book amount	$ 65,923	$ 240,045	$ 305,968
At December 31, 2013			
Cost	$ 65,923	$ 491,335	$ 557,258
Accumulated depreciation and impairment	-	(251,290)	(251,290)
	$ 65,923	$ 240,045	$ 305,968

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Rental revenue from the lease of the investment property	$ 34,515	$ 23,764	$ 1,091
Direct operating expenses arising from the investment property that generated rental income in the period	$ 24,757	$ 21,387	$ 782

B. Investment property is stated initially at its cost and is depreciated on a straight-line basis over its estimated useful life. The fair value of the investment property held by the Group as at December 31, 2014 and 2013 was $759,312 and $511,812, respectively, which was evaluated based on the market prices of similar real estate in the areas nearby. Market prices on December 31, 2014 and 2013 did not change significantly.

C. There was no impairment loss on investment property.

D. The investment property was not pledged to others as collateral.

(10) Intangible assets

	Trademark Rights	Goodwill	Others	Total
	New Taiwan Dollars			
At January 1, 2014				
Cost	$ 49,277	$ 2,573,540	$ 135,871	$ 2,758,688
Accumulated depreciation and impairment	-	-	(75,162)	(75,162)
	$ 49,277	$ 2,573,540	$ 60,709	$ 2,683,526
Year ended December 31, 2014				
Opening net book amount	$ 49,277	$ 2,573,540	$ 60,709	$ 2,683,526
Additions	-	-	50,271	50,271
Disposal	-	-	(36)	(36)
Impairment loss	-	-	(174)	(174)
Amortisation change	-	-	(50,675)	(50,675)
Net exchange differences	3,050	124,640	375	128,065
Closing net book amount	$ 52,327	$ 2,698,180	$ 60,470	$ 2,810,977
At December 31, 2014				
Cost	$ 52,327	$ 2,698,180	$ 187,678	$ 2,938,185
Accumulated depreciation and impairment	-	-	(127,208)	(127,208)
	$ 52,327	$ 2,698,180	$ 60,470	$ 2,810,977
	US Dollars			
At December 31, 2014				
Cost	$ 1,653	$ 85,251	$ 5,930	$ 92,834
Accumulated depreciation and impairment	-	-	(4,019)	(4,019)
	$ 1,653	$ 85,251	$ 1,911	$ 88,814

	Trademark Rights	Goodwill	Others	Total
	New Taiwan Dollars			
At January 1, 2013				
Cost	$ 48,012	$ 2,521,861	$ 397,402	$ 2,967,275
Accumulated depreciation and impairment	-	-	(320,110)	(320,110)
	$ 48,012	$ 2,521,861	$ 77,292	$ 2,647,165
Year ended December 31, 2013				
Opening net book amount	$ 48,012	$ 2,521,861	$ 77,292	$ 2,647,165
Additions	-	-	30,458	30,458
Disposal	-	-	(2,181)	(2,181)
Amortisation change	-	-	(48,322)	(48,322)
Net exchange differences	1,265	51,679	3,462	56,406
Closing net book amount	$ 49,277	$ 2,573,540	$ 60,709	2,683,526
At December 31, 2013				
Cost	$ 49,277	$ 2,573,540	$ 135,871	$ 2,758,688
Accumulated depreciation and impairment	-	-	(75,162)	(75,162)
	$ 49,277	$ 2,573,540	$ 60,709	$ 2,683,526

A. Goodwill is allocated to the Group's cash-generating units identified according to operating segments as follows:

	December 31, 2014			December 31, 2013		
	Retail of computer, communication and consumer electronics	Memory module	Others	Retail of computer, communication and consumer electronics	Memory module	Others
	New Taiwan Dollars					
Taiwan	$ -	$ 419,858	$ -	$ -	$ 419,858	$ -
Hong Kong	2,138,129	-	-	2,013,489	-	-
All other segments	128,585	-	11,608	128,585	-	11,608
	$ 2,266,714	$ 419,858	$ 11,608	$ 2,142,074	$ 419,858	$ 11,608

	December 31, 2014		
	Retail of computer, communication and consumer electronics	Memory module	Others
	US Dollars		
Taiwan	$ -	$ 13,266	$ -
Hong Kong	67,555	-	-
All other segments	4,063	-	367
	$ 71,618	$ 13,266	$ 367

B. Goodwill and trademarks with uncertain useful life are allocated to the POWER QUOTIENT INTERNATONAL CO., LTD. (PQI)'s cash-generating units identified. The recoverable amount of all cash-generating units has been determined based on value-in-use and fair value calculations. These calculations use pre-tax cash flow projections and decisions assisted by independent valuation institutions based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The recoverable amount based on value-in-use calculation is greater than the carrying amount, thus, goodwill and goodwill with indefinite useful life are not impaired. The calculation of value-in-use is mainly based on gross profit margin, growth rate and discount rate. Management determines profit margin based on prior performance and expectation to the market development. Weighted average growth rate adopted is the same as the expectation stated in the industry report. Discount rate adopted is pre-tax ratio and reflects specific risk of related operating segments. Management believes that any reasonable adjustment of key assumptions used to estimate recoverable amounts of each cash generating unit would not result in carrying value exceeding the recoverable amount. Comparing the calculation of recoverable amount in accordance with the aforementioned assumption with PQI's assets available for operation and carrying value of goodwill at assessment date, there was no impairment to assets for the years ended December 31, 2014 and 2013.

C. The Group assesses recoverable amount based on the net fair value for impairment assessment on recoverable amount of memory module. The fair value is assessed to be higher than the carrying amount, thus, goodwill is not impaired.

D. The intangible assets were not pledged to others as collateral.

(11) Long-term prepaid rents (Shown in other non-current assets)

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Land use right	$ 857,928	$ 849,407	$ 27,107

Mainly consisting of land access right, the Group signed land access rights contracts for the use of land in China. All rentals had been paid on the contract date. The Group recognised rental expenses of $20,069 and $18,986 for the years ended December 31, 2014 and 2013, respectively.

(12) Short-term borrowings

	December 31, 2014			
Type of borrowings	New Taiwan Dollars	US Dollars	Interest rate range	Collateral
Bank borrowings				
Credit borrowings	$ 10,266,779	$ 324,385	0.9%~4.7%	-

Type of borrowings	December 31, 2013	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 9,909,862	0.96%~5.6%	-

(13) Other payables

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Payables on conversion fee	$ 137,066	$ 89,729	$ 4,331
Payables on salary and bonus	1,737,970	1,804,638	54,912
Payables on sales commission	197,356	279,003	6,236
Payables on equipment	1,127,648	867,825	35,629
Others	1,552,289	2,574,261	49,045
	$ 4,752,329	$ 5,615,456	$ 150,153

(14) Bonds payable

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Unsecured convertible bonds	$ 475,000	$ 475,000	$ 15,008
Less: Discount on bonds payable	-	(12,282)	-
Accumulated redemption amount	(475,000)	-	(15,008)
Less: Current portion	-	(462,718)	-
	$ -	$ -	$ -

The five-year unsecured convertible bonds issued by Power Quotient International Co., Ltd. on November 12, 2009 matured on November 12, 2014. As the bondholders did not exercise the conversion right, Power Quotient International Co., Ltd. has redeemed the bonds for $475,000 thousand.

As the bonds matured and caused the stock options to expire, Power Quotient International Co., Ltd. reclassified “capital surplus – stock warrants” of $65,491 to capital surplus – others.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2014	Unused credit line	December 31, 2014
			New Taiwan dollars		US dollars	
Long-term loan borrowings						
Bank credit borrowing	The amount of NTD 49,488 thousand is payable in installments starting from January 2013 to July 2019.	0.44%~2.5%	$ -	$ 49,489	$ -	$ 1,563
Bank secured borrowings	The amount of NTD 102,185 thousand is payable in installments starting from July 2014 to July 2024.	2.1%~2.8%	$ 7,514	$ 102,185	237	3,229
Medium-term and long-term syndicated loans	The payable of NTD 5,600,000 thousand from March 2013 to March 2016. The company may issue a drawing application before the maturity date of borrowing to directly repay the borrowing principal that originally expired.	1.61%	2,400,000	5,600,000	75,829	176,935
				5,751,674	-	181,727
Less: Current portion				(50,177)	-	(1,585)
				$ 5,701,497	$ -	$ 180,142

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2013
			New Taiwan dollars	
Long-term loan borrowings				
Bank credit borrowing	The amount of NTD 56,212 thousand is payable in installments of USD 5,260 thousand starting from September 2011 to November 2019.	0.46%~2.3%	$ -	$ 212,986
Medium-term and long-term syndicated loans	The payable of NTD 5,600,000 thousand from March 2013 to March 2016. The company may issue a drawing application before the maturity date of borrowing to directly repay the borrowing principal that originally expired.	1.6%	2,400,000	5,600,000
				5,812,986
Less: Current portion				(163,182)
				$ 5,649,804

A. In March 2013, the Company signed a medium-term syndicated revolving NTD credit facility agreement with the consortium – Mega International Commercial Bank as the lead bank. The terms of agreement are summarized below:

a) Duration of loan: The loan period of the agreement was 3 years from the agreement signing date.

b) Credit line and drawdown: The credit line was $8,000, which can be drawn down in installments of at least $100,000 per drawdown.

c) Principal repayment: The duration of each loan drawn down is either 90 days or 180 days at the Company's option. The Company, if without any default, may submit an application to the banks to draw down a new loan with principal equal to the old one before its maturity, and the new loan is directly used to repay the original loan. The banks and the Company are not required to make remittances for such drawdown and repayment, which is viewed that the Company has received the new loan on the maturity of original loan.

d) Commitment: The Company should maintain the following financial ratios during the contract duration for annual non-consolidated and consolidated financial statements and quarterly non-consolidated financial statements:

i. Current assets to current liabilities ratio of at least 1:1;

ii. Liabilities not exceeding 200% of tangible net equity;

iii. Interest coverage of at least 400%; and

iv. Tangible net equity of at least NT$15,000,000.

e) The loan period is decided by the borrower. The borrower may choose to early repay the loans during the contract period according to the syndicated loan contract.

(16) Pensions

A. a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

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

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Present value of funded defined benefit obligations	$ 315,828	$ 325,779	$ 9,979
Fair value of plan assets	(85,417)	(88,821)	(2,699)
	230,411	236,958	7,280
Unrecognised past service cost	(14,023)	(15,473)	(443)
Net liability in the balance sheet	$ 216,388	$ 221,485	$ 6,837

c) Movements in present value of defined benefit obligations are as follows:

	2014	2013	2014
	New Taiwan Dollars		US Dollars
Present value of defined benefit obligations			
At January 1	$ 325,811	$ 331,162	$ 10,294
Current service cost	3,474	4,119	110
Interest cost	6,527	4,958	206
Actuarial profit (loss)	(9,680)	2,328	(306)
Benefits paid	(9,150)	(12,579)	(289)
Curtailment	(1,154)	(4,209)	(36)
At December 31	$ 315,828	325,779	9,979

d) Movements in fair value of plan assets:

	2014	2013	2014
	New Taiwan Dollars		US Dollars
Fair value of plan assets			
At January 1	$ 88,904	$ 96,640	$ 2,809
Expected return on plan assets	1,899	1,353	60
Actuarial profit (loss)	305	(179)	10
Employer contributions	3,459	3,586	109
Benefits paid	(9,150)	(12,579)	(289)
At December 31	$ 85,417	$ 88,821	$ 2,699

e) Amounts of expenses recognised in comprehensive income statements:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Current service cost	$ 3,474	$ 4,119	$ 109
Interest cost	6,526	4,958	206
Expected return on plan assets	(1,899)	(1,353)	(60)
Past service cost	1,228	1,328	39
Loss arising from curtailment or settlement	(899)	(3,191)	(28)
Current pension cost	$ 8,430	$ 5,861	$ 266

Details of cost and expenses recognised in comprehensive income statements are as follows:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Cost of sales	($ 973)	($ 1,195)	($ 31)
Selling expenses	(345)	(862)	(11)
General and administrative expenses	9,790	8,356	309
Research and development expenses	(42)	(438)	(1)
	$ 8,430	$ 5,861	$ 266

f) Amounts of actuarial gains or losses recognised under other comprehensive income are as follows:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Recognition for current period	($ 9,985)	2,507	($ 315)
Accumulated amount	$ 817	$ 10,802	$ 26

g) The Bank of Taiwan was commissioned to manage the Fund of the Company’s and domestic subsidiaries’ defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

   Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund’s minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

h) The principal actuarial assumptions used were as follows:

	2014	2013
	New Taiwan Dollars	
Discount rate	2%	1.5%~2%
Future salary increases	2%~3%	1.5%~3%
Expected return on plan assets	2%	1%~2%

   Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Historical information of experience adjustments was as follows:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Present value of defined benefit obligation	315,828	325,779	9,979
Fair value of plan assets	(85,417)	(88,821)	(2,699)
Ddeficit in the plan	$ 230,411	$ 236,958	$ 7,280
Experience adjustments on plan liabilities	($ 10,106)	22,158	($ 319)
Experience adjustments on plan assets	$ 48	($ 179)	$ 14,241

i) Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2014 amounts to $10,000.

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

b) The Company's mainland subsidiaries and foreign subsidiaries have a funded defined contribution plan. Monthly contributions are based on the employees' monthly salaries and wages (the contribution ratio for the years ended December 31, 2014 and 2013 is between 11%~20%) to an independent fund administered by the government in accordance with the pension regulations. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plan for the years ended December 31, 2014 and 2013 were $70,719 and $65,364, respectively.

(17) Share-based payment

A. As of December 31, 2014 and 2013, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting Conditions	Actual resignation rate in the current period	Estimated future resignation rate
Employee stock options	2007.12.28	40,000,000	7 years	The stock options may be exercised in installments after two years of issuance of stock options.	0%	0%

B. Details of the share-based payment arrangements are as follows:

	Year ended December 31, 2014			Year ended December 31, 2013	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)		No. of options (in thousands)	Weighted-average exercise price (in dollars)
		New Taiwan Dollars	US Dollars		New Taiwan Dollars
Options outstanding at beginning of the period	13,558	$ 43.10	$ 1.36	21,926	$ 45.40
Options exercised	(10,317)	43.10	1.36	(8,327)	45.40
Options forfeited	-	-	-	(41)	45.40
Options expired	(3,241)	43.10	1.36	-	-
Options outstanding at end of the period	-	$ -	$ -	13,558	$ 45.40
Options exercisable at end of the period	-			13,558	

(Note):Under the stock-based employee compensation plan, the weighted-average exercise price of the outstanding shares at beginning of the period is subject to adjustments due to changes in the number of common shares.

C. As of December 31, 2014, the Company’s share-based payment arrangements have all expired. As of December 31, 2013, the conversion price range for the outstanding stock options was $45.4 and the remaining weighted-average contract duration was 1 year.

D. For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted average parameters used in the estimation of the fair value are as follows:

Grant date	2007.12.28
Dividend rate	0%
Expected price volatility	39.98%
Risk-free interest rate	2.44%
Expected vesting period	5.05 years
Exercise price per share	$68.8
Fair value per unit	$26.66

(18) Share capital

A. As of December 31, 2014, the Company′s authorized common stock was $7,000,000 (US$234,388) (including 50,000,000 shares reserved for the issuance of employees’ warrants), and the issued and outstanding shares were 512,326,940 shares, with a par value of $10 (in dollars) per share.

	2014	2013	2014
	New Taiwans Dollars		US Dollars
At January 1	$ 502,009,540	$ 493,682,940	$ 15,861,281
Employee stock options exercised	10,317,400	8,326,600	325,984
At December 31,	$ 512,326,940	$ 502,009,540	$ 16,187,265

B. The common shares issued through the exercise of employee stock option on January 14, 2015 had been registered on a quarterly basis in accordance with relevant regulations.

C. The rules on issuance of limited employee share rights resolved by the Board of Directors on May 15, 2014 were in accordance with "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" Article 60-3-2, and were approved to be effective on September 9, 2014 by the Financial Supervisory Commission, Securities and Futures Bureau. However, as of the March 31, 2015, the Company has not yet issued such employee share rights.

(19) Capital surplus

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

	Share premium	Treasury share transaction	Difference between proceeds from disposal of subsidiary and book value	Change in net equity of associates and joint ventures accounted for under the equity method	Total
At January 1, 2014	$ 8,985,731	$ 3,065	$ 10,185	$ 50,218	$ 9,049,199
Employee stock options exercised	352,119	-	-	-	352,119
Change in net equity of associates accounted for under the equity method	-	-	-	17,964	17,964
Difference between proceeds from disposal of subsidiary and book value	-	-	220	-	220
At December 31, 2014 (New Taiwan Dollars)	$ 9,337,850	$ 3,065	$ 10,405	$ 68,182	9,419,502
At Decembr 31, 2014 (US Dollars)	$ 295,035	$ 97	$ 329	$ 2,154	$ 297,615

	Share premium	Treasury share transaction	Difference between proceeds from disposal of subsidiary and book value	Change in net equity of associates and joint ventures accounted for under the equity method	Total
At January 1, 2013	$ 8,689,447	$ 3,065	$ 2,691	$ 54,500	$ 8,749,703
Employee stock options exercised	296,284	-	-	-	296,284
Change in net equity of associates accounted for under the equity method	-	-	-	(4,282)	(4,282)
Difference between proceeds from disposal of subsidiary and book value	-	-	7,494	-	7,494
At December 31, 2013	$ 8,985,731	$ 3,065	$ 10,185	$ 50,218	$ 9,049,199

(20) Retained earnings

A. Based on the Company's Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder shall be appropriated as (a) 0.1% as remuneration to directors and supervisors; (b) at least 8% as bonus to employees, and (c) as dividends to stockholders.

B. According to the Company’s Articles of Incorporation, no more than 90% of the distributable retained earnings shall be distributed as stockholders’ bonus, of which a major portion is payable by shares and the balance by cash, which will be defined and approved during the stockholders’ meeting. In general, cash dividends distributed in any calendar year shall be at least 20% of the total distributable earnings in that year.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company’s paid-in capital.

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

b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. For the year ended December 31, 2014, the estimated amounts of employees' bonus and directors' and supervisors' remuneration was $179,829, and was recognised as operating costs or operating expenses. The basis of estimates is based on a certain percentage (as prescribed by the Company's Articles of Incorporation) of net income for the year, after taking into account the legal reserve and other factors. Employees' bonus of $268,212 and directors' and supervisors' remuneration of $1,788 for 2013 approved at the stockholders' meeting were in agreement with the amounts recognised in the 2013 financial statements.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. (a) On June 12, 2014 and June 11, 2013, the stockholders resolved the appropriation of net income of 2013 and 2012 as follows:

	Year ended December 31, 2013		Year ended December 31, 2012	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollers)
Legal reserve	$ 207,500	$ -	$ 195,400	$ -
Cash dividends	1,518,197	3.00	1,235,415	2.50
Total	$ 1,725,697	$ 3.00	$ 1,430,815	$ 2.50

(b) On March 31, 2014, the stockholders resolved the appropriation of net income of 2014 as follows:

	Year ended December 31, 2014	
	Amount	Dividend per share (in dollars)
Legal reserve	$ 178,579	$ -
Cash dividends	1,024,654	2.00
Total	$ 1,203,233	$ 2.00

(21) Other equity items

	Available-for-sale investments	Currency translation differences	Total
At January 1, 2014	$ 1,565,400	$ 431,720	$ 1,997,120
Valuation adjustment of available-for-sale investments	(320,055)	-	(320,055)
Currency translation differences:			
Group	-	640,832	640,832
Associates	-	50,462	50,462
At December 31, 2014 (New Taiwan Dollars)	$ 1,245,345	$ 1,123,014	$ 2,368,359
At December 31, 2014 (US Dollars)	$ 39,347	$ 35,482	$ 74,830

	Available-for-sale investments	Currency translation differences	Total
At January 1, 2013	$ 649,174	($ 330,227)	$ 318,947
Valuation adjustment of available-for-sale investments	916,226	-	916,226
Currency translation differences:			
Group	-	738,873	738,873
Associates	-	23,074	23,074
At December 31, 2013 (New Taiwan dollars)	$ 1,565,400	$ 431,720	$ 1,997,120

(22) Other income

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Rental revenue	$ 34,515	$ 23,764	$ 1,091
Interest income	82,506	63,012	2,607
Dividend income	1,799	25,259	57
Technical assistance income	-	67,808	-
Management service income	14,514	23,110	459
Others	378,775	361,191	11,966
	$ 512,109	$ 564,144	$ 16,180

(23) Other gains and losses

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Net gains on financial assets at fair value through profit or loss	$ 7,425	$ 1,761	$ 235
Net currency exchange gain	111,333	381,173	3,518
Losses on disposal of property, plant and equipment	(49,163)	(89,805)	(1,553)
Gains on disposal of investments	723,309	64,002	22,853
(Impairment loss) Reversal of impairment loss	(53,522)	1,405	(1,691)
Others	(128,263)	(122,134)	(4,053)
	$ 611,119	$ 236,402	$ 19,309

(24) Finance costs

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Interest expense:			
Bank borrowings	$ 282,421	$ 269,836	$ 8,923
Bonds	16,385	18,442	518
Others	84	2,590	3
	$ 298,890	$ 290,868	$ 9,444

(25) Expenses by nature

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Employee benefit expense	$ 13,619,414	$ 14,764,253	$ 430,313
Depreciation charges on property, plant and equipment and investment property	3,454,059	3,627,361	109,133
Amortisation charges on intangible assets	50,675	48,322	1,601
Transportation expenses	1,021,012	1,049,942	32,259
Advertising costs	148,028	117,390	4,677
Operating lease payments	939,966	931,076	29,698
Total cost of sales and operating expenses	$ 19,233,154	$ 20,538,344	$ 607,682

(26) Employee benefit expense

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Wages and salaries	$ 12,221,789	$ 13,543,525	$ 386,154
Labor and health insurance fees	979,260	718,842	30,940
Pension costs	79,149	71,225	2,501
Other personnel expenses	339,216	430,661	10,718
	$ 13,619,414	$ 14,764,253	$ 430,313

(27) Income tax

A. Income tax expense

a) Components of income tax expense:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Current tax:			
Current tax on profits for the period	$ 748,462	$ 912,901	$ 23,648
Prior year income tax (over) understimation	(361)	(72,559)	(11)
Total current tax	748,101	840,342	23,637
Deferred tax:			
Origination and reversal of temporary differences	200,773	105,327	6,343
Impact of change in tax rate	-	-	-
Total deferred tax	200,773	105,327	6,343
Income tax expense	$ 948,874	$ 945,669	$ 29,980

b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Currency translation differences	143,524	$ 155,417	4,535
Actuarial gains and losses on benefit obligation	6,447	(426)	204
Available-for-sale financial assets-Unrealised gains and losses	135,845	305,409	4,292
	$ 285,816	$ 460,400	$ 9,031

B. Reconciliation between income tax expense and accounting profit.

	Years ended December 31, 2014	2013	2014
	New Taiwan Dollars		US Dollars
Tax calculated based on profit before tax and statutory	$ 1,016,893	$ 1,016,193	$ 32,129
Effects from items disallowed by tax regulation	(105,550)	(50,283)	(3,335)
Prior year income tax (over) underestimation	(361)	(72,559)	(11)
10% surtax on undistributed earnings	37,892	52,318	1,197
Income tax expense	$ 948,874	$ 945,669	$ 29,980

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

	Year ended December 31, 2014				Year ended December 31, 2014			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
	New Taiwan Dollars				US Dollars			
Temporary differences:								
-Deferred tax assets:								
Bad debts expense	$ 1,753	$ 2,138	$ -	$ 3,891	$ 55	$ 68	$ -	$ 123
Impairment losses on slow-moving inventory	57,951	(21,820)	-	36,131	1,831	(689)	-	1,142
Unrealised exchange (loss) gain	1,191	(750)	-	441	38	(24)	-	14
Unrealised profit from sales	-	48	-	48	-	2	-	2
Unrealised appropriation of pension	3,728	(2,032)	-	1,696	118	(64)	-	54
Actuarial gains (losses) on defined benefit plans	1,836	-	(733)	1,103	58	-	(23)	35
Cumulative translation adjustments	12,087	-	(12,087)	-	382	-	(382)	-
Loss carryforwards	162,915	(8,621)	-	154,294	5,147	(272)	-	4,875
Others	11,736	25,256	-	36,992	371	796	-	1,167
Subtotal	$ 253,197	($ 5,781)	($ 12,820)	$ 234,596	$ 8,000	($ 183)	($ 405)	$ 7,412
-Deferred tax liabilities:								
Gain of investments	($ 273,439)	($ 165,551)	$ -	($ 438,990)	($ 8,639)	($ 5,231)	$ -	($ 13,870)
Unrealised exchange (loss) gain	(18,508)	(30,976)	-	(49,484)	(585)	(978)	-	(1,563)
Actuarial gains (losses) on defined benefit plans	-	211	(5,714)	(5,503)	-	7	(181)	(174)
Unrealised gains (losses) on available-for-sale financial assets	(305,409)	-	(135,845)	(441,254)	(9,650)	-	(4,292)	(13,942)
Cumulative translation adjustments	(263,012)	-	(131,437)	(394,449)	(8,310)	-	(4,153)	(12,463)
Others	(1,324)	1,324	-	-	(42)	42	-	-
Subtotal	($ 861,692)	($ 194,992)	($ 272,996)	($ 1,329,680)	($ 27,226)	($ 6,160)	($ 8,626)	($ 42,012)
Total	($ 608,495)	($ 200,773)	($ 285,816)	($ 1,095,084)	($ 19,226)	($ 6,343)	($ 9,031)	($ 34,600)

	Year ended December 31,2013			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Bad debts expense	$ 14,602	($ 12,849)	$ -	$ 1,753
Impairment losses on slow-moving inventory	69,755	(11,804)	-	57,951
Unrealised exchange (loss) gain	1,501	(310)	-	1,191
Unrealised profit from sales	1,700	(1,700)	-	-
Unrealised appropriation of pension	13,306	(9,578)	-	3,728
Actuarial gains (losses) on defined benefit plans	2,502	-	(666)	1,836
Cumulative translation adjustments	-	-	12,087	12,087
Loss carryforwards	163,307	(392)	-	162,915
Others	40,194	(28,458)	-	11,736
Subtotal	$ 306,867	($ 65,091)	11,421	$ 253,197
-Deferred tax liabilities:				
Gain of investments	($ 211,780)	($ 61,659)	$ -	($ 273,439)
Unrealised exchange (loss) gain	(13,232)	(5,276)	-	(18,508)
Unrealised appropriation of pension	(3,638)	3,638	-	-
Actuarial gains (losses) on defined benefit plans	(1,092)	-	1,092	-
Unrealised gains (losses) on available-for -sale financial assets	-	-	(305,409)	(305,409)
Cumulative translation adjustments	(95,508)	-	(167,504)	(263,012)
Others	(24,385)	23,061	-	(1,324)
Subtotal	($ 349,635)	($ 40,236)	($ 471,821)	($ 861,692)
Total	($ 42,768)	($ 105,327)	($ 460,400)	($ 608,495)

D.Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

Year ended December 31, 2014				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
New Taiwan Dollars				
2008-2014	$ 2,316,976	$ 2,316,976	$ 239,591	2018-2024

Year ended December 31, 2013				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
New Taiwan Dollars				
2008-2013	$ 1,503,332	$ 1,503,332	$ 92,651	2018-2023

Year ended December 31, 2014				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
US Dollars				
2008-2014	$ 73,206	$ 73,206	$ 7,570	2018-2024

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Dnductible temporary differences	$ 453,538	$ 429,046	$ 14,330

F. The status of the Company's and its domestic subsidiaries' income tax returns is as follows:

	Status of Assessment
The Company, PQI, PROCONN, FII, WCT, FUII, Studio A Inc., Zhi De Investment, Shinfox, Du Precision, VT, Dart, Va Product Inc.	Assessed and approved up to 2012

G. Unappropriated retained earnings:

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Earnings generated in and before 1998	$ 5,863,134	$ 5,980,533	$ 185,249

H. As of December 31, 2014, and 2013, the balance of the imputation tax credit account was $1,022,930 and $1,192,059, respectively. The creditable tax rate was 22.42% for 2013 and is estimated to be 17.45% for 2014.

(28) Earnings per share

	Year ended December 31, 2014				
	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	New Taiwan Dollars	US Dollars		New Taiwan Dollars	US Dollars
Basic earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 1,785,792	$ 56,423	509,619	$ 3.50	$ 0.11
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$ 1,785,792	$ 56,423	509,619		
Assumed conversion of all dilutive potential ordinary shares					
Employees' options	-	-	5,834		
Employees' bonus	-	-	5,704		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,785,792	$ 56,423	521,157	$ 3.43	$ 0.11

	Year ended December 31, 2014			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	Earnings per share (in dollars)
	New Taiwan Dollars			US Dollars
Basic earnings per share				
Profit attributable to ordinary shareholders of the parent	$ 2,075,008	495,645	$ 4.19	$ 0.13
Diluted earnings per share				
Profit attributable to ordinary shareholders of the parent	$ 2,075,008	495,645		
Assumed conversion of all dilutive potential ordinary shares				
Employees' options	-	4,737		
Employees' bonus	-	3,866		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,075,008	504,248	$ 4.12	$ 0.13

(29) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

A. On January 28, 2014, PQI has acquired an additional 6.13% shares in PQI JAPAN CO., LTD. for a total cash consideration of JPY 40 million (approximately NT$11,832). The carrying amount of the non-controlling interest – PQI JAPAN CO., LTD. was ($7,660) at the acquisition date. The transaction has increased the non-controlling interest by $7,660 and decreased equity attributable to owners of the parent by $8,295.

B. On April 11, 2014 and December 24, 2014, the Group has acquired an additional 12.25% and 12.38% shares in Va Product Inc. for a total cash consideration of $2,940 and $2,972, respectively. The carrying amount of non-controlling interest –Va Product Inc. was $3,082 and ($2,248) at the acquisition date, respectively. The transaction has decreased and increased the non-controlling interest by $771 and $758, respectively, and has decreased equity attributable to owners of the parent by $2,169 and $3,730, respectively.

C. On January 17, 2013, the Group acquired additional 24.5% shares of Studio A Inc. (Hong Kong) for a total cash consideration of US$21,300. The carrying amount of non-controlling interest –Studio A Inc. (Hong Kong) was $133,868 at the acquisition date. The transaction has decreased the non-controlling interest by $66,934 and has decreased equity attributable to owners of the parent by $552,136.

D. The effect of equity attributable to owners of the parent from changes in non-controlling interest for the years ended December 31, 2014 and 2013 is as follows:

	Years ended December 31,		
	2014	2013	2014
	New Taiwans Dollars		US Dollars
Carrying amount of non-controlling interest acquired	($ 3,247)	$ 66,934	($ 103)
Consideration paid to non-controlling interest	(10,947)	(619,070)	(346)
	($ 14,194)	($ 552,136)	($ 449)
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed	($ 24)	$ -	($ 1)
Retained earnings, difference between consideration and carrying amount of subsidiaries acquired or disposed	($ 14,170)	($ 552,136)	($ 448)

(30) Operating leases

The Group leases offices, warehouses and branch locations under non-cancellable operating lease agreements. The lease terms are between 1 to 6 years, and all the lease agreements are renewable at the end of the lease period. The Group recognised rental expenses of $516,309, and $356,021 and contingent rents of $25,793 and $20,733 for these leases in profit or loss for the years ended December 31, 2014 and 2013, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
No later than one year	$ 368,202	$ 355,200	$ 11,634
Later than one year but not later than five years	290,961	384,908	9,193
	$ 659,163	$ 740,108	$ 20,827

(31) Non-cash transaction

Investment activities paid in cash:

	Years ended December 31,	
	2014	2013
Purchased fixed assets	$ 3,841,947	$ 4,031,038
Add: opening balance of payables on equipment	867,825	1,752,810
Less: ending balance of payables on equipment	(1,127,648)	(867,825)
Cash paid during the period	$ 3,582,124	$ 4,916,023

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales of goods

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Sales of goods:			
-Associates	$ 1,419,496	$ 1,969,358	$ 44,850

All the credit term on sales to related parties was 120 to 180 days after monthly billings. The credit term on sales to third parties was 30 to 120 days after monthly billing or upon shipment of goods, except for receivables arising from the sales of tooling that are collectible upon acceptance by customers.

B. Purchases of goods

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Sales of goods:			
-Associates	$ 1,660,502	$ 2,192,004	$ 52,465

All purchases from related parties are at arm's-length. Payment period was 60 to 120 days after receipt of goods from suppliers.

C. Accounts receivable

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Receivables from related parties:			
Associates	$ 687,736	$ 871,744	$ 21,729
Other receivables from related parties:			
Associates	710,538	182,229	22,450
	$ 1,398,274	$ 1,053,973	$ 44,179

D. Accounts payable

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Payables from related parties:			
Associates	$ 406,419	$ 419,439	$ 12,841

E. Loans to /from related parties

(i) Receivables from related parties:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Associates	$ 509,200	$ -	$ 16,088

(ii) Interest income:

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Associates	$ 14,298	$ -	$ 452

(2) Key management compensation

	Years ended December 31,		
	2014	2013	2014
	New Taiwan Dollars		US Dollars
Salaries and other short-term employee benefits	$ 92,479	$ 102,659	$ 2,922
Post-employment benefits	1,630	5,676	52
Total	$ 94,109	$ 108,335	$ 2,974

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value December 31, 2014	Book value December 31, 2013	Pledged purpose
Restricted assets-current	$ 197,180	$ 183,620	Customs deposit and guarantee for L/C issued for purchases of materials
	(US$ 6,230)		
Other receivables	243	68,999	Sale of accounts receivable retention money
	(US$ 8)		
Refundable deposits	409,588	420,611	Customs deposit and plant deposit
	(US$ 12,941)		
Other assets - other	2,500	2,500	Litigation deposit
	(US$ 79)		
	$ 609,511	$ 675,730	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows :

	December 31, 2014	December 31, 2013	December 31, 2014
	New Taiwan Dollars		US Dollars
Property, plant and equipment	$ 723,735	$ 343,417	$ 22,867

(2) On December 16, 2011, PQI was informed by its US indirect subsidiary that it had a dispute over accounts receivable with a customer in Central and South America. Through the Company's investigation, it was found that this event was caused by one employee of the US indirect subsidiary of PQI, who altered the related delivery documents without permission, which resulted to the delivery of the goods to a location that was not designated by the customer. The related amount was estimated at US$19,447 thousand (NT$577,633 thousand). Based on the attorney's opinion, the US indirect subsidiary of PQI has the credit right to the employee on this event. However, based on conservatism principle, the US indirect subsidiary of PQI has recognized bad debts in full for the credit right (shown under non-operating expenses – other expenses). This case has been under the investigation of the courts in ROC and USA. However, actual loss depends on the judgement of the courts. PQI had filed a lawsuit in ROC and USA, respectively, against the employee and applied to Taiwan New Taipei District Court for provisional seizure with a deposit of $2,500 as security. Based on the attorney's opinion, the collectability of the credit right was uncertain. In addition, the US indirect subsidiary of PQI filed a lawsuit against its client—PRIVATE LABEL PC, INC. (PLPC), seeking compensation. PLPC also filed a counterclaim against the US indirect subsidiary and HK subsidiary of PQI, seeking compensation of US$3,224 thousand. As of the financial reporting date, the final results of these cases had not been determined.

(3) On March 25, 2014, the shareholders of Studio A Inc. approved to sell its 51% shares in ASHOP CO., LTD. to Dugo Tech (Dugo Tech Co., Ltd.) or the designated person for the amount of USD 5 million over three years. The transaction amount will be collected in full at the end of 2016. In order to protect its right, Studio A Inc. will not transfer its control right until the amount of equity transaction is collected completely. Furthermore, since ASHOP CO. LTD. is still considered as a subsidiary of Studio A Inc., ASHOP CO., LTD. consults and requests the Company to provide capital of up to USD 10 million (shown as "other receivable-related parties") and guarantee for material purchase from Apple of up to USD 3 million. If there is any loss on the loan and the endorsement, Studio A Inc. has the joint and several liabilities and the maximum of the compensation is USD 13 million. However, the result is dependent upon the completion of the transaction.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the actual financial condition.

(2) Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amount of financial instruments measured at amortised cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables) is approximate to their fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	December 31, 2014			
	Book value	Fair value	Book value	Fair value
	New Taiwan Dollars		US Dollars	
Financial assets:				
Financial assets measured at cost	$ 534,626	$ -	$ 16,892	$ -
Financial liabilities:				
Long-term borrowings (including current portion)	$ 5,751,674	$ 5,559,230	$ 181,727	$ 175,647

	December 31, 2013	
	Book value	Fair value
	New Taiwan Dollars	
Financial assets:		
Financial assets measured at cost	$ 33,000	$ -
Financial liabilities:		
Long-term borrowings (including current portion)	$ 5,812,986	$ 5,548,643

B. Financial risk management policies

a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).

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

C. Significant financial risks and degrees of financial risks

a) Market risk

<u>Foreign exchange risk</u>

- The Group primarily uses US dollars as the valuation unit in purchases and sales, and the fair value of foreign currency will change as the market exchange rate changes. If a short-term position gap arises, the Group will enter into foreign exchange forward contracts. Hence, it does not expect to have significant market risk.
- The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2014		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD：NTD	$ 1,014,647	31.65	$ 32,113,576
USD：RMB	33,468	6.20	1,059,262
HKD：NTD	15,847	4.08	64,654
JPY：NTD	396,631	0.26	104,949
Non-monetary items			
RMB : HKD	$ 137,078	1.25	$ 698,001
Financial liabilities			
Monetary items			
USD：NTD	$ 862,346	31.65	$ 3,518,374
USD：RMB	208,754	6.20	6,607,064
USD：HKD	56,601	7.76	1,791,422
JPY：NTD	186,195	0.26	49,267
RMB : HKD	68,075	1.25	346,638

	December 31, 2013		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 1,398,758	29.81	$ 41,696,976
USD：RMB	30,044	6.05	895,612
HKD：NTD	20,114	3.84	77,298
JPY：NTD	817,656	0.28	228,944
Non-monetary items			
RMB : HKD	$ 27	1.28	$ 133
Financial liabilities			
Monetary items			
USD：NTD	$ 1,121,818	29.81	$ 33,441,395
USD：RMB	718,879	6.05	21,429,783
USD：HKD	12,957	7.76	386,183
JPY：NTD	261,652	0.28	74,283
RMB ：HKD	91,781	1.28	451,833

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

	Year ended December 31, 2014		
	Sensitivity Analysis		
	Extent of variation	Effect on profit or loss before income tax	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 321,136	$ -
USD：RMB	1%	10,593	-
HKD：NTD	1%	647	-
JPY：NTD	1%	1,049	-
Financial liabilities			
Monetary items			
USD：NTD	1%	$ 35,184	$ -
USD：RMB	1%	66,071	-
USD : HKD	1%	17,914	-
JPY：NTD	1%	493	-
RMB : HKD	1%	3,466	-

	Year ended December 31, 2013		
	Sensitivity Analysis		
	Extent of variation	Effect on profit or loss before income tax	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 416,970	$ -
USD：RMB	1%	8,956	-
HKD：NTD	1%	773	-
JPY：NTD	1%	2,289	-
Financial liabilities			
Monetary items			
USD：NTD	1%	$ 334,414	$ -
USD：RMB	1%	214,298	-
USD：HKD	1%	3,862	-
JPY：NTD	1%	743	-
RMB：HKD	1%	4,518	-

Price risk

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss or measured at cost. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The Group has set stop-loss amounts. No significant market risk is expected.
- The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2014 and 2013 would have increased/decreased by $1 and $86, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $19,947 and $21,606, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

- The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at variable rate were denominated in NTD and USD.
- As of December 31, 2014 and 2013, if interest rates on borrowings at that date had been 1% lower/higher with all other variables held constant, post-tax profit for the years ended December 31, 2014 and 2013 would have been $47,739 and $48,247 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only financial institutions with high credit quality are accepted as counterparties of trade.

   Loan guarantees provided by the Company are in compliance with the Company's "Procedures for Provision of Endorsements and Guarantees" and are only provided to subsidiaries of which the Company owns directly more than 50% ownership or affiliates of which the Company owns directly or indirectly more than 50% ownership and on which the Company has a significant influence. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Company is the total amount of loan guarantees.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The individual analysis of financial assets that had been impaired is provided in the disclosure for each type of financial asset in Note 6.

c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The Group expects the foreign exchange forward contracts to result in a cash inflow of NT$190,184 and outflow of US$6,000 in January to March, 2014. The exchange rate is reasonably assured and the Group has sufficient operating capital to meet the above cash needs.

The equity instruments are traded in active markets and accordingly, are expected to be readily sold at approximately its fair value.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	$ 10,266,779	$ -	$ -	$ -	$ -
Notes payable	4,073	-	-	-	-
Accounts payable	12,929,925	-	-	-	-
Other payables	4,752,329	-	-	-	-
Bonds payable	-	-	-	-	-
Long-term borrowings (including current portion)	50,177	5,635,231	33,705	22,969	9,592

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	US Dollars				
Short-term borrowings	$ 324,385	$ -	$ -	$ -	$ -
Notes payable	129	-	-	-	-
Accounts payable	408,528	-	-	-	-
Other payables	150,153	-	-	-	-
Bonds payable	-	-	-	-	-
Long-term borrowings (including current portion)	1,585	178,048	1,065	726	303

December 31, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
	New Taiwan Dollars				
Short-term borrowings	$ 9,909,862	$ -	$ -	$ -	$ -
Notes payable	726	-	-	-	-
Accounts payable	17,479,488	-	-	-	-
Other payables	5,615,456	-	-	-	-
Bonds payable	475,000	-	-	-	-
Long-term borrowings (including current portion)	163,182	17,467	5,612,400	12,400	7,537

As of December 31, 2014 and 2013, all of the derivative financial liabilities of the Group will be settled in less than 1 year.

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Inputs for the asset or liability that is not based on observable market data.

The Group's financial assets and liabilities measured by fair value on December 31, 2014 and 2013 are as follows:

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 79	$ -	$ 79
Available-for-sale financial assets				
Equity securities	$ 1,994,714	$ -	$ -	$ 1,994,714

December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets				
Equity securities	$ 2,160,581	$ -	$ -	$ 2,160,581
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 10,338	$ -	$ 10,338

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

C. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

E. Specific valuation techniques used to value financial instruments include:

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

(b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

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

13. SUPPLEMENTARY DISCLOSURES

1) Significant transactions information

A. Loans to others:

(The information disclosed relative to the investee companies was based on their financial statements for the corresponding period which were not reviewed by independent accountants and the transactions with subsidiaries have been written off when preparing consolidated financial statements.)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014	Balance at December 31, 2014	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short – term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Note
													Item	Value			
0	Cheng Uei Precision Industry Co., Ltd.	Fu Gang Electronics (Tian Jin) Ltd.	Other receivables - related parties	Yes	$ 500,000	$ 500,000	$ 465,144	-	2	$ -	Operations	$ -	-	$ -	$ 5,125,127	$ 10,250,253	
0	Cheng Uei Precision Industry Co., Ltd.	Suntain Co., Ltd.(Suntain)	〃	〃	150,000	100,000	47,037	-	2	-	〃	-	-	-	5,125,127	10,250,253	
0	Cheng Uei Precision Industry Co., Ltd.	Culink (Tianjin) Co., Ltd. (Foxlink, Tainjin)	〃	〃	200,000	200,000	187,600	-	2	-	〃	-	-	-	5,125,127	10,250,253	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electronics Trading Co., Ltd.	〃	〃	50,920	50,920	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., Ltd.	〃	〃	316,500	316,500	316,500	-	2	-	〃	-	-	-	5,125,127	10,250,253	
1	CU INTERNATIONAL LTD.	Kunshan Fushijing Electronics Co., Ltd.	〃	〃	100,000	100,000	53,481	-	2	-	〃	-	-	-	5,125,127	10,250,253	
1	CU INTERNATIONAL LTD.	Fu Gang Electronics (Kun Shan) Ltd.	〃	〃	200,000	200,000	110,738	-	2	-	〃	-	-	-	5,125,127	10,250,253	
2	Fu Gang Electronics (Kun Shan) Ltd.	Darts Technologies (Shang Hai) Co., Ltd.	〃	〃	181,275	181,275	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
2	Fu Gang Electronics (Kun Shan) Ltd.	Kunshan Fugang Electronics Trading Co., Ltd.	〃	〃	25,460	25,460	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
2	Fu Gang Electronics (Kun Shan) Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	〃	〃	152,760	152,760	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
2	Fu Gang Electronics (Kun Shan) Ltd.	Sharetronic Digital Electronic (Shen Zhen) Co., Ltd.	〃	〃	509,200	509,200	509,200	-	2	-	〃	-	-	-	5,125,127	10,250,253	
3	Proconn Technology Co., Ltd.	BYFORD INTERNATIONAL LIMITED.	〃	〃	52,708	52,708	52,708	-	2	-	〃	-	-	-	5,125,127	10,250,253	
3	Proconn Technology Co., Ltd.	MEDIA UNIVERSE INC.	〃	〃	256,036	256,036	256,036	-	2	-	〃	-	-	-	5,125,127	10,250,253	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014	Balance at December 31, 2014	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short – term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Note
													Item	Value			
4	MEDIA UNIVERSE INC.	Proconn Technology (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	$ 357,479	$ 353,688	$ 353,688	-	2	-	Operations	-	-	-	$ 5,125,127	$ 10,250,253	
5	Studio A Inc.	Studio A Inc. (Hong Kong)	〃	〃	100,000	100,000	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
5	Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	〃		100,000	100,000	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
5	Studio A Inc.	ASHOP CO., LTD.	〃	〃	150,000	-	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
5	Studio A Inc.	Jin Sheng Technology Co., Ltd.	〃	〃	300,000	300,000	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
6	World Circuit Technology Co., Ltd.	World Circuit Technology (Hong Kong) Limited.	〃	〃	31,650	31,650	24,899	-	2	-	〃	-	-	-	5,125,127	10,250,253	
6	World Circuit Technology Co., Ltd.	Shanghai World Circuit Technology Co., Ltd. (SWCT)	〃	〃	150,000	150,000	73,894	-	2	-	〃	-	-	-	5,125,127	10,250,253	
6	World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	〃	〃	222,000	222,000	222,000	-	2	-	〃	-	-	-	5,125,127	10,250,253	
7	BYFORD INTERNATIONAL LTD.	Proconn Technology (Shenzhen) Co., Ltd.	〃	〃	169,537	169,537	169,537	-	2	-	〃	-	-	-	5,125,127	10,250,253	
8	Jing Jing Technology Co., Ltd. (Jing Jing)	Studio A Inc.	〃	〃	100,000	100,000	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
9	Studio A Macau Limited	Studio A Inc. (Hong Kong)	〃	〃	150,000	-	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
10	Foxlink Electronics (Tian Jin) Ltd.	Fu Gang Electronics (Kun Shan) Ltd.	〃	〃	254,600	254,600	203,680	-	2	-	〃	-	-	-	5,125,127	10,250,253	
10	Foxlink Electronics (Tian Jin) Ltd.	Fu Gang Electronics (Tina Jin) Ltd.	〃	〃	269,756	-	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
11	Neosonic Energy Technology (Tianjin) Ltd.	Fu Gang Electronics (Tina Jin) Ltd.	〃	〃	196,042	196,042	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
12	Kunshan Fugang Electronics Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	〃	〃	50,920	50,920	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
13	Apix Limited	Power Quotient International Co., Ltd.	Other receivables	〃	219,809	219,809	-	-	2	-	Acquisition of plan	-	-	-	710,034	1,420,069	
13	Apix Limited	SINOCITY INDUSTRIES LTD.	〃	〃	316,500	316,500	-	-	2	-	〃	-	-	-	710,034	1,420,069	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014	Balance at December 31, 2014	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short – term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Note
													Item	Value			
14	Shinfox Corporation Ltd.	CLASSIC LIVING CO., LTD.	Other receivables	Yes	$ 40,000	$ 40,000	$ 14,100	-	2	-	Operations	-	-	-	$ 5,125,127	$ 10,250,253	
15	FOXWELL ENERGY CORPORATION LTD.	Shinfox Corporation Ltd.	〃	〃	35,000	35,000	-	-	2	-	〃	-	-	-	5,125,127	10,250,253	
16	Power Quotient International Co., Ltd.	SINOCITY INDUSTRIES LTD.	〃	〃	316,500	316,500	-	-	2	-	Acquisition of plan	-	-	-	945,534	1,891,068	
17	Fu Uei International Investment Ltd.	Cheng Uei Precision Industry Co., Ltd.	〃	〃	450,000	450,000	70,000	-	2	-	Operations	-	-	-	5,125,127	10,250,253	
18	FOXLINK TECHNOLOGY	CU INTERNATIONAL LTD	〃	〃	94,950	94,950	94,950	-	2	-	〃	-	-	-	5,125,127	10,250,253	
19	Fu Gang Electronics (Tian Jin)Ltd.	Fu Gang Electronics (Kun Shan)Ltd.	〃	〃	458,280	458,280	458,280	-	2	-	〃	-	-	-	5,125,127	10,250,253	

Note 1: The numbers as follows represent the nature of loan:

a) Business transaction is labeled as “1”.

b) Short-term financing is labeled as “2”.

Note 2: Limit on loans granted to a single party is 20% of the Company’s net assets value.

Limit on loans granted by APIX LIMITED Co., Ltd. to a single party is 20% of their respective net assets value.

Note 3: Ceiling on total loans granted to all parties is 40% of the Company’s net assets value.

Celing on total loans granted by APIX LIMITED Co., Ltd. to all parties is 40% of their respective net assets value.

B. Provision of endorsements and guarantees to others

Number	Endorser / guarantor	Party being endorsed / guaranteed		Limit on endorsements / guarantees provided for a single party (Note 1)	Maximum outstanding endorsement / guarantee amount during the year ended December 31, 2014	Outstanding endorsement / guarantee amount at December 31, 2014	Actual amount of drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 2)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Note
		Company Name	Relationship with the endorser / guarantor											
0	Cheng Uei Precision Industry Co., Ltd.	Fu Gang Electronics (Nanchang) Ltd.	An indirect wholly-owned subsidiary	$ 12,812,817	$ 121,880	$ -	$ -	$ -	0.00	$ 12,812,817	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	Fushineng Electronics (Kun Shan) Co., Ltd.	〃	12,812,817	304,700	-	-	-	0.00	12,812,817	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., LTD.	〃	10,250,253	304,700	-	-	-	0.00	12,812,817	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Jing Sheng Technology Co., Ltd.	〃	10,250,253	60,000	60,000	12,515	-	0.23	12,812,817	Y	N	N	

Number	Endorser / guarantor	Party being endorsed / guaranteed		Limit on endorsements / guarantees provided for a single party (Note 1)	Maximum outstanding endorsement / guarantee amount during the year ended December 31, 2014	Outstanding endorsement / guarantee amount at December 31, 2014	Actual amount of drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 2)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Note
		Company Name	Relationship with the endorser / guarantor											
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., LTD.	An indirect wholly-owned subsidiary	$ 10,250,253	$ 152,350	$ 94,950	$ 94,950	-	0.37	$ 12,812,817	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Jing Jing Technology Co., Ltd. (Jing Jing)	〃	10,250,253	510,000	120,000	64,353	-	0.47	12,812,817	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Inc.	〃	10,250,253	990,000	990,000	430,489	-	3.86	12,812,817	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A (Hong Kong) Inc.	〃	10,250,253	2,311,920	2,215,500	392,777	-	8.65	12,812,817	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electronics Trading Co., Ltd.	〃	10,250,253	158,250	158,250	158,250	-	0.62	12,812,817	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electronics Trading Co., Ltd.	〃	10,250,253	1,202,700	1,202,700	282,635	-	4.69	12,812,817	Y	N	Y	
1	Proconn Technology Co., Ltd.	Media Universe Inc.	Subsidiary	10,250,253	47,475	47,475	5,381	-	0.19	12,812,817	Y	N	N	
1	Proconn Technology Co., Ltd.	Proconn Technology (Suzhou) Co., Ltd.	〃	10,250,253	60,940	-	-	-	0.00	12,812,817	Y	N	Y	
2	Power Quotient International Co., Ltd.	SINOCITY INDUSTRIES LTD.	Subsidiary	2,363,835	316,500	316,500	316,500	-	6.70	2,363,835	Y	N	N	
3	Studio A Inc.	Jing Jing Technology Co., Ltd. (Jing Jing)	〃	10,250,253	50,000	50,000	-	-	0.20	12,812,817	Y	N	N	
3	Studio A Inc.	ASHOP CO., LTD.	〃	10,250,253	411,450	411,450	411,450	-	1.61	12,812,817	Y	N	N	
3	Studio A Inc.	Studio A (Hong Kong) Inc.	〃	10,250,253	1,066,450	727,950	94,950	-	2.84	12,812,817	Y	N	N	
4	Fu Gang Electronics (Kun Shan) Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	Affiliates	12,812,817	1,397,499	1,397,499	786,459	-	5.45	12,812,817	Y	N	Y	

Note 1: For subsidiaries whose shares are 90% or above held by the Company, ceiling on total amount of endorsements and guarantees provided by the Company is 50% of the Company's net assets value; limit on endorsements and guarantees provided by the Company for a single party is 40% of the Company's net assets value.

For PQI, ceiling on total amount of endorsements and guarantees provided by PQI is 50% of PQI’s net assets value.

Note 2: The Company’s guarantee to others should not exceed 50% of the Company’s net assets.

PQI’s guarantee to others should not exceed 50% of PQI’s net assets.