Coxon Precise Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2014 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 "Consolidated and Separate Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

COXON PRECISE INDUSTRIAL CO., LTD.

By:

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HUNG, HUAN-CHING
Director

March 6, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Coxon Precise Industrial Co., Ltd.

We have audited the accompanying consolidated balance sheets of Coxon Precise Industrial Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of the parent company, Coxon Precise Industrial Co., Ltd., as of and for the years ended December 31, 2014 and 2013, on which we have issued an unqualified report.

March 6, 2015

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 33)	$ 1,622,331	13	$ 2,014,481	18
Available-for-sale financial assets - current (Notes 4, 8 and 33)	16,534	-	28,700	-
Notes receivable from unrelated parties (Notes 4, 10 and 33)	7,438	-	2,708	-
Accounts receivables from unrelated parties (Notes 4, 5, 10 and 33)	3,344,451	27	2,214,269	20
Accounts receivables from related parties (Notes 4, 5, 10, 33 and 34)	10,367	-	185,625	2
Other receivables (Note 33)	21,006	-	32,532	-
Other receivables from related parties (Notes 33 and 34)	88,352	1	7,145	-
Inventories (Notes 4, 5 and 11)	914,471	7	588,241	5
Prepayments	111,657	1	84,995	1
Other financial assets - current (Notes 4, 16, 33 and 35)	239,628	2	205,607	2
Other current assets	13,005	-	6,553	-
Total current assets	6,389,240	51	5,370,856	48
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4, 5, 9 and 33)	56,345	-	56,345	1
Investments accounted for using the equity method (Notes 4 and 12)	924,399	7	358,082	3
Property, plant and equipment (Notes 4, 13, 35 and 36)	4,711,297	37	5,074,615	45
Intangible assets (Notes 4 and 14)	51,988	-	36,644	-
Deferred tax assets (Notes 4, 5 and 26)	80,661	1	82,107	1
Prepayment for equipment (Note 36)	339,486	3	107,675	1
Long-term prepayments for lease (Notes 15 and 35)	65,788	1	64,282	1
Other non-current assets (Notes 4, 10 and 17)	10,834	-	8,099	-
Total non-current assets	6,240,798	49	5,787,849	52
TOTAL	$ 12,630,038	100	$ 11,158,705	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 33)	$ -	-	$ 149,025	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7, 19 and 33)	335	-	7,199	-
Notes payable to unrelated parties (Notes 21 and 33)	1,424	-	1,635	-
Trade payables to unrelated parties (Notes 21 and 33)	1,016,046	8	862,252	8
Trade payables to related parties (Notes 21, 33 and 34)	10,604	-	46,614	-
Payables on equipment (Note 33)	120,068	1	173,264	2
Other payables (Notes 21 and 33)	1,159,859	9	879,365	8
Other payables to related parties (Notes 21, 33 and 34)	5,955	-	19,185	-
Current tax liabilities (Notes 4 and 26)	67,988	1	31,324	-
Provisions - current (Notes 4 and 22)	20,386	-	18,464	-
Current portion of long-term borrowings and bonds payable (Notes 18, 30 and 33)	640,863	5	274,025	3
Other current liabilities (Notes 21 and 34)	64,633	1	55,944	1
Total current liabilities	3,108,161	25	2,518,296	23
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 19 and 33)	283,297	2	277,213	3
Long-term borrowings (Notes 18, 30 and 33)	1,277,041	10	1,235,279	11
Deferred tax liabilities (Notes 4 and 26)	515,189	4	247,647	2
Accrued pension liabilities (Notes 4, 5 and 23)	18,767	-	21,274	-
Other non-current liabilities (Notes 21 and 33)	100,178	1	34,236	-
Total non-current liabilities	2,194,472	17	1,815,649	16
Total liabilities	5,302,633	42	4,333,945	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 24 and 26)				
Share capital				
Ordinary shares	1,192,244	10	1,184,844	11
Capital surplus	2,649,344	21	2,627,218	23
Retained earnings				
Legal reserve	533,475	4	491,765	4
Special reserve	173,553	2	173,553	2
Unappropriated earnings	1,797,488	14	1,497,340	13
Total retained earnings	2,504,516	20	2,162,658	19
Other equity	542,642	4	214,758	2
Total equity attributable to owners of the Company	6,888,746	55	6,189,478	55
NON-CONTROLLING INTERESTS	438,659	3	635,282	6
Total equity	7,327,405	58	6,824,760	61
TOTAL	$ 12,630,038	100	$ 11,158,705	100

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

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4 and 34)	$ 9,837,806	103	$ 8,261,683	103
Less: Sales return	(221,611)	(2)	(144,552)	(2)
Less: Sales discount	(72,109)	(1)	(60,185)	(1)
Total operating revenue	9,544,086	100	8,056,946	100
OPERATING COSTS (Notes 11, 25 and 34)	(7,770,893)	(81)	(6,827,969)	(85)
GROSS PROFIT	1,773,193	19	1,228,977	15
OPERATING EXPENSES (Notes 25 and 34)				
Selling and marketing expenses	(213,017)	(2)	(159,222)	(2)
General and administrative expenses	(530,814)	(6)	(462,491)	(6)
Research and development expenses	(34,443)	-	(51,041)	-
Total operating expenses	(778,274)	(8)	(672,754)	(8)
OTHER OPERATING INCOME (Notes 25 and 34)	11,705	-	22,657	-
PROFIT FROM OPERATIONS	1,006,624	11	578,880	7
NONOPERATING INCOME (Notes 4, 12 and 25)				
Other income	12,248	-	14,138	-
Other gains and losses	93,355	1	(12,504)	-
Finance costs	(37,978)	-	(44,549)	(1)
Share of profit of associate and joint ventures	12,719	-	45,405	1
Total nonoperating income	80,344	1	2,490	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,086,968	12	581,370	7
INCOME TAX EXPENSE (Notes 4, 5 and 26)	(348,125)	(4)	(125,528)	(1)
NET PROFIT FOR THE YEAR	738,843	8	455,842	6
OTHER COMPREHENSIVE INCOME (Notes 4, 24, 26 and 33)				
Exchange differences on translating foreign operations	429,537	4	349,840	4
Unrealized loss on available-for-sale financial assets	(10,163)	-	(22,250)	-

(Continued)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
Actuarial gain and loss arising from defined benefit plans	$ 2,694	-	$ (2,801)	-
Income tax relating to components of other comprehensive income	(69,696)	(1)	(53,686)	(1)
Other comprehensive income for the year, net of income tax	352,372	3	271,103	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,091,215	11	$ 726,945	9
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 718,804	8	$ 417,100	5
Non-controlling interests	20,039	-	38,742	1
	$ 738,843	8	$ 455,842	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,048,924	11	$ 656,961	8
Non-controlling interests	42,291	-	69,984	1
	$ 1,091,215	11	$ 726,945	9
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	$ 6.05		$ 3.57	
Diluted	$ 5.77		$ 3.40	

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

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2013	$ 1,127,100	$ 2,380,407	$ 456,361	$ 173,553	$ 1,465,232	$ (71,978)	$ 44,550	$ 5,575,225	$ 454,674	$ 6,029,899
Appropriation of the 2012 earnings										
Legal reserve	-	-	35,404	-	(35,404)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(347,263)	-	-	(347,263)	-	(347,263)
Net profit for the year ended December 31, 2013	-	-	-	-	417,100	-	-	417,100	38,742	455,842
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	(2,325)	264,436	(22,250)	239,861	31,242	271,103
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	414,775	264,436	(22,250)	656,961	69,984	726,945
Convertible bonds converted to ordinary shares	50,964	221,334	-	-	-	-	-	272,298	-	272,298
Issue of ordinary shares under employee share options	6,780	25,477	-	-	-	-	-	32,257	-	32,257
Non-controlling interests	-	-	-	-	-	-	-	-	110,624	110,624
BALANCE, DECEMBER 31, 2013	1,184,844	2,627,218	491,765	173,553	1,497,340	192,458	22,300	6,189,478	635,282	6,824,760
Appropriation of the 2013 earnings										
Legal reserve	-	-	41,710	-	(41,710)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(379,182)	-	-	(379,182)	-	(379,182)
Net profit for the year ended December 31, 2014	-	-	-	-	718,804	-	-	718,804	20,039	738,843
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	2,236	338,047	(10,163)	330,120	22,252	352,372
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	721,040	338,047	(10,163)	1,048,924	42,291	1,091,215
Convertible bonds converted to ordinary shares	-	-	-	-	-	-	-	-	-	-
Issue of ordinary shares under employee share options	7,400	22,126	-	-	-	-	-	29,526	-	29,526
Non-controlling interests	-	-	-	-	-	-	-	-	(238,914)	(238,914)
BALANCE, DECEMBER 31, 2014	$ 1,192,244	$ 2,649,344	$ 533,475	$ 173,553	$ 1,797,488	$ 530,505	$ 12,137	$ 6,888,746	$ 438,659	$ 7,327,405

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

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,086,968	$ 581,370
Adjustments for:		
Depreciation expenses	778,272	806,800
Amortization expenses	17,546	15,253
Impairment loss (reversal of impairment loss) recognized on accounts receivables	8,638	(18,927)
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(4,363)	4,655
Finance costs	37,978	44,549
Interest income	(11,481)	(11,788)
Dividend income	(767)	(2,350)
Compensation cost of employee share options	-	5,206
Share of profit of associates and joint ventures	(12,719)	(45,405)
Gain on disposal of property, plant and equipment	(6,066)	(10,530)
Loss on disposal of subsidiaries	5,168	84,179
Gain on disposal of available-for-sale financial assets	(8,674)	(18,434)
Write-down (reversal) of inventories	57,285	(73,866)
Reversal of impairment loss on non-financial assets	-	(7)
Unrealized gain on the foreign currency exchange	(31,478)	(8,624)
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(2,501)	(1,436)
(Increase) decrease in notes receivable	(4,790)	10,668
(Increase) decrease in accounts receivables	(949,172)	274,481
(Increase) decrease in other receivables	(83,738)	1,820
(Increase) decrease in inventories	(390,466)	199,827
(Increase) decrease in prepayments	(47,606)	59,778
(Increase) decrease in other current assets	(6,452)	19,399
Decrease in notes payable	(211)	(550)
Increase (decrease) in trade payables	97,317	(87,547)
Increase in other payables	287,779	12,323
Increase in provisions	1,922	2,165
Increase in other current liabilities	9,139	12,347
Increase (decrease) in accrued pension liabilities	187	(39)
Cash generated from operations	827,715	1,855,317
Interest received	11,481	11,788
Dividend received	44,200	26,769
Interest paid	(31,871)	(39,200)
Income tax paid	(96,207)	(64,336)
Net cash generated from operating activities	755,318	1,790,338
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of available-for-sale financial assets	10,677	21,634
Acquisition of Investments accounted for using the equity method	(295,121)	(17,895)

(Continued)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Net cash outflow on disposal of associates	$ (185,565)	$ -
Payments for property, plant and equipment	(484,956)	(654,084)
Proceeds from disposal of property, plant and equipment	158,612	100,873
(Increase) decrease in refundable deposits	(2,735)	2,873
Payments for intangible assets	(39,858)	(18,614)
Purchase of other financial assets	(34,021)	(136,945)
Increase in prepayments for equipment	(371,765)	(227,565)
Net cash used in investing activities	(1,244,732)	(929,723)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(149,025)	(12,147)
Proceeds from long-term borrowings	966,050	1,310,279
Repayments of long-term borrowings	(557,450)	(1,653,623)
Proceeds from guarantee deposits received	93,067	408
Exercise of employee shares options	29,526	27,051
Dividends paid to owners of the Company	(379,182)	(347,263)
Non-controlling interests variation	-	110,624
Net cash generated from (used in) financing activities	2,986	(564,671)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	94,278	82,431
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(392,150)	378,375
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,014,481	1,636,106
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,622,331	$ 2,014,481

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

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

1. GENERAL INFORMATION

Coxon Precise Industrial Co., Ltd. (the "Company") was incorporated in the Republic of China ("ROC") in June 1989. The Company mainly manufactures, packages and sells all kinds of molds, metal, plastic components and makes relevant investments.

The Company's shares have been listed on the Taiwan GreTai Securities Market since January 2008 and listed on the Taiwan Stock Exchange ("TSE") since October 2009.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 6, 2015.

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

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies:

1) IFRS 10 "Consolidated Financial Statements"

   IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 12 "Disclosure of Interests in Other Entities"

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) Revision to IAS 28 "Investments in Associates and Joint Ventures"

   Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

4) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurement under IFRS13 will be applied prospectively from January 1, 2015.

5) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates and joint ventures accounted for using the equity method. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year, and total comprehensive income for the year.

6) Revision to IAS 19 “Employee Benefits”

The interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

The interest cost and expected return on plan assets are replaced with a “net interest” amount. The Group estimated the operating expense increased $92 thousand, the income tax expense reduced $16 thousand and other comprehensive income, net of income tax raised up $76 thousand in 2015.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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

1) IFRS 9 "Financial Instruments"

   Recognition and measurement of financial assets

   With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

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

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

<u>The impairment of financial assets</u>

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

5) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

   The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

   The amended IAS 16 "Property, Plant and Equipment" requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

   The amended IAS 38 "Intangible Assets" requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

   a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

   b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

   An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) IFRS 15 "Revenue from Contracts with Customers"

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

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

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

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

7) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

8) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

9) Amendment to IAS 1 "Disclosure Initiative"

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Group should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Group should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

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

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries, including special purpose entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment in an associate or a jointly controlled entity.

2) Subsidiary included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31 2014	% of Ownership December 31 2013
Coxon Precise Industrial Co., Ltd.	Coxon Industry Ltd. (Samoa)	Global investing activities	100	100
	Sun Can International Ltd. (Samoa)	Global investing activities	100	100
Sun Can International Ltd. (Samoa)	Sinxon Plastic (Dong Guan) Ltd.	Manufacturing and sale of nonmetal molding and automobile part	100	100
Coxon Precise Industrial Co., Ltd.	Teckyork Enterprise Co., Ltd. (Samoa)	Global investing activities	100	100
Teckyork Enterprise Co., Ltd. (Samoa)	Shanghai Teckyork Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	100	100
	Shanghai Sonor Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	100	100
	Vastech Industrial Co., Ltd. (Samoa)	Global investing activities	100	100
Vastech Industrial Co., Ltd. (Samoa)	Vastech Plastic (Shanghai) Industrial Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	100	100
Teckyork Enterprise Co., Ltd. (Samoa)	Changshu Huaxon Industry Co., Ltd.	Manufacturing, assembling and sale of optical disc drive, digital camera parts, electric parts and nonmetal molding	100	100
Changshu Huaxon Industry Co., Ltd.	GoerXon Optical Precision Industry Co., Ltd. (Note 2)	Manufacturing and sale of precision plastic injection parts	Note 1	51
Coxon Precise Industrial Co., Ltd.	Cheng Yee Enterprise Ltd. (Samoa)	Global investing activities	80	80
Cheng Yee Enterprise Ltd. (Samoa)	Coxon Precise International Ltd. (BVI)	Global investing activities	100	100
	Hang Yuan Enterprise Ltd. (Samoa)	Global investing activities	100	100
Hang Yuan Enterprise Ltd. (Samoa)	Coxon Industry (Changshu) Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	100	100
Cheng Yee Enterprise Ltd. (Samoa)	Coxon Medical Limited (Samoa)	Global investing activities	80	80
Coxon Medical Limited (Samoa)	Shanghai Coxon Medical Limited	Manufacturing of medical materials	100	100
Coxon Precise Industrial Co., Ltd.	Cheng Da Industry Ltd. (Samoa)	Global investing activities	100	100
Cheng Da Industry Ltd. (Samoa)	Dong Guan Cheng Da Metal Product Company Limited	Manufacturing optical instrument, electronic products and plastic products	100	100
Coxon Precise Industrial Co., Ltd.	PT. Coxon Industrial (liquidated at August 31, 2013)	Manufacturing and sale of nonmetal molding and automobile parts	-	-
	Soartek Optoelectronics Technology Co., Ltd.	Manufacturing of optical instrument and electronic components	100	100
Soartek Optoelectronics Technology Co., Ltd.	Hsiangtek Optical Technology Co., Ltd. (Samoa)	Global investing activities	100	100
Hsiangtek Optical Technology Co., Ltd. (Samoa)	Dong Guan Soartek Optical Technology Co., Ltd. (liquidated at December 2014)	Manufacturing and sale of optical instrument, electronic products and plastic products	-	100

Note 1: When the Group lost control over Shandong GoerXon Precision Industry Co., Ltd. on June 27, 2014, this investee ceased to be included in the consolidated financial statements. However, the investment result on this investee as of June 27, 2014 was still included in the consolidated financial statements.

Note 2: Shandong GoerXon Precision Industry Co., Ltd. changed its name to GoerXon Optical Precision Industry Co., Ltd. in September 2014.

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriates.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

2) Derecognition of intangible assets

Gains or losses arising from derecognition of an intangible asset, which are measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

j. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation; otherwise, corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

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

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, other financial assets, and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits and with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situation.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is 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.

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms parts of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Company’s documented risk management or investment strategy and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2) Rendering of services

Service income is recognized when conditions are satisfied as follow:

a) The amount of revenue can be measured reliably;

b) It is probable that the economic benefits associated with the transaction will flow to the entity;

c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The Group recognized the revenue within the scope of recoverable costs, when the results of rendering services cannot be measured reliably; the Group does not recognized the revenue, when the results of rendering services cannot be measured reliably and the cost is likely unrecoverable.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

n. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

q. Employee share options

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grate date when the share options granted vest immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Income taxes

As of December 31, 2014 and 2013, the carrying amount of deferred tax assets in relation to unused tax losses was $80,661 thousand and $82,107 thousand, respectively. As of December 31, 2014 and 2013, no deferred tax asset has been recognized on tax losses of $292,368 thousand and $352,554 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

b. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of December 31, 2014 and 2013, the carrying amount of trade receivables was $3,354,818 thousand and $2,399,894 thousand (after deduction of the amount of allowance for impairment loss $19,674 thousand and $13,106 thousand), respectively.

c. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

As of December 31, 2014 and 2013, the carrying amount of inventory was $914,471 thousand and $588,241 thousand, respectively.

d. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

As of December 31, 2014 and 2013, the carrying amount of accrued pension liability was $18,767 thousand and $21,274 thousand, respectively.

e. Impairment of financial asset measured at cost

The Group immediately recognizes impairment loss when there is any indication that the financial asset may be impaired and the carrying amount may not be recoverable. The Group's management evaluates the impairment based on the estimated future cash flow.

As of December 31, 2014 and 2013, the carrying amount of financial asset measured at cost both are \$56,345 thousand; the carrying amount of accumulated impairment both are \$26,224 thousand.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	**2013**
Cash on hand	\$ 3,027	\$ 2,279
Checking accounts and demand deposits	1,484,856	1,697,791
Cash equivalents		
Time deposits with original maturities of less than three months	134,448	314,411
	\$ 1,622,331	\$ 2,014,481

The market rate intervals of cash in bank and time deposit with original maturities of less than three months were as follows:

	December 31	
	2014	**2013**
Bank deposits	0.05%-0.44%	0.05%-0.35%
Time deposits with original maturities of less than three months	0.5%-1.485%	0.5%-2.85%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	**2013**
Financial liabilities held for trading		
Derivative financial liabilities		
Foreign exchange forward contracts	\$ -	\$ 3,394
Convertible options	335	3,805
	\$ 335	\$ 7,199

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

December 31, 2014: None

	Currency	**Maturity Date**	**Notional Amount (In Thousands)**
December 31, 2013			
Buy	JPY/USD	January 2014 - May 2014	JPY230,000/USD2,305

The Group entered into foreign exchange forward contracts during 2013 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
Domestic investments		
Listed shares and emerging market shares	$ 16,534	$ 28,700

9. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2014	2013
Overseas unlisted common stocks	$ 56,345	$ 56,345

Management believed that fair value of the above unlisted equity investments held by the Company, which could not be reliably measured because the range of reasonable fair value estimates was so significant; thus, they were measured at cost less impairment at the end of the reporting period.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2014	2013
Notes receivable		
Notes receivable - operating	$ 7,513	$ 2,723
Less: Allowance for impairment loss	(75)	(15)
	$ 7,438	$ 2,708
Trade receivables		
Non-related parties	$ 3,364,125	$ 2,227,375
Related parties	10,367	185,625
Less: Allowance for impairment loss	(19,674)	(13,106)
	$ 3,354,818	$ 2,399,894

The average credit period on sales of goods was 90-120 days. No interest was charged on trade receivables. The Group recognized an allowance for impairment loss of 100% against all receivables over 181 days because historical experience had been that receivables that are past due beyond 181 days were not recoverable. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The customers individually represented more than 5% of the total balance of trade receivables on December 31, 2014 and 2013 as follow:

	December 31	
Customer	**2014**	**2013**
A	$ 230,367	$ 287,245
C	177,966	Note
L	328,747	Note
M	451,759	Note
D	Note	137,697
E	Note	136,223
F	Note	132,761
H	Note	180,653

Note: Less than 5% of the total balance of trade receivables.

The credit risk is limited, because the customers of the Group have no relevance each other.

The movements of the allowance for doubtful note receivable were as follows:

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2013	$ -	$ 134	$ 134
Less: Impairment losses reversed	-	(119)	(119)
Balance at December 31, 2013	$ -	$ 15	$ 15
Balance at January 1, 2014	$ -	$ 15	$ 15
Add: Impairment losses recognized on receivables	-	60	60
Balance at December 31, 2014	$ -	$ 75	$ 75

The movements of the allowance of doubtful trade receivable were as follows:

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2013	$ -	$ 19,316	$ 19,316
Add: Impairment losses recognized on receivables	-	502	502
Less: Amounts written off during the period as uncollectible	-	(7,360)	(7,360)
Foreign exchange translation gains and losses	-	648	648
Balance at December 31, 2013	$ -	$ 13,106	$ 13,106
Balance at January 1, 2014	$ -	$ 13,106	$ 13,106
Add: Impairment losses recognized on receivables	1,824	6,956	8,780

(Continued)

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Less: Amounts written off during the period as uncollectible	$ -	$ (2,464)	$ (2,464)
Foreign exchange translation gains and losses	-	252	252
Balance at December 31, 2014	$ 1,824	$ 17,850	$ 19,674

(Concluded)

The movements of the allowance of doubtful overdue receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ -	$ 31,604	$ 31,604
Less: Impairment losses reversed	-	(19,310)	(19,310)
Foreign exchange translation gains and losses	-	394	394
Balance at December 31, 2013	$ -	$ 12,688	$ 12,688
Balance at January 1, 2014	$ -	$ 12,688	$ 12,688
Less: Impairment losses reversed	-	(202)	(202)
Less: Reclassification	8,667	(8,667)	-
Foreign exchange translation gains and losses	-	166	166
Balance at December 31, 2014	$ 8,667	$ 3,985	$ 12,652

Overdue receivables were classified under other assets.

Trade receivables disclosed above included amounts (the aging analysis is shown below) that were past due at the end of the reporting period but for which the Company did not recognized an allowance for impairment loss because there were no significant changes in their credit quality and the amounts were considered recoverable.

The aging analysis of the trade receivables that were impaired was as follows:

	December 31	
	2014	2013
Not overdue	$ 3,248,476	$ 2,261,776
Overdue with ages of 1-30 days	73,832	76,979
Overdue with ages of 31-60 days	37,735	57,640
Overdue with ages of 61-90 days	1,792	9,468
Overdue with ages of 91-180 days	2,574	3,134
Overdue with ages of 181 days	10,083	4,003
	$ 3,374,492	$ 2,413,000

11. INVENTORIES

	December 31	
	2014	2013
Raw materials	$ 137,606	$ 132,107
Materials	50,966	49,147
Work in progress (include mold)	292,461	134,911
Semifinished product	88,099	53,219
Finished goods	345,339	218,857
	$ 914,471	$ 588,241

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 was $7,770,893 thousand and $6,827,969 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 included reversal of inventory write - downs of $57,285 thousand and reversal of write-down of $73,866 thousand, respectively. Previous write - downs were reversed as a result of increased selling prices in markets. The allowance of impaired inventory as of December 31, 2014 and 2013 is $253,609 thousand and $193,218 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2014	2013
Unlisted companies		
Toyo Precision Appliance (Kanshan) Co., Ltd.	$ 527,500	$ 326,185
Changshu Houkennixx Plastic Product Co., Ltd.	33,582	31,897
GoerXon Optical Precision Co., Ltd.	250,112	-
Siix Coxon Precision Phils., Inc.	113,205	-
	$ 924,399	$ 358,082

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	December 31	
Name of Associate	2014	2013
Toyo Precision Appliance (Kanshan) Co., Ltd.	30%	30%
Changshu Houkennixx Plastic Product Co., Ltd.	20%	20%
GoerXon Optical Precision Co., Ltd.	25%	51%
Siix Coxon Precision Phils., Inc.	45%	-

In January 2014, the Group subscribed for the common shares of Siix Coxon Precision., Inc. (“Siix Coxon”). After this subscription, the Group’s percentage of ownership of Siix Coxon became 45%, and the Group started to exercise significant influence over this investee.

In June 2014, GoerXon Optical Precision Co., Ltd. (“GoerXon”; formerly Shandong GoerXon Precision Industry Co., Ltd.; please refer to Note 4 to the financial statements) issued new shares but the Group did not subscribe for these shares. Thus, the Group’s percentage of ownership of GoerXon decreased from 51% to 25% and the Group lost control over GoerXon.

The summarized financial information in respect of the Group’s associates is set out below:

	December 31	
	2014	**2013**
Total assets	$ 4,380,303	$ 1,889,356
Total liabilities	$ 1,202,045	$ 642,562

	For the Year Ended December 31	
	2014	**2013**
Revenue	$ 2,581,978	$ 1,593,407
(Loss) profit for the year	$ (9,987)	$ 142,789

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2014 and 2013 was based on the associates’ financial statements audited by the auditors for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Leasehold Improvement	Other Equipment	Construction in progress	Total
Cost									
Balance, at January 1, 2013	$ 79,244	$ 1,834,657	$ 6,578,808	$ 61,391	$ 142,694	$ 716,721	$ 264,341	$ 24,292	$ 9,702,148
Additions	-	29,099	285,501	5,228	10,321	71,140	8,080	20,558	429,927
Disposals	-	(2,975)	(275,000)	(2,988)	(12,257)	-	(3,413)	-	(296,633)
Reclassification	-	41,210	141,854	167	17,788	127,563	14,209	(41,210)	301,581
Effect of exchange rate changes	-	95,910	278,620	2,580	4,965	25,278	11,899	995	420,247
Balance, at December 31, 2013	$ 79,244	$ 1,997,901	$ 7,009,783	$ 66,378	$ 163,511	$ 940,702	$ 295,116	$ 4,635	$ 10,557,270
Accumulated depreciation and impairment									
Balance, at January 1, 2013	$ 18,812	$ 445,516	$ 3,632,288	$ 39,945	$ 98,456	$ 242,365	$ 181,062	$ -	$ 4,658,444
Disposals	-	(2,809)	(186,807)	(2,143)	(11,926)	-	(2,605)	-	(206,290)
Reversals of impairment losses recognized in profit or loss	-	-	(7)	-	-	-	-	-	(7)
Reclassification	-	-	4,822	-	(110)	-	-	-	4,712
Depreciation expense	-	88,626	610,881	6,185	16,619	59,417	25,072	-	806,800
Effect of exchange rate changes	-	21,942	172,384	1,512	3,433	10,453	9,272	-	218,996
Balance, at December 31, 2013	$ 18,812	$ 553,275	$ 4,233,561	$ 45,499	$ 106,472	$ 312,235	$ 212,801	$ -	$ 5,482,655
Carry amounts value at December 31, 2013	$ 60,432	$ 1,444,626	$ 2,776,222	$ 20,879	$ 57,039	$ 628,467	$ 82,315	$ 4,635	$ 5,074,615
Cost									
Balance, at January 1, 2014	$ 79,244	$ 1,997,901	$ 7,009,783	$ 66,378	$ 163,511	$ 940,702	$ 295,116	$ 4,635	$ 10,557,270
Additions	-	2,776	150,091	4,699	6,542	40,072	17,835	198,875	420,890
Disposals	-	(864)	(549,098)	(7,018)	(10,192)	-	(2,948)	-	(570,120)
Reclassification	-	863	117,636	1,100	12,507	53,889	74,039	(144,912)	115,122
Effect of disposal associates	-	-	(211,564)	(1,847)	(2,290)	-	-	(53,594)	(269,295)
Effect of exchange rate changes	-	111,121	388,088	2,720	8,699	60,731	19,360	(457)	590,262
Balance, at December 31, 2014	$ 79,244	$ 2,111,797	$ 6,904,936	$ 66,032	$ 178,777	$ 1,095,394	$ 403,402	$ 4,547	$ 10,844,129
Accumulated depreciation and impairment									
Balance at January 1, 2014	$ 18,812	$ 553,275	$ 4,233,561	$ 45,499	$ 106,472	$ 312,235	$ 212,801	$ -	$ 5,482,655
Disposals	-	-	(401,978)	(6,350)	(7,134)	-	(2,112)	-	(417,574)
Reversals of impairment losses recognized in profit or loss	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	194	-	194
Depreciation expense	-	-	(34,787)	(727)	(529)	-	-	-	(36,043)
Effect of disposal associates	-	93,272	568,868	5,842	16,260	64,109	29,921	-	778,272
Effect of exchange rate changes	-	33,650	252,395	1,785	5,362	20,681	11,455	-	325,328
Balance, at December 31, 2014	$ 18,812	$ 680,197	$ 4,618,059	$ 46,049	$ 120,431	$ 397,025	$ 252,259	$ -	$ 6,132,832
Carry amounts value at December 31, 2014	$ 60,432	$ 1,431,600	$ 2,286,877	$ 19,983	$ 58,346	$ 698,369	$ 151,143	$ 4,547	$ 4,711,297

Impairment assessment was performed by management for the years ended 2014 and 2013 as there was no indication of impairment.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Main buildings	2-50 years
Elevators	2-20 years
Engineering systems	5-20 years
Machinery	1-19 years
Transportation equipment	4-19 years
Office equipment	1-18 years
Leasehold improvement	2-20 years
Other equipment	2-20 years

Refer to Note 35 for the carrying amount of property, plant and equipment pledged by the group to secure borrowings/general banking facilities granted to the Group.

14. INTANGIBLE ASSETS

	Computer Software	Other Intangible Assets	Total
Cost			
Balance at January 1, 2013	$ 63,243	$ 29,733	$ 92,976
Additions	18,614	-	18,614
Disposals	(412)	-	(412)
Effect of exchange rate changes	3,482	783	4,265
Balance at December 31, 2013	$ 84,927	$ 30,516	$ 115,443
Accumulated amortization			
Balance at January 1, 2013	$ 47,172	$ 15,770	$ 62,942
Amortization expense	7,111	6,079	13,190
Disposals	(412)	-	(412)
Effect of exchange rate changes	2,639	440	3,079
Balance at December 31, 2013	$ 56,510	$ 22,289	$ 78,799
Carrying amounts at December 31, 2013	$ 28,417	$ 8,227	$ 36,644
Cost			
Balance at January 1, 2014	$ 84,927	$ 30,516	$ 115,443
Additions	39,858	-	39,858
Reclassification	(11,713)	-	(11,713)
Disposals	-	-	-
Effect of exchange rate changes	5,311	1,889	7,200
Balance at December 31, 2014	$ 118,383	$ 32,405	$ 150,788

(Continued)

	Computer Software	Other Intangible Assets	Total
Accumulated amortization			
Balance at January 1, 2014	$ 56,510	$ 22,289	$ 78,799
Amortization expense	9,215	6,206	15,421
Reclassification	(355)	-	(355)
Disposals	-	-	-
Effect of exchange rate changes	3,280	1,655	4,935
Balance at December 31, 2014	$ 68,650	$ 30,150	$ 98,800
Carrying amounts at December 31, 2014	$ 49,733	$ 2,255	$ 51,988

(Concluded)

The above items of other intangible assets were depreciated on a straight-line basis at the following rates per annum:

Computer software	1-10 years
Other intangible assets	5 years

15. LONG-TERM REPAYMENTS FOR LEASE OBLIGATIONS - NON-CURRENT

	December 31	
	2014	2013
Land use right	$ 65,788	$ 64,282

Long-term prepaid lease payments include land use right which are located in Mainland China.

Refer to Note 35 for the land use right which are located in Mainland China Pledged by the Group to secure borrowings/general banking facilities granted to the Group.

16. OTHER FINANCIAL ASSETS

	December 31	
	2014	2013
Other financial assets - current		
Time deposits with original maturities of more than three months	$ 116,453	$ 122,214
Principal guaranteed fund	62,069	24,443
Time deposits pledged	61,106	58,950
	$ 239,628	$ 205,607

The market interest rates intervals in above time deposits with original maturities of more than three months at the date of December 31, 2014 and 2013 were 0.5%-3.3% and 1.54%-2.85%, respectively.

17. OTHER ASSETS

	December 31	
	2014	2013
Refundable deposits	$ 10,834	$ 8,099
Overdue receivable	12,652	12,688
Less: Allowance for impairment loss	(12,652)	(12,688)
	$ 10,834	$ 8,099

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2014	2013
Unsecured borrowings		
Line of credit borrowings	$ -	$ 149,025

The range of weighted average effective interest rate of bank loans was 1.47% per annum as of December 31, 2013.

b. Long-term borrowings

	December 31	
	2014	2013
Secured borrowings (Note 35)		
Bank loans		
Hua Nan Bank Medium-term working capital loan with a credit line of $500,000 thousand and interest rate of 1.676% for the year ended December 31, 2014; loan period from November 26, 2014 to November 25, 2016. Principal lump-sum payment at maturity and interest payment monthly.	$ 53,000	$ -
Hua Nan Bank Medium-term working capital loan with a credit line of $500,000 thousand and interest rate of 1.72% for the year ended December 31, 2013; loan period from October 15, 2013 to October 14, 2015. Principal lump-sum payment at maturity and interest payment monthly. The Company had paid off ahead of time.	-	60,000
Hua Nan Bank Medium-term working capital loan with a credit line of $500,000 thousand and interest rate of 1.75% for the year ended December 31, 2013; loan period from October 15, 2013 to October 14, 2015. Principal lump-sum payment at maturity and interest payment monthly. The Company had paid off ahead of time.	-	240,000

(Continued)

	December 31	
	2014	2013
Unsecured borrowings		
Bank loans		
Hua Nan Bank Medium-term working capital loan with a credit line of $200,000 thousand and interest rate of 1.695% for the year ended December 31, 2014; loan period from March 13, 2014 to March 12, 2017. Repayable in 12 quarterly installment and interest is paid monthly.	$ 74,999	$ -
Hua Nan Bank Medium-term working capital loan with a credit line of $500,000 thousand and interest rate of 1.676% for the year ended December 31, 2014; loan period from November 26, 2014 to November 25, 2015. Principal lump-sum payment at maturity and interest payment monthly.	247,000	-
China Trust Bank Medium-term working capital loan with a credit line of $150,000 thousand and interest rate of 1.6760% for the year ended December 31, 2014; loan period from October 21, 2013 to October 21, 2016. Repayable in 12 quarterly installments from October 2013 and interest is paid monthly. A grace period of one year is given.	150,000	150,000
China Trust Bank Medium-term working capital loan with a credit line of $400,000 thousand and interest rate of 1.6798% for the year ended December 31, 2014; loan period from December 26, 2013 to October 25, 2015. Principal lump-sum payment at maturity and interest payment monthly.	250,000	250,000
China Trust Bank Medium-term working capital loan with a credit line of $150,000 thousand and interest rate of 1.676% for the year ended December 31, 2014; loan period from July 21, 2014 to July 21, 2017. Repayable in 8 equal installments from starting July 21, 2015. A grace period of one year is given.	150,000	-
China Trust Bank Medium-term working capital loan with a credit line of $400,000 thousand and interest rate of 1.27% for the year ended December 31, 2014; loan period from December 26, 2013 to December 25, 2015. Principal lump-sum payment at maturity and interest payment monthly.	85,455	110,279
Shanghai Commercial Savings Bank Medium-term working capital loan with a credit line of $200,000 thousand and interest rate of 1.75% for the year ended December 31, 2014; loan period from May 2, 2014 to April 15, 2016. Principal lump-sum payment at maturity and interest payment monthly.	100,000	50,000

(Continued)

	December 31	
	2014	2013
Shanghai Commercial Savings Bank		
Medium-term working capital loan with a credit line of \$250,000 thousand and interest rate of 1.75% for the year ended December 31, 2014; loan period from July 21, 2014 to July 15, 2016. Principal lump-sum payment at maturity and interest payment monthly. A grace period of one year is given.	\$ 50,000	\$ -
China Development Industrial Bank		
Medium-term working capital loan with a credit line of \$200,000 thousand and interest rate of 1.766% for the year ended December 31, 2014; loan period from August 5, 2013 to April 15, 2016. Repayable in 8 quarterly installments from November 5, 2014 and interest is paid monthly.	112,500	150,000
China Development Industrial Bank		
Medium-term working capital loan with a credit line of \$200,000 thousand and interest rate of 1.776% for the year ended December 31, 2013; loan period from April 15, 2013 to April 15, 2016. Repayable in 8 quarterly installments from July 15, 2014 and interest is paid monthly. The Company had paid off ahead of time.	-	50,000
E.Sun Bank		
Medium-term working capital loan with a credit line of \$200,000 thousand and interest rate of 1.750% for the year ended December 31, 2014; loan period from December 25, 2014 to October 14, 2017. Repayable in 14 quarterly installments from April 2016 and interest is paid monthly.	200,000	-
E.Sun Bank		
Medium-term working capital loan with a credit line of \$250,000 thousand and interest rate of 1.75% for the year ended December 31, 2013; loan period from September 25, 2013 to September 25, 2016. Repayable in 12 quarterly installments from September 2013 and interest is paid monthly. A grace period of one year is given.	-	200,000
Taiwan Cooperative Bank		
Medium-term working capital loan with a credit line of \$450,000 thousand and interest rate of 1.70% for the year ended December 31, 2014; loan period from July 21, 2014 to July 21, 2017. Repayable from July 21, 2016 and interest is paid monthly.	250,000	-
Taiwan Cooperative Bank		
Medium-term working capital loan with a credit line of \$450,000 thousand and interest rate of 1.70%, for the year ended December 31, 2014; loan period from September 11, 2014 to July 21, 2017. Repayable from July 21, 2016 and interest is paid monthly.	100,000	-

(Continued)

	December 31	
	2014	2013
Taiwan Cooperative Bank		
Medium-term working capital loan with a credit line of $200,000 thousand and interest rate of 1.75% for the year ended December 31, 2013; loan period from July 31, 2013 to July 31, 2015. Principal lump-sum payment at maturity and interest payment monthly. The Company had paid off ahead of time	$ -	$ 100,000
Ta Chong Bank		
Medium-term working capital loan with a credit line of $300,000 thousand and interest rate of 1.6% for the year ended December 31, 2014; loan period from May 23, 2014 to May 23, 2016. Repayable in 8 equal installments from May 23, 2014 and interest is paid monthly.	94,950	-
Ta Chong Bank		
Medium-term working capital loan with a credit line of $300,000 thousand and interest rate of 1.95% for the year ended December 31, 2013; loan period from December 26, 2012 to March 26, 2014. Repayable in 4 equal installments from December 26, 2013 and interest is paid monthly.	-	149,025
	1,917,904	1,509,304
Less: Current portion	(640,863)	(274,025)
	$ 1,277,041	$ 1,235,279

(Concluded)

19. BONDS PAYABLE

	December 31	
	2014	2013
Unsecured domestic bonds	$ 304,400	$ 304,400
Less: Discount on unsecured convertible bonds	(21,103)	(27,187)
	$ 283,297	$ 277,213

a. As of November 5, 2012, the Company issued 6 thousand par 0% interest rate N.T. dollar - denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $600,000 thousand.

b. The conversion price is $58 per common share initially and the conversion period is from December 6, 2012 to October 26, 2017. The conversion price will be adjusted upon the occurrence of change in the number of common shares and the conversion price is 52.15 per common share as of December 31, 2014.

c. Each bondholder has the right to put the convertible bonds at 101% of par value or 101.51% of par value before 30 days on and after the 3rd and 4th year, respectively.

d. The Company could redeem the convertible bonds at par value at any time during the period from 31 days after the original issue date to 40 days before the maturity date, under the following conditions: The closing price of the common shares on each of 30 consecutive trading days reaches or exceeds 30% of the conversion price, or the outstanding balance of the bonds is less than 10% of the original issuance.

The convertible bonds contain both liability and convertible options. The effective interest rate of the liability component was 2.13% per annum on initial recognition. The convertible options were recognized in “Financial assets or liabilities at fair value through profit or loss”.

Movements of the host liability instrument and the conversion option derivative instrument in 2014 were as follows:

	The Host Liability Instrument	The Conversion Option Derivative Instrument
Balance at January 1, 2014	$ 277,213	$ 3,805
Interest expense	6,084	-
Fair value changes gain (loss)	-	(3,470)
Balance at December 31, 2014	$ 283,297	$ 335

As of December 31, 2014, the bonds were converted $295,600 thousand so the outstanding bonds were $304,400 thousand.

20. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2014	2013
Notes payable - Operating		
Non-related parties	$ 1,424	$ 1,635
Trade payables - Operating		
Non-related parties	$ 1,016,046	$ 862,252
Related parties	10,604	46,614
	$ 1,026,650	$ 908,866

Trade payables were paid according to the condition of contract or billings from the suppliers. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER LIABILITIES

	December 31 2014	December 31 2013
Current		
Other payables		
Salaries or bonus	$ 281,480	$ 226,457
Payable for processing fees	214,562	168,237
Payable for bonus and director salaries	50,000	28,000
Others	619,772	475,856
	$ 1,165,814	$ 898,550
Other liabilities		
Advance payment	$ 26,518	$ 16,574
Others	38,115	39,370
	$ 64,633	$ 55,944
Non-current		
Payable for purchase of equipment	$ 230	$ 27,355
Guarantee deposits	99,948	6,881
	$ 100,178	$ 34,236

22. PROVISIONS

	December 31 2014	December 31 2013
Employee benefits	$ 20,386	$ 18,464

The provision for employee benefits represents annual leave made by employees.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group’s subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The Company of the Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2014	**2013**
Discount rates	1.625%	1.750%
Expected return on plan assets	2.000%	2.000%
Expected rates of salary increase	2.000%	2.000%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	For the Year Ended December 31	
	2014	**2013**
Current service cost	$ 1,120	$ 1,133
Interest cost	1,004	761
Expected return on plan assets	(734)	(702)
	$ 1,390	$ 1,192
An analysis by function		
Operating cost	$ 441	$ 358
Marketing expenses	31	66
Administration expenses	889	738
Research and development expenses	29	30
	$ 1,390	$ 1,192

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2014 and 2013 was gain $2,236 thousand and loss $2,325 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2014 and 2013 was $4,577 thousand and $6,813 thousand, respectively.

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans was as follows:

	December 31	
	2014	2013
Present value of funded defined benefit obligation	$ 52,505	$ 57,353
Fair value of plan assets	(33,738)	(36,079)
Deficit	18,767	21,274
Net liability arising from defined benefit obligation	$ 18,767	$ 21,274

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2014	2013
Opening defined benefit obligation	$ 57,353	$ 55,309
Current service cost	1,120	1,134
Interest cost	1,004	761
Actuarial (gains) losses	(2,588)	2,558
Benefits paid	(4,384)	(2,409)
Closing defined benefit obligation	$ 52,505	$ 57,353

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2014	2013
Opening fair value of plan assets	$ 36,079	$ 36,797
Expected return on plan assets	734	702
Actuarial gains (losses)	106	(243)
Contributions from the employer	1,203	1,232
Benefits paid	(4,384)	(2,409)
Closing fair value of plan assets	$ 33,738	$ 36,079

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were $840 thousand and $459 thousand, respectively.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (January 2012):

	December 31	
	2014	2013
Present value of defined benefit obligation	$ 52,505	$ 57,353
Fair value of plan assets	$ 33,738	$ 36,079
Deficit	$ 18,767	$ 21,274
Experience adjustments on plan liabilities	$ (3,212)	$ 4,194
Experience adjustments on plan assets	$ 106	$ (243)

The Group expects to make a contribution of $1,204 thousand and $1,234 thousand, respectively to the defined benefit plans during the annual period beginning after 2014 and 2013.

24. EQUITY

a. Ordinary shares

	December 31	
	2014	2013
Numbers of shares authorized (in thousands)	150,000	150,000
Shares authorized	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousands)	119,224	118,484
Shares issued	$ 1,192,244	$ 1,184,844

Fully paid ordinary shares, which have a par value of $10, carry one vote and one dividend per share.

12,000 thousand shares of the Company's shares authorized were reserved for the issuance of employee share options.

b. Capital surplus

	December 31	
	2014	2013
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
From premium on issuance of common shares	$ 2,303,766	$ 2,303,766
From premium on stock option of convertible bonds	242,736	242,736
From premium on conversion of employee stock options	131,409	109,283
From cancellation of treasury shares	(120,729)	(120,729)
May not be used for any purpose		
From employee stock options - issuance of common shares	6,300	6,300
From employee stock options	58,124	58,124
From stock option of convertible bonds	27,738	27,738
	$ 2,649,344	$ 2,627,218

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

c. Retained earnings and dividend policy

Under the Company law and the Company's articles of incorporation, 10% of the Company's net income after paying taxes and offsetting any deficit should first be appropriated as legal reserve. The special reserve can be appropriated or reversed if necessary. The appropriation of remaining amount which is proposed by the board of directors and approved by the shareholders in their annual meeting should be distributed in the following order:

1) Set aside 3% to 15% of the remaining amount as employee bonus.
2) Set aside no more than 3% of the remaining amount as directors' and supervisors' remuneration.
3) Set aside the remaining portion as shareholders' bonus.

The employees of the Group who meet the conditions can join the employee bonus plan.

To ensure that the Company has funds for its present and future expansion plans, the Company prefers to distribute mixed stock dividends and cash dividends as shareholders' bonus among which stock dividend is distributed from 0% to 50% and cash dividends from 100% to 50%. The distribution policy would be adjusted depending on the operating conditions, industry developments, capital requirement and so forth.

For the years ended December 31, 2014 and 2013, the accrued bonus payable to employees was $35,000 thousand and $18,000 thousand, respectively, and the accrued remuneration payable to both directors and supervisors were $15,000 thousand and $10,000 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 3% and 15%, respectively, of net income. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value of the shares. The fair value of the shares refer to the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The appropriations of earnings for 2013 and 2012 had been approved in the shareholders' meetings on June 4, 2014 and June 11, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2013	**For Year 2012**	**For Year 2013**	**For Year 2012**
Legal reserve	$ 41,710	$ 35,404	$ -	$ -
Cash dividends	379,182	347,263	3.187	3.00

	2013	**2012**
	Cash Dividends	**Cash Dividends**
Bonus to employees	$ 18,000	$ 30,000
Remuneration of directors and supervisors	10,000	10,000

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"), and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings June 4, 2014 and June 11, 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012.

The appropriations of earnings for 2014 had been proposed by the Company's board of directors on March 6, 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 71,180	$ -
Cash dividends	517,450	4.2

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2014 are subject to the resolution of the shareholders' meeting to be held on June 4, 2015.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange (http://mops.twse.com.tw/mops/web/index).

d. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ 192,458	$ (71,978)
Exchange differences arising on translating the financial statement of foreign operations	407,285	318,598
Income tax related to gains arising on translating the financial statement of foreign operations	(69,238)	(54,162)
Balance at December 31	$ 530,505	$ 192,458

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ 22,300	$ 44,550
Unrealized gain arising on revaluation of available-for-sale financial assets	(1,978)	(6,175)
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(8,185)	(16,075)
Balance at December 31	$ 12,137	$ 22,300

e. Non-controlling interests

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 635,282	$ 454,674
Attributable to non-controlling interests:		
Share of profit for the year	20,039	38,742
Exchange difference arising on translation of foreign entities	22,252	31,242
Non-controlling interests increase	-	110,624
Effect of disposal associates	(238,914)	-
Balance at December 31	$ 438,659	$ 635,282

25. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations contains the following items:

a. Other revenue and expenses

	For the Year Ended December 31	
	2014	2013
Lease revenue	$ 12,242	$ 17,719
Lease cost	(6,603)	(5,599)
Gain on disposal of property plant and equipment	25,545	16,861
Loss on disposal of property plant and equipment	(19,479)	(6,331)
Reverse on impair of property plant and equipment	-	7
	$ 11,705	$ 22,657

b. Other income

	For the Year Ended December 31	
	2014	2013
Interest income	$ 11,481	$ 11,788
Dividends	767	2,350
	$ 12,248	$ 14,138

c. Other gains and losses

	For the Year Ended December 31	
	2014	2013
Gain on disposal of available-for-sale financial assets	$ 8,674	$ 18,434
Loss on disposal of associates	(5,168)	(84,179)
Net foreign exchange gains	63,530	37,598
Net gain (loss) arising on financial assets classified as held for trading	4,363	(4,655)
Other revenue	35,993	28,660
Other expense	(14,037)	(8,362)
	$ 93,355	$ (12,504)

d. Finance cost

	For the Year Ended December 31	
	2014	2013
Interest on bank loans	$ 31,662	$ 37,447
Interest on convertible bonds	6,084	7,102
Other finance cost	232	-
	$ 37,978	$ 44,549

e. Depreciation and amortization and employee benefit expense

	For the Year Ended December 31					
	2014			2013		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Short-term benefits	$ 2,005,643	$ 298,647	$ 2,304,290	$ 1,834,522	$ 263,842	$ 2,098,364
Post-employment benefit						
Defined contribution plans	2,260	4,256	6,516	2,407	5,154	7,561
Defined benefit plans	441	949	1,390	358	834	1,192
	$ 2,008,344	$ 303,852	$ 2,312,196	$ 1,837,287	$ 269,830	$ 2,107,117
Depreciation	$ 688,556	$ 83,113	$ 771,669	$ 721,566	$ 79,635	$ 801,201
Amortization	$ 10,165	$ 7,381	$ 17,546	$ 8,327	$ 6,926	$ 15,253

The Group entered into lease agreements on some assets. The related depreciation expenses that were listed in other income and expense were $6,603 thousand in 2014 and $5,599 thousand in 2013.

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 125,554	$ 70,621
Adjustments for prior years' tax	17,658	280
Deferred tax		
In respect of the current year	200,570	52,174
Others	4,343	2,453
Income tax expense recognized in profit or loss	$ 348,125	$ 125,528

A reconciliation of accounting income and current income tax expense was as follows:

	For the Year Ended December 31	
	2014	2013
Profit before income tax	$ 1,086,968	$ 581,370
Income tax expense at the statutory rate	$ 349,123	$ 110,728
Tax effect of adjusting items:		
Nondeductible expenses and losses	1,277	425
Tax-exempt income	9,013	(12,209)
Temporary differences	(33,289)	23,851
Adjustments for prior years' tax	17,658	280
Others	4,343	2,453
Income tax expense recognized in profit or loss	$ 348,125	$ 125,528

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

The Group received the associated entities' dividends under equity method $43,433 thousand and $24,419 thousand and related enterprise income tax paid in Mainland China $4,343 thousand and $2,453 thousand for the years 2014 and 2013, respectively.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2013 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	2013
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ 69,238	$ 54,162
Actuarial gains and losses on defined benefit plan	458	(476)
Total income tax recognized in other comprehensive income	$ 69,696	$ 53,686

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 17,486	$ (4,744)	$ -	$ 361	$ 13,103
Intangible assets	3,331	(2,924)	-	51	458

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Defined benefit obligation	$ 3,616	$ 32	$ (458)	$ -	$ 3,190
Doubtful debts	3,438	519	-	59	4,016
Unrealized loss of reduce inventory to market	35,871	5,942	-	818	42,631
Impair loss	3,079	2,192	-	-	5,271
Others	15,286	(3,267)	-	(27)	11,992
	$ 82,107	$ (2,250)	$ (458)	$ 1,262	$ 80,661
Deferred tax liabilities					
Temporary differences					
Unrealized gain or loss investments in associates and joint ventures accounted for by using equity method	$ 198,509	$ 101,772	$ -	$ -	$ 300,281
Exchange difference on foreign operations	39,419	-	69,238	-	108,657
Others	9,719	96,548	-	(16)	106,251
	$ 247,647	$ 198,320	$ 69,238	$ (16)	$ 515,189

(Concluded)

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 21,745	$ (13,900)	$ -	$ 9,641	$ 17,486
Intangible assets	862	2,259	-	210	3,331
Exchange difference on foreign operations	14,743	-	(14,743)	-	-
Defined benefit obligation	3,147	(7)	476	-	3,616
Doubtful debts	6,072	(2,427)	-	(207)	3,438
Unrealized loss of reduce inventory to market	48,724	(12,755)	-	(98)	35,871
Impair loss	7,155	(4,076)	-	-	3,079
Others	5,451	9,761	-	74	15,286
	$ 107,899	$ (21,145)	$ (14,267)	$ 9,620	$ 82,107
Deferred tax liabilities					
Temporary differences					
Unrealized gain or loss investments in associates and joint ventures accounted for by using equity method	$ 176,893	$ 21,616	$ -	$ -	$ 198,509
Exchange difference on foreign operations	-	-	39,419	-	39,419
Others	214	9,413	-	92	9,719
	$ 177,107	$ 31,029	$ 39,419	$ 92	$ 247,647

d. Deductible temporary differences, unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2014	2013
Loss carryforwards		
Expire in 2015 to 2019	$ 822,562	$ 1,055,153
Deductible temporary differences	$ 409,331	$ 380,632

e. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings generated before January 1, 1998	$ 981	$ 981
Unappropriated earnings generated on and after January 1, 1998	1,796,507	1,496,359
	$ 1,797,488	$ 1,497,340
Imputation credits accounts	$ 320,723	$ 359,922

	December 31	
	2014 (Estimate)	2013 (Actual)
Creditable ratios for the distribution of earnings	19.00%	26.93%

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

f. The Company and Soartek Optoelectronics Technology Co., Ltd. tax returns through 2012 had been assessed by the tax authorities.

27. EARNINGS PER SHARE

a. Basic earnings per share

Unit: NT$ Per Share

	For the Year Ended December 31	
	2014	2013
Profits attributable to owners of the Company	$ 718,804	$ 417,100
The weighted average number of ordinary shares outstanding in the computation of basic earnings per share (in thousands)	118,815	116,876
Basic earnings per share	$ 6.05	$ 3.57

b. Diluted earnings per share

	For the Year Ended December 31	
	2014	2013
Profit for the period attributable to owners of the Company	$ 718,804	$ 417,100
The effects of potential common stocks:		
Income after tax of convertible bonds	5,049	5,895
Earnings used in the computation of diluted earnings per share from continuing operations	$ 723,853	$ 422,995
Weighted average number of ordinary shares (in thousand shares)		
The effects of potential common stocks:	118,815	116,876
Convertible bonds (in thousand shares)	5,837	6,611
Bonus issue to employees (in thousand shares)	774	582
Employee share option (in thousand shares)	112	433
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousand shares)	125,538	124,502
Diluted earnings per share (NT$)	$ 5.77	$ 3.40

If the Group offered to settle bonuses paid to employees in cash or shares, the Group assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Company/subsidiaries

Qualified employees of the Company and its subsidiaries were granted 5,000 options (forfeited 1,141 options) in August 2007 and 660 options (forfeited 57 options) in October 2007. Each option entitles the holder to subscribe for one thousand common shares of the Company. The options granted are valid for 8 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the equity certified by CPA. For any subsequent changes in the Company’s capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

Employee Share Option	For the Year Ended December 31			
	2014		2013	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	807		1,522	
Options exercised	(740)	$39.9	(678)	$39.9
Options expired	(12)		(37)	
Balance at December 31	55		807	
Options exercisable, end of period	55		807	

Information about outstanding options for the ended December 31, 2014 and 2013 was as follows:

	December 31	
	2014	2013
Range of exercise price (NT$)	$39.9	$39.9
Weighted-average remaining contractual life (years)	0.58 years	1.58 years
Weighted-average remaining contractual life (years)	0.75 years	1.75 years

Options granted in August 2007 and October 2007 were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	August 2007	October 2007
Grant-date share price ($)	$41.55	$41.55
Exercise price ($)	41.6	41.6
Expected volatility	43.61%	44.12%
Expected life (years)	6 years	6 years
Expected dividend yield	9.63%	9.63%
Risk-free interest rate	2.30%	2.63%

29. DISPOSAL OF SUBSIDIARIES

In June 2014, the Group did not subscribe the share of GoerXon Optical Precision Co., Ltd. (Shandong GoerXon Precision Industry Co., Ltd.) as the Group’s percentage of ownership and lost control.

a. Analysis of assets and liabilities on the date control was lost

	GoerXon Optional Precision Co., Ltd.
Current assets	
Cash and cash equivalents	$ 185,565
Trade receivables	37,197
Other receivables	14,057

(Continued)

	GoerXon Optional Precision Co., Ltd.
Inventory	$ 2,224
Prepaid assets	20,944
Non-current assets	
Property, plant and equipment	233,252
Prepaid for equipment	36,384
Deferred tax assets	400
Current liabilities	
Other payables	(20,538)
Equipment payables	(16,255)
Other current liabilities	(450)
Non-current liabilities	
Deferred tax liabilities	(73)
Net assets disposal of	$ 492,707

(Concluded)

b. Loss on disposal of subsidiary

	For the Year Ended December 31, 2014
Fair value of residual investment	$ (248,115)
Less: Book value of residual investment	
Net assets disposed of	492,707
Non-controlling interests	(238,914)
	253,793
Loss on disposal	$ (5,678)

Loss on disposal of subsidiary listed on other income and loss.

c. Net cash outflow on disposal of subsidiary

	For the Year Ended December 31, 2014
Cash and cash equivalent balance disposed of	$ 185,565

30. NON-CASH TRANSACTIONS

As of December 31, 2014 and 2013, the Group reclassified long-term borrowings of $640,863 thousand and $274,025 thousand as current portion of long-term borrowings.

31. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

a. Rental agreement

Lessee	Lesser	Objection	Period and Method of Payment
Sinxon Plastic (DongGuan) Ltd.	Changan town of Dongguan City, Wu Sha	Plant and dormitory	From December 1, 2013 to November 30, 2018, rent is RMB281 thousand every month.
	Jiang Bei Economic Cooperatives		From December 1, 2013 to November 30, 2018, rent is RMB48 thousand every month.
			From December 1, 2013 to November 30, 2018, rent is RMB71 thousand every month.
Sun Can International Ltd.	Lan, Chih-Hsing	Dormitory	From April 1, 2008 to April 1, 2016, rent is RMB165 thousand every month.
	Huang, Chien-Yi	Dormitory	From June 28, 2009 to May 31, 2019, rent is RMB226 thousand every month.
	Rong Base Leather Co., Ltd.	Plant and dormitory	From March 1, 2014 to February 28, 2019, rent is RMB432 thousand every month.
Coxon Industry Ltd.	Hong Kong Hung Kei Industrial Development Co., Ltd	Plant and dormitory	From November 1, 2004 to October 30, 2014 rent is RMB493 thousand every month.
	Hong Kong Jinchuang Industrial Co., Ltd	Plant and dormitory	From May 1, 2008 to March 20, 2018 rent is RMB800 thousand every month.
	Sun De-Xiao	Dormitory	From March 1, 2008 to February 29, 2016, rent is RMB52 thousand every month.
Don Guan Cheng Da Metal Product Company Limited	Zheng Cai-Hong	Plant and dormitory	From July 1, 2013 to June 30, 2018, rent is RMB225 thousand every month.

b. The future minimum lease payments of non-cancellable operating lease were as follows:

	December 31	
	2014	2013
Not later than 1 year	$ 124,890	$ 145,841
Later than 1 year and not later than 5 years	307,696	403,463
Later than 5 years	-	5,021
	$ 432,586	$ 554,325

32. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company adopts prudent risk management strategy and performs audit on a regular basis. The capital structure of the Company is determined according to the business development strategies and operational requirements.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Financial instruments not carried at fair value

Financial assets and liabilities not carried at fair value that differences between carrying amounts and fair values were as follow:

	December 31			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Financial liabilities measured at amortized cost - convertible bonds	$ 283,297	$ 343,972	$ 277,213	$ 319,291

2) Fair value measurements recognized in the consolidated balance sheet

The Company measured financial assets and financial liabilities subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC Equity securities	$ 16,534	$ -	$ -	$ 16,534
Financial liabilities at FVTPL				
Other	-	-	335	335

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 28,700	$ -	$ -	$ 28,700
Financial liabilities at FVTPL				
Other derivatives	-	-	3,394	3,394
Other	-	-	3,805	3,805

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

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

For the year ended December 31, 2014

	Financial Liabilities at Fair Value Through Profit or Loss
Balance at January 1, 2014	$ (7,199)
Total gains or losses	
In other comprehensive income	6,864
Balance at December 31, 2014	$ (335)

For the year ended December 31, 2013

	Financial Liabilities at Fair Value Through Profit or Loss
Balance at January 1, 2013	$ (5,220)
Total gains or losses	
In profit or loss	(3,219)
Conversion of convertible bonds	1,240
Balance at December 31, 2013	$ (7,199)

The total gains or losses for the years ended December 31, 2014 and 2013 included a loss of $6,864 thousand and $3,219 thousand relating to assets measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

4) Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial instruments with standard terms and conditions and traded on active and liquid markets are determined with reference to quoted market prices.

- The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

- The fair values of other financial instruments (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

	December 31	
	2014	**2013**
<u>Financial assets</u>		
Loans and receivables (1)	$ 5,333,573	$ 4,662,367
Available-for-sale financial assets (2)	16,534	28,700
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	-	3,394
Others	335	3,805
Amortized cost (3)	4,515,157	3,917,857

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, trade and other receivables, and other financial assets.

Note 2: The balances included the carrying amount of available-for-sale financial assets measured at cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade and other payables, payables on equipment, and bonds payable issued.

c. Financial risk management objectives and policies

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

a) Foreign currency risk

The Group use foreign exchange forward contracts to eliminate currency exposure in foreign currency risk. The change of rate eliminated by the profit and loss of the terms of the hedge derivatives so the market price risk is not martial.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be a decrease of $15,277 thousand and $15,132 thousand for the years ended December 31, 2014 and 2013 in post-tax income.

b) Interest rate risk

The Group was exposed to fair value interest rate risk in relation to fixed-rate bank borrowings. The bonds payable are fixed-rate and measured at amortized cost, so changes in rate will not have effect on the cash flow in the future.

The sensitivity analysis assumed hold the bank borrowings in the reporting period and 1% change in rates it would be a decrease of $15,919 thousand and $13,764 thousand for the years ended December 31, 2014 and 2013 in post-tax income.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Assumed the listed equity securities in the reporting period and 5% change in price it would be a decrease of $827 thousand and $1,435 thousand for the years ended December 31, 2014 and 2013 in comprehensive income.

2) Credit risk

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

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the ended December 31, 2014 and 2013 the unused bank borrowings is $1,937,096 thousand and $3,541,671 thousand.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2014

	Up to 1 Year	Later Than 1 Year and Up to 2 Years	Later Than 2 Years and Up to 3 Years	Over 3 Years	Total
Nonderivative financial liabilities					
Notes payable	$ 1,424	$ -	$ -	$ -	$ 1,424
Trade payables	1,013,439	-	-	2,607	1,016,046
Trade payables related parties	10,604	-	-	-	10,604
Equipment payables	119,957	10	101	-	120,068
Other payables	1,155,879	443	635	2,902	1,159,859
Other payables - related parties	5,955	-	-	-	5,955
Current portion of long-term borrowings	640,863	-	-	-	640,863
Bonds payables	-	-	283,297	-	283,297
Long-term borrowings	-	868,291	408,750	-	1,277,041
Other non-current liabilities	-	-	230	-	230
	$ 2,948,121	$ 868,744	$ 693,013	$ 5,509	$ 4,515,387

December 31, 2013

	Up to 1 Year	Later Than 1 Year and Up to 2 Years	Later Than 2 Years and Up to 3 Years	Over 3 Years	Total
Nonderivative financial liabilities					
Short-term borrowings	$ 149,025	$ -	$ -	$ -	$ 149,025
Notes payable	1,635	-	-	-	1,635
Trade payables	860,763	552	889	48	862,252
Trade payables related parties	46,614	-	-	-	46,614
Equipment payables	173,264	-	-	-	173,264
Other payables	841,284	31,088	6,533	460	879,365
Other payables - related parties	-	18,591	594	-	19,185
Current portion of long-term borrowings	274,025	-	-	-	274,025
Bonds payables	-	-	-	277,213	277,213
Long-term borrowings	-	1,035,279	200,000	-	1,235,279
Other non-current liabilities	-	27,137	218	-	27,355
	$ 2,346,610	$ 1,112,647	$ 208,234	$ 277,721	$ 3,945,212

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and related parties are disclosed below.

a. Sales of goods

Line Items	Related Party Categories	For the Year Ended December 31 2014	For the Year Ended December 31 2013
Sales	Associates	$ 27,672	$ 4,728
	Others	221,723	341,552
		$ 249,395	$ 346,280

b. Purchase of goods

Related Party Categories	For the Year Ended December 31 2014	For the Year Ended December 31 2013
Others	$ 295	$ 56,020

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

Line Items	Related Party Categories	December 31 2014	December 31 2013
Trade receivables	Associates	$ 10,367	$ 5,771
	Others	-	179,854
		$ 10,367	$ 185,625
Other receivables	Associates	$ 87,426	$ 4,999
	Others	926	2,146
		$ 88,352	$ 7,145

d. Payables to related parties (excluding by related party categories)

Line Items	Related Party Categories	For the Year Ended December 31 2014	For the Year Ended December 31 2013
Trade payables	Others	$ 10,604	$ 46,614
Other payables	Others	$ 5,955	$ 19,185

The related parties trading conditions were no difference between the Groups and common customer.

For the years ended December 31, 2014 and 2013, no impairment loss was recognized for trade receivables from related parties.

e. Other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31 2014	2013
Rental expense	Others	$ 653	$ 4,217
Other expense	Others	$ 1,855	$ 16,880
Other revenue	Associates	$ 2,144	$ -
	Others	-	17
		$ 2,144	$ 17
Processing fee	Others	$ 127,550	$ 17,631
Advance payment	Associates	$ 2,197	$ -

f. Rental revenue

Related Party Categories	Rental Objective	Rental Payment	For the Year Ended December 31 2014	2013
Associates	Jiangsu Province Southeast Economic Development Zone 28 Jiulong Road	Plant and dormitory rent paid every month	$ 6,630	$ 5,869
	Shanghai City Songjiang Zone Sijing Town 368. the nine road	Plant rent paid every month	304	-
			$ 6,934	$ 5,869

g. Property, plant and equipment acquired

Related Party Categories	Proceeds For the Year Ended December 31 2014	2013	Gain (Loss) on Disposal For the Year Ended December 31 2014	2013
Others	$ 71,674	$ -	$ 10,085	$ -

h. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2014 and 2013 were as follows:

	For the Year Ended December 31 2014	2013
Short-term benefits	$ 73,452	$ 66,475
Post-employment benefits	1,492	1,841
Share-base payment	-	5,205
	$ 74,944	$ 73,521

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

i. Coxon Precise Industrial Co., Ltd. signed a contract to buy 42.12% of common shares of Cheng Yee Enterprise Ltd. (Samoa) with Zhao Xuan Enterprise Co., Ltd. (Samoa). The value per share is based on net asset value per share of latest financial statements of Cheng Yee Enterprise Ltd. (Samoa). As of December 31, 2013, the Company had bought 22.12% of Cheng Yee's common shares, total holding percentage up to 80%.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of imported raw materials guarantees or the deposit for court guarantees:

	December 31	
	2014	2013
Property, plant and equipment - land	$ 79,244	$ 79,244
Property, plant and equipment - buildings	43,991	45,288
Prepaid lease payments	20,516	20,498
Other financial assets - current	61,106	58,950
	$ 204,857	$ 203,980

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2014 and 2013 were as follows:

a. Coxon Industry Ltd. (Samoa) had commitments to buy machinery and equipment to comply with repair construction contracts which amounted to $64,556 thousand, of which $43,931 thousand had been paid and booked under prepayment on equipment.

b. Sun Can International Ltd. (Samoa) had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $92,867 thousand, of which $48,474 thousand had been paid and booked under prepayment on equipment.

c. Cheng Da Industry Ltd. (Samoa) had commitments to buy machinery and equipment which amounted to $4,615 thousand, of which $2,307 thousand had been paid and booked under prepayment on equipment.

d. Dong Guan Cheng Da Metal Product Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $37,761 thousand, of which $15,881 thousand had been paid and booked under prepayment on equipment.

e. Coxon Industry (Changshu) Co., Ltd. had controversy with Kunshan Ya-Chun Trading Co., Ltd. in 2011 in which Ya-Chun Company claims RMB2,200 thousand as compensation. The lawsuit is not judged yet. In the lawyer's opinion, the Yu-Chun Company's probability of winning is small. The Company thinks this litigation would not have a significant impact on the operation.

f. The digital camera lawsuit between JCD Corporation (hereinafter referred to as “JCD”) and the Company is summarized as below.

1) Lawsuit matters: JCD applied to the Japan commercial arbitration association for a tort arbitration in relation to its forbidding of the Company from producing and selling the digital camera lens designed by JCD as well as its demand for payment of US$2,662 thousand, JPY635 thousand and RMB393 thousand as compensation in 2010.

2) Lawsuit status up to report date: According to the verdict of the Japan commercial arbitration association, Tokyo No. 10-11 is summarized as below.

a) The Company (the defendant) should pay JCD US$1,441 thousand, JPY1,270 thousand and the related accrued interests from November 24, 2010 up to the date when total compensation is made using 6% annual interest rate.

b) The Company cannot manufacture and sell the suspended category of digital camera zooms.

c) The Company needs to pay JCD lawsuit cost JPY1,562 thousand.

According to the verdict above, the Company needed to pay NT$44,738 thousand (lawsuit compensation US$1,441 thousand and JPY1,270 thousand; lawsuit cost JPY1,562 thousand) and had accrued the amount as loss in 2011.

However, the Company was still in doubt about the content of arbitration verdict because there is no clear contract definition whether the argument between both sides can be solved through arbitration, and the Company had made an appeal for the revocation of the arbitration award. The Company applied for revocation of arbitration verdict as of February 6, 2012, which is rejected by Tokyo District Court in July 2012; the Company made an appeal to Tokyo High Court in August 2013, and rejected by Tokyo High Court in October 2012. Later on, the Company received message from Taoyuan District Court about JCD’s application for agreement to foreign arbitration verdict in March 2013; the appeal was admitted by Taoyuan District Court in July 2013; the Company had made an appeal for the revocation of the arbitration award on August 2, 2013. The appeal was dismissed by Taoyuan District Court on October 4, 2013; the Company had made an appeal for the revocation of the arbitration award on October 24, 2013.

Upon the motion of JCD, the Taoyuan District Court ordered the freezing of the Company’s bank deposits of NT$86,031 thousand and the attachment of plant of NT$124,856 thousand in Jungli Taiwan during the appeal processing period. The Company issued petition to Taoyuan District Court to stop the freezing of the Company’s bank deposits of NT$86,031 thousand and the attachment of plant of NT$124,856 thousand on October 17, 2013 and the freezing of the amount in excess of the total loss accrued NT$44,438 thousand on October 18, 2013 to prevent non-recovery of total compensation, cost of lawsuit and interest, in case of finally winning the lawsuit. The Company received the order to stop the freezing of deposit and attachment of plant from the Taoyuan District Court on October 31, 2013 and provided NT$3,900 thousand time deposit as guarantee fund instead and received the notice for cancelation of the freeze order on the additional deposit in excess of the NT$44,738 thousand loss accrued from the Taoyuan District Court on November 11, 2013.

On May 5, 2014, the Taiwan High Court reversed the foreign arbitration approval given by the Taoyuan District Court in July 2013. Thus, the Company made an appeal on July 2, 2014 for the revocation of the arbitration award. The appeal was dismissed by the Taoyuan District Court on December 18, 2014; the Company had made an appeal for the revocation of the arbitration award on December 31, 2014; the appeal was dismissed by Taiwan High Court on February 26, 2015. As of March 6, 2015, the date of the accompanying auditors’ report, the Company was still deliberating its options on this case.

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

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 85,304	31.65	$ 2,699,872
JPY	212,631	0.2646	56,262
HKD	24,966	4.080	101,931
EUR	44	38.47	1,693
RMB	51,025	5.092	259,819
			$ 3,119,577
Investment accounted for using equity method			
RMB	159,307	5.092	$ 811,194
USD	3,577	31.65	113,205
			$ 924,399
Financial liabilities			
Monetary items			
USD	15,120	31.65	$ 478,548
JPY	195,789	0.2646	51,806
HKD	20,780	4.08	84,782
RMB	130,352	5.092	663,752
			$ 1,278,888

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 90,374	29.805	$ 2,693,597
JPY	61,150	0.2839	17,360
HKD	29,419	3.843	113,057
RMB	39,813	4.919	195,840
			$ 3,019,854
Investment accounted for using equity method			
RMB	72,796	4.919	$ 358,082

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 18,714	29.805	$ 557,771
JPY	584,377	0.2839	165,905
HKD	21,163	3.843	81,329
RMB	79,630	4.919	391,700
			$ 1,196,705

(Concluded)

38. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Lending funds to others: Table 1 (attached)

b. Providing endorsements or guarantees for others: Table 2 (attached)

c. Holding of securities at the end of the period (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (attached)

d. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 % of paid-in capital or more: None

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

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

g. Purchase or sales of goods from or to related parties reaching NT$100 million or 20 % of paid-in capital or more: Tables 4 and 7 (attached)

h. Trade receivables from related parties reaching NT$100 million or 20 % of paid-in capital or more: Table 5 (attached)

i. Trading in derivative instruments: Notes 7 and 33

j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Table 9 (attached)

k. Information on investees: Table 6 (attached)

Information on investments in Mainland China:

a. Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland China area: Table 8 (attached)

b. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Table 8 (attached)

1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

3) The amount of property transactions and the amount of the resultant gains or losses.

4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Taiwan and South China
- South China (the chief operating range are domestic sales)
- Shanghai
- Changshu
- Others

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	For the Year Ended December 31, 2014						
	Taiwan and South China	South China	Shanghai	Changshu	Others	Adjustments and Elimination	Total
Segment revenues and results							
Revenues from external customers	$ 5,770,811	$ 1,822,437	$ 563,059	$ 1,293,696	$ 94,083	$ -	$ 9,544,086
Inter-segment revenues	3,594,406	3,239	13,180	28,699	-	(3,639,524)	-
Segment revenues	$ 9,365,217	$ 1,825,676	$ 576,239	$ 1,322,395	$ 94,083	$ (3,639,524)	$ 9,544,086
Segment income	$ 238,470	$ 690,604	$ 32,102	$ 97,832	$ (39,965)	$ 3,471	$ 1,022,514
Interest income							11,481
Other income							110,430
Interest expense							(37,978)
Other expense and loss							(19,479)
Income from continuing operating before income tax							$ 1,086,968
Segment assets							
Assets	$ 6,734,580	$ 1,992,167	$ 1,066,554	$ 2,866,480	$ 232,749	$ (1,340,431)	$ 11,552,099
Investments							997,278
Deferred income tax assets							80,661
Total assets							$ 12,630,038
Depreciation and amortization	$ 527,380	$ 48,713	$ 73,483	$ 127,238	$ 19,004		$ 795,818
Acquisition of property, plant and equipment	$ 97,622	$ 226,169	$ 10,863	$ 31,483	$ 54,753		$ 420,890

	For the Year Ended December 31, 2013						
	Taiwan and South China	South China	Shanghai	Changshu	Others	Adjustments and Elimination	Total
Segment revenues and results							
Revenues from external customers	$ 5,343,286	$ 704,702	$ 668,196	$ 1,003,792	$ 336,970	$ -	$ 8,056,946
Inter-segment revenues	3,045,583	8,262	27,324	16,005	14,774	(3,111,948)	-
Segment revenues	$ 8,388,869	$ 712,947	$ 695,520	$ 1,019,797	$ 351,761	$ (3,111,948)	$ 8,056,946
Segment income	$ 427,769	$ 135,031	$ (20,176)	$ (18,493)	$ 65,902	$ (1,392)	$ 588,641
Interest income							11,788
Other income							102,426
Interest expense							(44,549)
Other expense and loss							(76,936)
Income from continuing operating before income tax							$ 581,370
Segment assets							
Assets	$ 6,272,397	$ 817,255	$ 1,107,467	$ 2,617,930	$ 876,351	$ (1,057,929)	$ 10,633,471
Investments							443,127
Deferred income tax assets							82,107
Total assets							$ 11,158,705
Depreciation and amortization	$ 502,132	$ 46,145	$ 92,792	$ 148,182	$ 32,802		$ 822,053
Acquisition of property, plant and equipment	$ 339,178	$ 4,394	$ 9,566	$ 66,674	$ 10,115		$ 429,927

Segment profit represented the profit before tax earned by each segment without share of profits of associates, interest income, gain or loss on disposal of property, plant and equipment, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2014	2013
Plastic components	$ 8,491,405	$ 7,338,038
Molds	445,006	618,068
Others	607,675	100,840
	$ 9,544,086	$ 8,056,946

c. Geographical information

The Group operates in three principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets December 31	
	2014	2013	2014	2013
Taiwan	$ 1,080,390	$ 682,910	$ 160,882	$ 157,528
China	5,329,550	5,894,403	5,018,511	5,133,787
America	270,544	-	-	-
Japan	146,185	377,789	-	-
Others	2,717,417	1,101,844	-	-
	$ 9,544,086	$ 8,056,946	$ 5,179,393	$ 5,291,315

Non-current assets exclude non-current assets classified as held for sale, and exclude financial instruments, deferred tax assets.

d. Information about major customers

Individual customers accounting for at least 10% of net sales for the years ended December 31, 2014 and 2013 were as follows:

	For the Year Ended December 31			
	2014		2013	
Customer	Amount	% to Total	Amount	% to Total
Customer A	$ 1,221,799	13	$ 930,597	12

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
												Item	Value		
1	Coxon Industry (Changshu) Co., Ltd.	Shanghai Teckyork Enterprise Co., Ltd.	Other receivable	Yes	$ 124,850 (RMB 25,000)	$ 45,828 (RMB 9,000)	$ 45,828 (RMB 9,000)	5.31	Financing	Sales revenue 1,752 (RMB 355) Interest income 5,709 (RMB 1,158)	Working capital	-	$ -	$ 1,517,902 (US$ 47,959)	$ 1,517,902 (US$ 47,959)
		Coxon Industry Ltd. (Samoa)	〃	〃	280,060 (RMB 55,000)	280,060 (RMB 100,000)	280,060 (RMB 100,000)	5.31	〃	Interest income 12,435 (RMB 2,522)	〃	-	-	1,517,902 (US$ 47,959)	1,517,902 (US$ 47,959)
		Changshu Huaxon Industry Co., Ltd.	〃	〃	187,612 (RMB 37,000)	178,220 (RMB 35,000)	178,220 (RMB 35,000)	5.31	〃	Interest income 9,838 (RMB 1,995)	〃	-	-	1,517,902 (US$ 47,959)	1,517,902 (US$ 47,959)
		Sun Can International Ltd. (Samoa)	〃	〃	101,840 (RMB 20,000)	101,840 (RMB 20,000)	101,840 (RMB 20,000)	5.31	〃	Sales revenue 3,408 (US$ 691) Interest income 1,091 (RMB 221)	〃	-	-	1,517,902 (US$ 47,959)	1,517,902 (US$ 47,959)
2	Hang Yuan Enterprise Ltd. (Samoa)	Teckyork Enterprise Co., Ltd. (Samoa)	〃	〃	30,300 (US$ 1,000)	-	-	1.50	〃	Interest income 88 (US$ 3)	〃	-	-	1,480,397 (US$ 46,774)	1,480,397 (US$ 46,774)
3	Vastech Plastic (Shanghai) Industrial Co., Ltd.	Shanghai Teckyork Enterprise Co., Ltd.	〃	〃	10,184 (RMB 2,000)	10,184 (RMB 2,000)	10,184 (RMB 2,000)	5.31	〃	Interest income 524 (RMB 106)	〃	-	-	95,868 (US$ 3,029)	95,868 (US$ 3,029)
4	Sinxon Plastic (DongGuan) Ltd.	Coxon Industry Ltd. (Samoa)	〃	〃	52,752 (RMB 10,500)	-	-	5.31	〃	Interest income 1,494 (RMB 303)	〃	-	-	873,793 (US$ 27,608)	873,793 (US$ 27,608)
		DongGuan Cheng Da Metal Product Company Limited	〃	〃	101,840 (RMB 20,000)	101,840 (RMB 20,000)	101,840 (RMB 20,000)	5.6-6	〃	Processing fee 1,076 (RMB 218) Interest income 1,432 (RMB 291)	〃	-	-	873,793 (US$ 27,608)	873,793 (US$ 27,608)
5	Sun Can International Ltd. (Samoa)	Coxon Industry Ltd. (Samoa)	〃	〃	126,600 (US$ 4,000)	126,600 (US$ 4,000)	126,600 (US$ 4,000)	1.50	〃	Interest income 1,275 (US$ 42)	〃	-	-	1,740,798 (US$ 55,002)	1,740,798 (US$ 55,002)
		Coxon Precise International Limited (BVI)	〃	〃	139,275 (US$ 4,500)	110,775 (US$ 3,500)	110,775 (US$ 3,500)	1.50	〃	Interest income 819 (US$ 27)	〃	-	-	1,740,798 (US$ 55,002)	1,740,798 (US$ 55,002)

TABLE 2

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Coxon Precise Industrial Co., Ltd.	Teckyork Enterprise Co., Ltd. (Samoa)	100% subsidiary of the Company's investments	$ 1,377,749	$ 37,980	$ 37,980	$ -	$ -	1	$ 2,755,498	Y	N	N	
		Sun Can International Ltd. (Samoa)	100% subsidiary of the Company's investments	1,377,749	37,980	37,980	-	-	1	2,755,498	Y	N	N	
		Coxon Industry Ltd. (Samoa)	100% subsidiary of the Company's investments	1,377,749	37,980	37,980	-	-	1	2,755,498	Y	N	N	
		Cheng Da Industry Ltd. (Samoa)	100% subsidiary of the Company's investments	1,377,749	354,480	354,480	94,950	-	5	2,755,498	Y	N	N	
		Hang Yuan Enterprise Ltd. (Samoa)	100% subsidiary of the Company's investments through Cheng Yee Enterprise Ltd. (Samoa)	1,377,749	347,164	196,230	85,455	-	3	2,755,498	Y	N	N	

TABLE 3

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Coxon Precise Industrial Co., Ltd.	Stocks							
	CALIN Technology Co., Ltd.	None	Available-for-sale financial assets - current	721,988	$ 16,534	0.68	$ 16,534	
	Kin Tin Optotronic Co., Ltd.	〃	Financial assets measured at cost - non-current	2,255,193	$ -	6.37	$ -	Note
	CGK International Co., Ltd.	〃	Financial assets measured at cost - non-current	1,800,000	56,345	5.00	-	
					$ 56,345		$ -	
Cheng Da Industry Ltd. (Samoa)	Taising Coxon Limited (Hong Kong)	Its director is the chairman of the parent company	Financial assets measured at cost - non-current	847,500	$ -	17.89	$ -	Note

Note: The financial assets measured at cost are unlisted stocks. The assets were assessed as impaired with small chance of recovery so impairment loss was recognized.

TABLE 4

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable			Note
			Purchase/(Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total	
Coxon Precise Industrial Co., Ltd.	Coxon Industry Ltd. (Samoa)	Subsidiaries	Processing fee	$ 1,746,092	51	Note 1	Note 2	Note 1	Other payable	$ 129,646	32	
	Sun Can International Ltd. (Samoa)	〃	Processing fee	1,691,175	49	Note 1	Note 2	Note 1	Other payable	104,378	26	
Coxon Industry Ltd. (Samoa)	Coxon Precise Industrial Co., Ltd.	Subsidiaries	Processing revenue	1,746,092	100	Note 1	Note 2	Note 1	Account receivable	129,646	100	
Sun Can International Ltd. (Samoa)	Coxon Precise Industrial Co., Ltd.	〃	Processing revenue	1,691,175	100	Note 1	Note 2	Note 1	Account receivable	104,378	100	
	Cheng Da Industry (Samoa)	Associate	Processing fee	134,292	8	120 days	In accordance with mutual agreements	120 days	Account payable	2,136	34	
Cheng Da Industry (Samoa)	Sun Can International Ltd. (Samoa)	Associate	Processing revenue	134,292	84	120 days	In accordance with mutual agreements	120 days	Account receivable	2,136	100	

Note 1: Depended on the capital requirements of the Company, Coxon Industry Ltd. (Samoa) and Sun Can International Ltd. (Samoa) or settle accounts by offsetting debts.

Note 2: Depended on the production size and manufacturing expense as processing fee billing to the Company. The billing amount not over 5% of total manufacturing expenses.

Note 3: The related party transactions between subsidiaries have been eliminated already.

TABLE 5

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Sun Can International Ltd. (Samoa)	Coxon Precise Industrial Co., Ltd.	Ultimate parent company	$ 104,378 (US$ 3,298)	9.24	$ -	-	$ -	$ -
	Coxon Industry Ltd. (Samoa)	Associate	127,101 (US$ 4,016) (Note 1)	-	-	-	-	-
	Coxon Precise International Limited	〃	110,775 (US$ 3,500) (Note 1)	-	-	-	-	-
Coxon Industry Ltd. (Samoa)	Coxon Precise Industrial Co., Ltd.	Ultimate parent company	129,646 (US$ 4,096)	13.47	-	-	-	-
Coxon Industry (Changshu) Co., Ltd.	Coxon Industry Ltd. (Samoa)	Associate	280,060 (RMB 55,000) (Note 1)	-	-	-	-	-
	Changshu Huaxon Industry Co., Ltd.	〃	178,220 (RMB 35,000) (Note 1)	-	-	-	-	-
	Sun Can International Ltd. (Samoa)	〃	101,840 (RMB 20,000) (Note 1)	-	-	-	-	-
Sinxon Plastic (Dong Guan) Ltd.	Dong Guan Cheng Da Metal Product Company Limited	〃	101,840 (RMB 20,000) (Note 1)	-	-	-	-	-

Note 1: Listed on other receivable.

Note 2: The related party transactions between subsidiaries had been eliminated already.

TABLE 6

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2014			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2014	December 31, 2013	Shares	%	Carrying Amount			
Coxon Precise Industrial Co., Ltd.	Teckyork Enterprise Co., Ltd. (Samoa)	Samoa	Global investing activities	$ 1,044,773 (US$ 31,678)	$ 1,044,773 (US$ 31,678)	17,569,700	100	$ 1,869,493	$ (48,522)	$ (48,522)	
	Sun Can International Ltd. (Samoa)	Samoa	Global investing activities	551,004 (US$ 16,933)	551,004 (US$ 16,933)	16,932,762	100	1,738,504	290,928	292,715	
	Coxon Industry Ltd. (Samoa)	Samoa	Global investing activities	900,001 (US$ 27,870)	900,001 (US$ 27,870)	27,870,000	100	1,182,286	4,891	6,576	
	Cheng Da Industry (Samoa)	Samoa	Global investing activities	1,098,824 (US$ 35,770)	1,075,387 (US$ 35,000)	35,769,500	100	911,243	196,395	196,395	
	Cheng Yee Enterprise Ltd. (Samoa)	Samoa	Global investing activities	1,278,438 (US$ 39,918)	1,278,438 (US$ 39,918)	34,400,000	80	1,629,470	193,178	154,543	
	Soartek Optoelectronics Technology Co., Ltd.	Taiwan	Manufacturing and sale of nonmetal molding and automobile parts	51,000	51,000	5,100,000	100	47,115	291	291	
Teckyork Enterprise Co., Ltd. (Samoa)	Vastech Industrial Co., Ltd. (Samoa)	Samoa	Global investing activities	97,290 (US$ 3,000)	97,290 (US$ 3,000)	3,000,000	100	102,831 (US$ 3,249)	(4,546) (US$ 150)	(4,546) (US$ 150)	
Cheng Yee Enterprise Ltd. (Samoa)	Hang Yuan Enterprise Ltd. (Samoa)	Samoa	Global investing activities	1,213,600 (US$ 40,000)	1,213,600 (US$ 40,000)	40,000,000	100	1,480,397 (US$ 46,774)	138,741 (US$ 4,578)	138,741 (US$ 4,578)	
	Coxon Precise International Limited (BVI)	Virgin Islands	Global investing activities	91,020 (US$ 3,000)	91,020 (US$ 3,000)	3,000,000	100	429,649 (US$ 13,575)	48,338 (US$ 1,595)	48,338 (US$ 1,595)	
	Coxon Medical Limited (Samoa)	Samoa	Global investing activities	159,600 (US$ 5,000)	159,600 (US$ 5,000)	5,000,000	80	125,176 (US$ 3,955)	7,637 (US$ 252)	6,092 (US$ 201)	
Soartek Optoelectronics Technology Co., Ltd.	Hsiangtek Optical Technology Co., Ltd. (Samoa)	Samoa	Global investing activities	18,021 (US$ 601)	18,021 (US$ 601)	601,000	100	15,576	426	426	
Coxon Industry Ltd. (Samoa)	Siix Coxon Precision Phils, Inc.	Philippines	Manufacturing and sale of nonmetal molding	121,642 (US$ 4,050)	-	4,050,000	45	113,205 (US$ 3,577)	(31,882) (US$ 1,052)	(14,335) (US$ 473)	

Note: All investment and the equity of investee company are eliminated upon consolidation.

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2014	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2014	Accumulated Repatriation of Investment Income as of December 31, 2014	Note
					Outward	Inward							
Shanghai Teckyork Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	$ 484,400 (US$ 16,000)	Investment through third party	$ 667,893 (US$ 20,348)	$ -	$ -	$ 667,893 (US$ 20,348)	$ 25,154 (US$ 830)	100	$ 25,154 (US$ 830)	$ 601,983 (US$ 19,020)	$ -	
Shanghai Sonor Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	151,375 (US$ 5,000)	〃	218,175 (US$ 6,647)	-	-	218,175 (US$ 6,647)	(10,516) (US$ 347)	100	(10,516) (US$ 347)	85,866 (US$ 2,713)	-	
Vastech Plastic (Shanghai) Industrial Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	90,825 (US$ 3,000)	〃	141,310 (US$ 4,303)	-	-	141,310 (US$ 4,303)	(4,485) (US$ 148)	100	(4,485) (US$ 148)	95,868 (US$ 3,029)	-	
Changshu Huaxon Industry Co., Ltd.	Manufacturing, assembling and sale of optical disc drive, digital camera parts, electric parts and nonmetal molding	938,525 (US$ 31,000)	〃	64,270 (US$ 2,000)	-	-	64,270 (US$ 2,000)	(66,340) (US$ 2,189)	100	(66,340) (US$ 2,189)	1,006,533 (US$ 31,802)	-	
Changshu Houkennixx Plastic Product Co., Ltd.	Manufacturing, assembling and sale of plastic products	236,550 (US$ 8,000)	〃	-	-	-	-	(61,642) (US$ 2,034)	20	(12,335) (US$ 407)	33,582 (US$ 1,061)	-	
Sinxon Plastic (DongGuan) Ltd.	Manufacturing and sale of nonmetal molding and automobile parts	550,844 (HK$ 119,630)	〃	320,818 (US$ 9,870)	-	-	320,818 (US$ 9,870)	257,419 (US$ 8,494)	100	257,419 (US$ 8,494)	873,793 (US$ 27,608)	-	
Coxon Industry (Changshu) Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	1,211,000 (US$ 40,000)	〃	1,189,245 (US$ 37,133)	-	-	1,189,245 (US$ 37,133)	134,286 (US$ 4,431)	80	107,435 (US$ 3,545)	1,517,902 (US$ 47,959)	-	
Toyo Precision Appliance (Kunshan) Co., Ltd.	Manufacturing and processing of sheet metal-press work parts	936,141 (RMB 28,000)	〃	89,193 (US$ 2,785)	-	-	89,193 (US$ 2,785)	178,714 (US$ 5,897)	24	42,883 (US$ 1,415)	527,500 (US$ 16,667)	-	
Shanghai Coxon Medical Limited	Manufacturing of medical materials	149,770 (US$ 5,000)	〃	-	-	-	-	14,486 (US$ 478)	64	9,274 (US$ 306)	129,607 (US$ 4,095)	-	
GoerXon Optical Precision Industry Co., Ltd.	Manufacturing and sale of precision plastic injection parts	957,098 (RMB 200,000)	Investment through Changshu Huaxon Industry Co., Ltd.	-	-	-	-	(95,615) (RMB 19,434)	25	(34,730) (RMB 7,039)	(246,224) (RMB 48,355)	-	
Dong Guan Soartek Optical Technology Co., Ltd.	Manufacturing and sale of optical instrument, electronic products and plastic products	17,991 (US$ 600)	Investment through third party	17,991 (US$ 600)	-	-	17,991 (US$ 600)	(91) (US$ 3)	100	(91) (US$ 3)	-	-	
Dong Guan Cheng Da Metal Product Company Limited	Manufacturing instrument, electronic products and plastic products	145,871 (RMB 30,000)	〃	73,595 (US$ 2,500)	67,853 (US$ 2,270)	-	141,448 (US$ 4,770)	267,481 (US$ 8,826)	100	267,481 (US$ 8,826)	434,744 (US$ 13,736)	-	

Accumulated Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 2,850,843 (US$ 88,456)	$ 4,297,279 (US$ 135,775)	NA

(Continued)

Significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
				Price	Payment Term	Comparison with Normal Transaction	Ending Balance	%	
Coxon Industry Ltd. (Samoa)	100% subsidiary of the Company's investments	Subcontract	$ 1,746,092	Note 1	Note 1	Note 1	Others payable $ 129,646	33	$ 4,185
Sun Can International Ltd. (Samoa)	100% subsidiary of the Company's investments	Subcontract	1,691,175	Note 1	Note 1	Note 1	Others payable 104,378	26	2,294

Note 1: See Table 4.

Endorsements/guarantees provided with investee companies in Mainland China, either directly or indirectly through a third party:

Investee Company	Relationship	Endorsements/ Guarantees	Outstanding Endorsement /Guarantee at the End of the Period	Purpose of Providing Endorsements/Guarantees
Teckyork Enterprise Co., Ltd. (Samoa)	100% subsidiary of the Company's investments	Endorsements	$ 37,980	To obtain bank loans and financial instruments transactions sufficient working capital and engage in currency hedging transactions
Sun Can International Ltd. (Samoa)	100% subsidiary of the Company's investments	Endorsements	37,980	To obtain bank loans and financial instruments transactions sufficient working capital and engage in currency hedging transactions
Coxon Industry Ltd. (Samoa)	100% subsidiary of the Company's investments	Endorsements	37,980	To obtain bank loans and financial instruments transactions sufficient working capital and engage in currency hedging transactions
Cheng Da Industry Ltd. (Samoa)	100% subsidiary of the Company's investments	Endorsements	354,480	To obtain bank loans and financial instruments transactions sufficient working capital and engage in currency hedging transactions
Hang Yuan Enterprise Ltd. (Samoa)	100% subsidiary of the Company's investments through Cheng Yee Enterprise Ltd. (Samoa)	Endorsements	196,230	To obtain bank loans and financial instruments transactions sufficient working capital and engage in currency hedging transactions

Financing provided with investee companies in Mainland China, either directly or indirectly through a third party: None.

Other transaction effects significantly profit and loss or financial situation: None.

(Concluded)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
0	Coxon Precise Industrial Co., Ltd.	Coxon Industrial Ltd.	a	Other payables	$ 129,646	Note	1
			a	Manufacturing overhead - outsourced	1,691,175	Note	18
		Sun Can International Ltd.	a	Other payables	104,378	Note	1
			a	Manufacturing overhead - outsourced	1,746,092	Note	18
		Techyork Enterprise Co., Ltd.	a	Account receivable	1,246	Note	-
			a	Other receivable	1,530	Note	-
			a	Account payable	166	Note	-
			a	Sales revenue	1,958	Note	-
			a	Processing revenue	257	Note	-
			a	Purchase	2,292	Note	-
		Shanghai Techyork Enterprise Co., Ltd.	a	Sales revenue	2,328	Note	-
			a	Account receivable	295	Note	-
		Hang Yuan Enterprise Ltd.	a	Other receivable	2,724	Note	-
			a	Account receivable	1,230	Note	-
			a	Account payable	8,751	Note	-
			a	Other payables	177	Note	-
			a	Processing revenue	54	Note	-
			a	Purchase	14,687	Note	-
			a	Sales revenue	6,210	Note	-
		Coxon Medical Limited	a	Other receivable	707	Note	-
		Cheng Da Industrial Ltd.	a	Sales revenue	2,390	Note	-
			a	Purchase	10,377	Note	1
		Dong Guan Cheng Da Metal Product Company Limited	a	Purchase	2,163	Note	-
			a	Sales revenue	27	Note	-
			a	Account receivable	28	Note	-
			a	Account payable	1,132	Note	-
		Soartek Optoeletronics Technology Co., Ltd.	a	Guarantee deposits	33	Note	-
			a	Rent revenue	132	Note	-
1	Coxon Industrial Ltd.	Coxon Precise Industrial Co., Ltd.	b	Account receivable	129,646	Note	1
			b	Processing revenue	1,691,175	Note	18
		Sun Can International Ltd.	c	Other payables	126,600	Note	1
			c	Payable on equipment	501	Note	-
			c	Interest expense	1,275	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	c	Interest expense	1,494	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Shanghai Techyork Enterprise Co., Ltd.	c	Other payables	$ 268	Note	-
			c	Payable on equipment	19	Note	-
		Coxon Industry (Changshu) Ltd.	c	Other payables	284,350	Note	2
			c	Payable on equipment	236	Note	-
			c	Interest expense	12,435	Note	-
		Cheng Da Industrial Ltd.	c	Other payables	675	Note	-
2	Sun Can International Ltd.	Coxon Precise Industrial Co., Ltd.	b	Account receivable	104,378	Note	1
			b	Processing revenue	1,746,092	Note	18
		Coxon Industrial Ltd.	c	Other receivable	127,101	Note	1
			c	Interest income	1,275	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	a	Other payables	5,884	Note	-
		Techyork Enterprise Co., Ltd.	c	Other receivable	151	Note	-
			c	Account payable	772	Note	-
			c	Manufacturing overhead - outsourced	681	Note	-
			c	Manufacturing overhead - delivery	59	Note	-
		Shanghai Techyork Enterprise Co., Ltd.	c	Account payable	171	Note	-
		Vastech Plastic (Shanghai) Industrial Co., Ltd.	c	Account payable	15	Note	-
		Coxon Precise International Limited	c	Other receivable	110,775	Note	1
			c	Interest income	819	Note	-
		Coxon Industry (Changshu) Ltd.	c	Other receivable	8,978	Note	-
			c	Account payable	3,198	Note	-
			c	Other payables	103,400	Note	1
			c	Manufacturing overhead - outsourced	3,408	Note	-
			c	Interest expense	1,091	Note	-
		Cheng Da Industrial Ltd.	c	Account payable	2,136	Note	-
			c	Manufacturing overhead - outsourced	134,292	Note	1
3	Sinxon Plastic (Dong Guan) Ltd.	Coxon Industrial Ltd.	c	Interest income	1,494	Note	-
		Sun Can International Ltd.	b	Other receivable	5,884	Note	-
		Dong Guan Cheng Da Metal Product Company Limited	c	Other receivable	103,400	Note	1
			c	Other payables	1,011	Note	-
			c	Manufacturing overhead - outsourced	1,076	Note	-
			c	Interest income	1,432	Note	-
		GoerXon Optical Precision Industry Co., Ltd.	c	Other revenue	14,252	Note	-
4	Techyork Enterprise Co., Ltd.	Coxon Precise Industrial Co., Ltd.	b	Account receivable	166	Note	-
			b	Account payable	1,246	Note	-
			b	Other payables	1,530	Note	-
			b	Service revenue	2,292	Note	-
			b	Service cost	2,215	Note	-
		Sun Can International Ltd.	c	Account receivable	710	Note	-
			c	Other receivable	62	Note	-
			c	Other payables	151	Note	-
			c	Service revenue	681	Note	-
			c	Other revenue	59	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Shanghai Techyork Enterprise Co., Ltd.	a	Account payable	$ 113	Note	-
			a	Service cost	67	Note	-
			a	Manufacturing overhead - outsourced	3,913	Note	-
		Hang Yuan Enterprise Ltd.	c	Other receivable	159	Note	-
			c	Account payable	21	Note	-
			c	Other payables	165	Note	-
			c	Service cost	386	Note	-
			c	Other revenue	152	Note	-
			c	Interest expense	88	Note	-
5	Shanghai Techyork Enterprise Co., Ltd.	Coxon Precise Industrial Co., Ltd.	b	Account payable	295	Note	-
			b	Purchase	2,328	Note	-
		Coxon Industrial Ltd.	c	Other receivable	268	Note	-
			c	Receivables on sale equipment	19	Note	-
		Sun Can International Ltd.	c	Receivables on sale equipment	171	Note	-
		Techyork Enterprise Co., Ltd.	b	Sales revenue	3,980	Note	-
			b	Account receivable	113	Note	-
		Shanghai Sonor Enterprise Co., Ltd.	c	Other receivable	33,790	Note	-
			c	Receivables on sale equipment	3	Note	-
			c	Other payables	21	Note	-
			c	Rent revenue	14,443	Note	-
		Vastech Plastic (Shanghai) Industrial Co., Ltd.	c	Other receivable	1	Note	-
			c	Other payables	10,981		
			c	Interest expense	524	Note	-
		Coxon Industry (Changshu) Ltd.	c	Receivables on sale equipment	499	Note	-
			c	Account payable	1,955	Note	-
			c	Other payables	46,530	Note	-
			c	Payable on equipment	895	Note	-
			c	Purchase	1,391	Note	-
			c	Manufacturing overhead - outsourced	275	Note	-
			c	Manufacturing overhead - molding	86	Note	-
			c	Operating expense - salaries	160	Note	-
			c	Interest expense	5,709	Note	-
		Shanghai Coxon Medical Limited	c	Rent revenue	5,279	Note	-
			c	Other receivable	443	Note	-
			c	Other revenue	438	Note	-
6	Shanghai Sonor Enterprise Co., Ltd.	Shanghai Techyork Enterprise Co., Ltd.	c	Other receivable	21	Note	-
			c	Receivables on sale equipment	3	Note	-
			c	Other payables	33,790	Note	-
			c	Rent expense	14,443	Note	-
		Coxon Industry (Changshu) Ltd.	c	Account receivable	8,231	Note	-
			c	Receivables on sale equipment	253	Note	-
			c	Account payable	438	Note	-
			c	Sales revenue	5,390	Note	-
			c	Purchase	364	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Shanghai Coxon Medical Limited	c	Manufacturing overhead - outsourced	$ 20	Note	-
			c	Manufacturing overhead - molding	78	Note	-
			c	Other receivable	501	Note	-
			c	Sales revenue	14	Note	-
			c	Other revenue	4,799	Note	-
7	Vastech Plastic (Shanghai) Industrial Co., Ltd.	Sun Can International Ltd.	c	Other receivable	15	Note	-
		Shanghai Techyork Enterprise Co., Ltd.	c	Other receivable	10,981	Note	-
			c	Other payables	1	Note	-
			c	Interest income	524	Note	-
8	Changshu Huaxon Industry Co., Ltd.	Coxon Industry (Changshu) Ltd.	c	Other receivable	7,269	Note	-
			c	Other payables	180,950	Note	1
			c	Rent revenue	34,313	Note	-
			c	Interest expense	9,838	Note	-
9	Coxon Precise International Limited	Sun Can International Ltd.	c	Other payables	110,775	Note	1
			c	Interest expense	819	Note	-
10	Hang Yuan Enterprise Ltd.	Coxon Precise Industrial Co., Ltd.	b	Account receivable	8,751	Note	-
			b	Other receivable	177	Note	-
			b	Account payable	1,230	Note	-
			b	Other payables	2,724	Note	-
			b	Service revenue	14,687	Note	-
			b	Service cost	6,264	Note	-
		Techyork Enterprise Co., Ltd.	c	Account receivable	21	Note	-
			c	Other receivable	165	Note	-
			c	Other payables	159	Note	-
			c	Service revenue	21	Note	-
			c	Service cost	152	Note	-
			c	Interest income	88	Note	-
			c	Other revenue	365	Note	-
		Coxon Industry (Changshu) Ltd.	a	Account receivable	8,504	Note	-
			a	Sales revenue	8,365	Note	-
11	Coxon Industry (Changshu) Ltd.	Coxon Industrial Ltd.	c	Other receivable	284,350	Note	2
			c	Receivables on sale equipment	236	Note	-
			c	Interest income	12,435	Note	-
		Sun Can International Ltd.	c	Account receivable	3,198	Note	-
			c	Other receivable	103,400	Note	1
			c	Payable on equipment	8,978	Note	-
			c	Sales revenue	3,408	Note	-
			c	Interest income	1,091	Note	-
		Shanghai Techyork Enterprise Co., Ltd.	c	Account receivable	501	Note	-
			c	Other receivable	46,530	Note	1
			c	Receivables on sale equipment	2,349	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details: Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
			c	Payable on equipment	$ 499	Note	-
			c	Sales revenue	1,752	Note	-
			c	Interest income	5,709	Note	-
			c	Other revenue	160	Note	-
		Shanghai Sonor Enterprise Co., Ltd.	c	Account receivable	438	Note	-
			c	Other payables	8,231	Note	-
			c	Payable on equipment	253	Note	-
			c	Sales revenue	462	Note	-
			c	Manufacturing overhead - outsourced	5,390	Note	-
		Changshu Huaxon Industry Co., Ltd.	c	Other receivable	180,950	Note	1
			c	Other payables	7,269	Note	-
			c	Rent expense	34,313	Note	-
			c	Interest income	9,838	Note	-
		Hang Yuan Enterprise Ltd.	b	Account payable	8,504	Note	-
			b	Purchase	8,365	Note	-
		Shanghai Coxon Medical Limited	c	Receivables on sale equipment	2	Note	-
12	Coxon Medical Limited	Coxon Precise Industrial Co., Ltd.	b	Other payables	707	Note	-
13	Shanghai Coxon Medical Limited	Shanghai Techyork Enterprise Co., Ltd.	c	Other payables	443	Note	-
			c	Rent expense	5,279	Note	-
			c	Manufacturing overhead - outsourced	325	Note	-
			c	Manufacturing overhead	83	Note	-
			c	Operating expenses	9	Note	-
			c	Administrative expenses	20	Note	-
		Shanghai Sonor Enterprise Co., Ltd.	c	Other payables	501	Note	-
			c	Manufacturing overhead - outsourced	14	Note	-
			c	Manufacturing overhead	4,268	Note	-
			c	Operating expenses	240	Note	-
			c	Administrative expenses	291	Note	-
		Coxon Industry (Changshu) Ltd.	c	Other payables	2	Note	-
14	Cheng Da Industrial Ltd.	Coxon Precise Industrial Co., Ltd.	b	Sales revenue	10,377	Note	-
			b	Purchase	2,390	Note	-
		Coxon Industrial Ltd.	c	Other receivable	675	Note	-
		Sun Can International Ltd.	c	Account receivable	2,136	Note	-
			c	Sales revenue	133,537	Note	1
			c	Other revenue	755	Note	-
15	Dong Guan Cheng Da Metal Product Company Limited	Coxon Precise Industrial Co., Ltd.	b	Account receivable	1,132	Note	-
			b	Account payable	28	Note	-
			b	Sales revenue	2,163	Note	-
			b	Purchase	27	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	c	Account receivable	1,011	Note	-
			c	Other payables	103,400	Note	1
			c	Sales revenue	1,076	Note	-
			c	Interest expense	1,432	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
16	Soartek Optoeletronics Technology Co., Ltd.	Coxon Precise Industrial Co., Ltd.	b	Refundable deposits	$ 33	Note	-
			b	Rent expense	132	Note	-
17	GoerXon Optical Precision Industry Co., Ltd.	Sinxon Plastic (Dong Guan) Ltd.	c	Administrative expenses	14,252	Note	-

Note 1: The numbers above are identified as follows:

a. "0" for the Company.
b. "1" for the subsidiary.

Note 2: The flow of transactions was as follows:

a. From the Company to the subsidiary.
b. From the subsidiary to the Company.
c. Between subsidiaries.

Note 3: The transaction terms with the related party are not significantly different from those to third parties.

Note 4: For assets and liabilities, the amount is shown as a percentage to consolidated total assets as of December 31, 2014, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2014.

(Concluded)