U.D. ELECTRONIC CORP. 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,

U.D. ELECTRONIC CORP.

By

GARY CHEN
Chairman

March 12, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
U.D. ELECTRONIC CORP.

We have audited the accompanying consolidated balance sheets of U.D. ELECTRONIC CORP. (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 Regulations 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, U.D. ELECTRONIC CORP., as of and for the years ended December 31, 2014 and 2013, on which we have issued an unqualified report.

March 12, 2015

Notice to Readers

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 accepted and 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. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

U.D. ELECTRONIC CORP. 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 and 6)	$ 1,013,407	21	$ 1,257,695	29
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	1,431	-
Notes receivable (Notes 4 and 9)	63,049	1	17,506	1
Trade receivables (Notes 4, 5 and 9)	1,042,672	21	1,099,537	25
Trade receivables from related parties (Notes 4 and 29)	58,276	1	66,768	2
Other receivables (Note 9)	69,143	2	60,033	1
Inventories (Notes 4, 5 and 10)	1,325,042	27	880,763	20
Other current assets (Notes 14 and 30)	189,994	4	187,463	4
Total current assets	3,761,583	77	3,571,196	82
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current, net of current portion (Notes 4 and 7)	-	-	2,279	-
Financial assets measured at cost - non-current (Notes 4 and 8)	49,608	1	49,608	1
Property, plant and equipment (Notes 4, 5 and 11)	879,457	18	626,017	15
Computer software cost (Notes 4 and 13)	15,609	-	14,526	-
Goodwill (Notes 4, 5, 12 and 24)	6,103	-	6,103	-
Deferred tax assets (Notes 4, 5 and 22)	8,470	-	5,264	-
Prepayments for equipment (Note 14)	100,699	2	69,144	2
Other non-current assets (Notes 14 and 30)	68,501	2	6,632	-
Refundable deposits (Note 14)	7,471	-	5,517	-
Total non-current assets	1,135,918	23	785,090	18
TOTAL	$ 4,897,501	100	$ 4,356,286	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 553,875	11	$ 417,270	10
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	8,132	-	-	-
Trade payables (Note 17)	509,644	10	476,361	11
Other payables (Note 18)	768,486	16	694,957	16
Current tax liabilities (Notes 4, 5 and 22)	71,110	2	76,451	2
Current portion of long-term borrowings and bonds payable (Notes 4 and 16)	119,368	2	-	-
Other current liabilities (Note 18)	26,830	1	24,476	-
Total current liabilities	2,057,445	42	1,689,515	39
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current, net of current portion (Notes 4 and 7)	-	-	6,414	-
Bonds payable (Notes 4 and 16)	-	-	276,866	6
Deferred tax liabilities (Notes 4 and 22)	17,985	-	2,469	-
Guarantee deposit received (Note 18)	2,090	-	1,311	-
Total non-current liabilities	20,075	-	287,060	6
Total liabilities	2,077,520	42	1,976,575	45
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Share capital				
Ordinary shares	696,758	14	675,971	16
Capital surplus (Note 16)	726,715	15	581,657	13
Retained earnings				
Legal reserve	190,273	4	138,317	3
Special reserve	30,887	-	30,887	1
Unappropriated earnings (Note 22)	1,071,842	22	921,733	21
Total retained earnings	1,293,002	26	1,090,937	25
Other equity				
Exchange differences on translating foreign operations (Note 4)	69,330	2	(8,403)	-
Total equity attributable to owners of the Company	2,785,805	57	2,340,162	54
NON-CONTROLLING INTERESTS	34,176	1	39,549	1
Total equity	2,819,981	58	2,379,711	55
TOTAL	$ 4,897,501	100	$ 4,356,286	100

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

U.D. ELECTRONIC CORP. 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 (Notes 4 and 29)				
Sales	$ 5,155,785	100	$ 4,692,078	100
OPERATING COSTS (Notes 10 and 21)				
Cost of goods sold	(3,787,846)	(74)	(3,408,133)	(73)
GROSS PROFIT	1,367,939	26	1,283,945	27
OPERATING EXPENSES (Notes 19 and 21)				
Selling and marketing expenses	(258,162)	(5)	(213,694)	(4)
General and administrative expenses	(321,267)	(6)	(283,277)	(6)
Research and development expenses	(162,276)	(3)	(123,206)	(3)
Total operating expenses	(741,705)	(14)	(620,177)	(13)
PROFIT FROM OPERATIONS	626,234	12	663,768	14
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 21)	(15,383)	-	(11,248)	-
Other gains and losses (Notes 4 and 21)	2,964	-	1,988	-
Other income (Notes 21 and 29)	21,734	-	19,463	-
Total non-operating income and expenses	9,315	-	10,203	-
PROFIT BEFORE INCOME TAX	635,549	12	673,971	14
INCOME TAX EXPENSE (Notes 4 and 22)	(132,415)	(2)	(159,582)	(3)
NET PROFIT FOR THE YEAR	503,134	10	514,389	11
OTHER COMPREHENSIVE INCOME (Note 4)				
Exchange differences on translating foreign operations	93,656	2	27,087	-
Income tax relating to components of other comprehensive (Note 22)	(15,923)	(1)	(4,603)	-
Other comprehensive income for the year, net of income tax	77,733	1	22,484	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 580,867	11	$ 536,873	11

(Continued)

U.D. ELECTRONIC CORP. 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**	**%**
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 508,507	10	$ 519,561	11
Non-controlling interests	(5,373)	-	(5,172)	-
	$ 503,134	10	$ 514,389	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 586,240	11	$ 542,045	11
Non-controlling interests	(5,373)	-	(5,172)	-
	$ 580,867	11	$ 536,873	11
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 23)				
Basic	$ 7.38		$ 7.69	
Diluted	$ 7.02		$ 7.47	

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

U.D. ELECTRONIC CORP. 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								
		Capital Surplus		Retained Earnings			Exchange Differences on Translating Foreign Operations		
	Share Capital	Share Premium	Share Option	Legal Reserve	Special Reserve	Unappropriated Earnings		Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2013	$ 675,971	$ 568,037	$ -	$ 93,956	$ 26,669	$ 707,620	$ (30,887)	$ -	$ 2,041,366
Appropriation of the 2012 earnings (Note 20)									
Legal reserve	-	-	-	44,361	-	(44,361)	-	-	-
Special reserve	-	-	-	-	4,218	(4,218)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(256,869)	-	-	(256,869)
Equity component of convertible bonds issued by the Company (Notes 4 and 16)	-	-	13,620	-	-	-	-	-	13,620
Acquisition of subsidiaries	-	-	-	-	-	-	-	44,721	44,721
Net profit for the year ended December 31, 2013	-	-	-	-	-	519,561	-	(5,172)	514,389
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	-	22,484	-	22,484
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	519,561	22,484	(5,172)	536,873
BALANCE, DECEMBER 31, 2013	675,971	568,037	13,620	138,317	30,887	921,733	(8,403)	39,549	2,379,711
Appropriation of the 2013 earnings (Note 20)									
Legal reserve	-	-	-	51,956	-	(51,956)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(306,442)	-	-	(306,442)
Other changes in capital surplus									
The conversion of convertible bonds issued by the Company (Note 16)	20,787	152,962	(7,904)	-	-	-	-	-	165,845
Net profit for the year ended December 31, 2014	-	-	-	-	-	508,507	-	(5,373)	503,134
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	-	77,733	-	77,733
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	508,507	77,733	(5,373)	580,867
BALANCE, DECEMBER 31, 2014	$ 696,758	$ 720,999	$ 5,716	$ 190,273	$ 30,887	$ 1,071,842	$ 69,330	$ 34,176	$ 2,819,981

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

U.D. ELECTRONIC CORP. 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	$ 635,549	$ 673,971
Adjustments for:		
Depreciation expenses	166,950	144,719
Amortization expenses	62,528	52,047
Reversal of impairment loss on trade receivables	(244)	(610)
Net loss (gain) on fair value change of financial assets designated as at fair value through profit or loss	34,435	(13,785)
Finance costs	15,383	11,248
Interest income	(9,717)	(9,613)
Impairment loss recognized on financial assets	-	392
Impairment loss recognized on non-financial assets	299	639
(Gain) loss on disposal of property, plant and equipment	(827)	1,490
Net unrealized gain on foreign currency exchange	(13,805)	(11,931)
Other non-cash items - transfer of prepayments to expense	-	2,313
Changes in operating assets and liabilities		
Notes receivable	(45,392)	471
Trade receivables	99,534	(205,069)
Trade receivables from related parties	10,997	(50,087)
Other receivables	(7,764)	27,338
Inventories	(388,375)	(205,203)
Other current assets	(873)	(44,463)
Trade payables	7,349	32,899
Other payables	27,172	76,777
Other current liabilities	1,312	3,749
Cash generated from operations	594,511	487,292
Interest received	13,090	8,187
Interest paid	(13,605)	(14,752)
Income tax paid	(142,878)	(164,017)
Net cash generated from operating activities	451,118	316,710
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at cost	-	(50,000)
Payments for property, plant and equipment	(392,234)	(110,476)
Payments for intangible assets	(12,301)	(10,056)
Proceeds from disposal of property, plant and equipment	4,007	2,841
Increase in refundable deposits	(2,004)	-
Decrease in refundable deposits	-	22,202
Increase in other non-current assets	(107,713)	(92,179)
Net cash outflow on acquisition of subsidiaries	-	19,292
Net cash used in investing activities	(510,245)	(218,376)

(Continued)

U.D. ELECTRONIC CORP. 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 FINANCING ACTIVITIES		
Repayments of short-term borrowings	$ -	$ (12,162)
Proceeds from short-term borrowings	113,464	-
Proceeds from issue of convertible bonds	-	295,000
Dividends paid to owners of the Company	(306,442)	(256,869)
Refund of guarantee deposits received	-	(2,846)
Proceeds from guarantee deposits received	703	-
Net cash (used in) generated from financing activities	(192,275)	23,123
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	7,114	36,977
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(244,288)	158,434
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,257,695	1,099,261
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,013,407	$ 1,257,695

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

U.D. ELECTRONIC CORP. (the "Company") was incorporated in the Republic of China (ROC) on March 18, 2005 with a share capital $10,000 thousand, and the accumulated share capital was $696,758 thousand as of December 31, 2014. The principal activities of the Company are the sale of electronic materials and international trade.

The Company's shares have been traded on the Taiwan GreTai Securities Market since October 2012.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 12, 2015.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS 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 Company and its subsidiaries (collectively, 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 27 (Revised 2011) "Separate Financial Statements"	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 their 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 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 that applies to entities with interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

3) 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 measurements under IFRS 13 will be applied prospectively from January 1, 2015.

4) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

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

The Group will retrospectively apply the above amendments starting from 2015. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations. 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 (net of income tax), and total comprehensive income for the year.

5) Annual Improvements to IFRSs: 2009-2011 Cycle

The amendments to IAS 1 clarify that an entity is required to present a third balance sheet as at the beginning of the preceding period when (a) it applies an accounting policy retrospectively, or restates financial statements or retrospectively reclassifies items in its financial statements, and (b) the retrospective application or reclassification or the restatement has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the third balance sheet at the beginning of the preceding period.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version in 2015 is expected to have a material effect on the consolidated balance sheet as of January 1, 2014. In preparing the consolidated financial statements for the year ended December 31, 2015, the Group would present the consolidated balance sheet as of January 1, 2014 in accordance with the above amendments to IAS 1 and disclose related information in accordance with IAS 8 “Accounting Policies, Changes in a Accounting Estimates and Errors,” but is not required to make disclosures about the line items of the balance sheet as of January 1, 2014.

6) Recognition and measurement of financial liabilities designated as at fair value through profit or loss

In accordance with the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, for financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. If this accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

b. New IFRSs already issued but not yet endorsed by the FSC

The Group has not applied the following New IFRSs that had been 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 had not yet 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
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 27 "Equity Method in Separate Financial Statements"	January 1, 2016
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

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 dates on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition dates on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; and the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendments apply to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 applies to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are also 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

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

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

   b) If the debt instruments are held within a business model whose objective is to both to collect contractual cash flows and to sell financial assets, they are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment quarterly. Interest revenue, to which the effective interest method is applied, impairment gains or losses and foreign exchange gains and losses are recognized n profit or loss. Other gain or loss is recognized in other comprehensive income. 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.

   All financial assets are initially measured at fair value through profit or loss. However, for an equity investment that is within the scope of IFRS 9 and is not held for trading, the Group may, on initial recognition, make an irrevocable election to recognize this investment as at fair value through other comprehensive income, with gains and losses recognized in other comprehensive income, and only dividend income 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.

   The impairment of financial assets

   IFRS 9 requires that impairment loss on financial assets is recognized by using the expected credit loss model. The expected credit loss allowance is required for certain financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, certain lease receivables, contract assets within the scope of IFRS 15 "Revenue from Contracts with Customers," and 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 certain 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, and these losses should be discounted using the credit-adjusted effective interest rate. Subsequently, any changes from the initial expected credit losses are recognized as a loss allowance, with the 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 a 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 cash-generating unit only when an impairment loss has been recognized or reversed during the period. The Group is also required to disclose the discount rate used in impairment or reversals if the recoverable amount based on fair value less costs of disposal is measured using a present value technique.

3) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for levies, other than income taxes within the scope of IAS 12 “Income Taxes” and certain other levies, imposed by a government. It addresses the (a) accounting for a liability within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and whose timing and amount are certain and (b) the accounting for a provision, which is a liability of uncertain timing or amount. The Group accrues the related liability when the transaction or activity that triggers the payment of the levy occurs. If the obligating event occurs over time (such as generation of revenue over a certain period), the liability is recognized progressively. When an obligation to pay a levy is triggered upon reaching or exceeding a minimum threshold (such as a minimum amount of revenue or sales generated), the related liability is recognized.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

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 be provided only if the information on the segments’ assets is regularly provided to the chief operating decision-maker.

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 this compensation is not required.

5) Annual Improvements to IFRSs: 2011-2013 Cycle

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

6) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

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

The amended IAS 16 “Property, Plant and Equipment” states that a depreciation method based on revenue 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.

Similar to the amended IAS 16, the amended IAS 38 "Intangible Assets" introduces a presumption that a revenue-based amortization method for intangible asset is not appropriate. However, this presumption is rebuttable under any of the following limited circumstances:

a) 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) 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.

7) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15, which is effective for annual periods beginning on or after January 1, 2017, establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

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

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either (a) retrospectively to each prior reporting period presented in accordance with the applicable provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" or (b) retrospectively, with the cumulative effect of initially applying this Standard recognized at the date of initial application in accordance with applicable provisions of IAS 8.

8) Annual Improvements to IFRSs: 2012-2014 Cycle

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 was continuing to assess the possible impact that the application of other standards and interpretations would have on the Group's financial position and financial performance, and will disclose the impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 consolidated financial statements shall prevail. However, the consolidated financial statements do not include the English translation of the additional footnote disclosures that are not required under IFRSs but are required by the FSC for their oversight purposes.

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 Financial Supervisory Commission (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. 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 12 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 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; 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.

All other 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).

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 intragroup 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.

2) Entities included in consolidated financial statements

Investor	Investee	Investee's Company Type/Main Business	% of Ownership December 31 2014	% of Ownership December 31 2013	Remark
U.D. ELECTRONIC CORP.	Global Connection (Samoa) Holding Inc.	Holding company	100	100	Foreign exchange risk is major operational risk
U.D. ELECTRONIC CORP.	CDE Corp.	Manufacturing and sale of electronic materials	50	50	Market risk as major operational risk
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Holding company	100	100	Foreign exchange risk is major operational risk
Global Connection (Samoa) Holding Inc.	San Francisco Inc.	Holding company	100	100	Foreign exchange risk is major operational risk
Global Connection (Samoa) Holding Inc.	Orient Express International Co., Ltd.	International trading	Note	100	Foreign exchange risk is major operational risk
Global Connection (Samoa) Holding Inc.	All First International Co., Ltd.	International trading	100	100	Foreign exchange risk is major operational risk
Sunderland Inc.	Dongguan Jian Guan P.E. Co, Ltd. (東莞建冠塑膠電子有限公司)	Manufacturing and sale of electronic components	100	100	Political, foreign exchange, and market risks are major operational risks
San Francisco Inc.	Zhong Jiang U.D.E. Electronics Corp. (中江湧德電子有限公司)	Manufacturing and sale of electronic components	100	100	Political, foreign exchange, and market risks are major operational risks
Zhong Jiang U.D.E. Electronics Corp. (中江湧德電子有限公司)	Zhong Jiang U.D.E. Networking Electronics Corp. (中江湧德聯網電子有限公司)	sale of electronic components	100	-	Political, foreign exchange, and market risks are major operational risks

Note: Orient Express International Co., Ltd. had completed liquidation procedures and applied for the cancellation of business registration on June 6, 2014.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method.

Goodwill is measured as the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree in excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets and are annually tested for impairment.

f. Foreign currencies

In preparing the financial statements of each entity within the Group, 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 in which they arise.

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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. When a gain or loss on a non-monetary tem is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized 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 those of the subsidiaries, associates, joint ventures or branches operations in other countries, or currencies used that are different from the Company's functional currency) 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.

g. 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 standard cost on initial recognition and will be adjusted to weighted-average cost at the balance sheet date.

h. Property, plant and equipment

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

Freehold land is not depreciated.

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 estimates accounted for prospectively.

On the disposal or retirement of an item of property, plant and equipment, any gain or loss, which is the difference between the sales proceeds and the carrying amount of the asset, is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. 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 estimates accounted for prospectively. The residual value of an intangible asset with a finite useful life should be assumed to be zero, unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

Gain or loss on the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss when the asset is derecognized.

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The carrying amounts of corporate assets are allocated to the individual cash-generating units-or to the smallest group of CGUs if allocation to a CGU is not possible-on a reasonable and consistent basis. Then the carrying amount of the CGU-or the smallest group of CGUs-plus the allocated portion of a corporate asset are compared with the CGU's, or smallest group of CGUs' recoverable amount.

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 of asset impairment.

The recoverable amount is the higher of fair value less costs to sell or 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 reverses, 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.

m. 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

The Group's 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 incorporates any dividend or interest earned on the financial asset.

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 with no quoted market prices in an active market and with fair values that cannot be reliably measured and derivatives that are linked to and must be settled by the delivery of these unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in separate line items as financial assets carried at cost. If, subsequently, 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 equivalents) are measured at amortized cost using the effective interest method, less any impairment. But short-term receivables and payables with no stated interest rate may be measured at their original invoice amounts if the effect of discounting is immaterial.

Cash equivalents include time deposits that have original maturities of within three months from the date of acquisition and are highly liquid, readily convertible to a known amount of cash, and are 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, assets are assessed for impairment collectively even if they had been assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments and an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, 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. If 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, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss in the period.

For available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value after an impairment loss is recognized in other comprehensive income. For 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, 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. This impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is directly reduced by an impairment loss, but for a trade receivable, its carrying amount is reduced through the use of an allowance account. That is, when a trade receivable is 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.

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 the fully derecognition of a financial asset, 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 in the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities are classified as at fair value through profit or loss</u>

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

Financial liabilities at FVTPL 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 incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 28.

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 identified as financial liability and as 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 nonconvertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until the bond is extinguished upon conversion or redeemed on the bond's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option, or equity component, 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. When the conversion option is exercised, the amount recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised on bond maturity, the amount recognized in equity will be transferred to capital surplus - other.

Transaction costs that relate to the issue of the convertible bonds are allocated to the gross proceeds at the percentage composition of the liability and equity components.

5) Derivative financial instruments

The Group uses various derivative financial instruments, including foreign exchange forward contracts and options on convertible bonds, to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; otherwise, 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.

n. 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. A liability for sales returns is recognized at the time of sale if the seller can reliably estimate future returns on the basis of previous experience and relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when 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 on 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) Dividend and interest income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established and 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 by reference to the principal outstanding and at the effective interest rate applicable.

p. 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.

<u>The Group as lessee</u>

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.

q. Borrowing costs

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

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

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

r. Retirement benefit costs

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

s. Taxation

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

1) Current tax

Under the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve the retention of these 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, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 can 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 recognized only 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 these differences 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 full or partial asset recovery. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the recovery of the deferred tax asset.

Deferred tax liabilities and assets are measured using applicable tax rates and laws that have been enacted or substantively enacted by the end of the reporting period in which the liability is settled or the asset realized. The measurement of deferred tax liabilities and assets reflects the tax consequences of how the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, but when these taxes relate to items that are recognized in other comprehensive income or directly in equity, the current and deferred taxes 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 of 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. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate for calculating the present value of these cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of December 31, 2014 and 2013, the goodwill balances of goodwill were each $6,103 thousand. The impairment amounts of 2014 and 2013 were both $0.

b. Income taxes

As of December 31, 2014 and 2013, the carrying amounts of deferred tax assets in relation to unused tax losses were $8,470 thousand and $5,264 thousand, respectively. The realizability of the deferred tax asset mainly depends on whether there will be sufficient future profits against which the taxable temporary differences can be used. If 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 this reversal takes place.

c. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. Impairment loss is 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. If the actual future cash flows are less than expected, a material impairment loss may arise.

As of December 31, 2014 and 2013, the balances of net trade receivables were $1,042,672 thousand and $1,099,537 thousand, respectively. The amounts of allowance for doubtful accounts were $15 thousand in 2014 and $259 thousand in 2013.

d. Fair value of financial instruments

As described in Note 28, the Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments with no quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Debt instruments were valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of the fair values of listed equity instruments traded in an emerging market and unlisted equity instruments was based on the analysis in relation to the financial position and the operation results of investees, recent share prices in the market, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities, including assumptions based on unobservable market prices or rates. As of December 31, 2014 and 2013, the carrying amount of these equity instruments was both $49,608 thousand. Note 28 provides more information on the key assumptions used in determining the fair values of financial instruments. The Group's management believes that the chosen valuation techniques and assumptions used are appropriate to this determination.

e. Useful lives of property, plant and equipment

As described in Note 4 (8), the Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date. During the current period, management determined that the useful lives of property, plant and equipment were appropriate.

f. 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	**2013**
Cash on hand	$ 1,453	$ 1,577
Checking accounts and demand deposits	536,954	295,028
Cash equivalents		
Time deposits	475,000	961,090
	$ 1,013,407	$ 1,257,695

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2014	**2013**
Bank balance	0.01%-0.94%	0.01%-3.20%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	**2013**
Financial assets held for trading - current		
Derivative financial assets (not under hedge accounting) - foreign Currency exchange option contracts	$ -	$ 1,431
Financial assets held for trading - non-current		
Derivative financial assets (not under hedge accounting) - foreign Currency exchange option contracts	$ -	$ 2,279

(Continued)

	December 31	
	2014	2013
Financial liabilities held for trading - current		
Derivative financial instruments (not under hedge accounting)		
Currency exchange option contracts	$ 1,646	$ -
Convertible options	6,486	-
	$ 8,132	$ -
Financial liabilities held for trading - non-current		
Convertible options	$ -	$ 6,414

(Concluded)

The financial liability at fair value through profit or loss held by the Company was convertible options. At the time of issuance of convertible bonds, these convertible options amounted to $5,139 thousand (see Note 16). As of December 31, 2014 and 2013, the losses on the valuation of convertible options recognized by the Group were $3,496 thousand and $1,275 thousand, respectively.

At the end of the reporting period, outstanding currency exchange option contracts not under hedge accounting were as follows:

	Currency	Maturity Period	Notional Amount (In Thousands)
December 31, 2014			
Sell	USD/RMB	2015.01.13-2015.01.16	USD3,000/RMB18,365
December 31, 2013			
Sell	USD/RMB	2014.09.17-2015.01.16	USD59,000/RMB362,732
Sell	USD/RMB	2014.11.13-2015.01.13	USD24,000/RMB147,535

As of December 31, 2014 and 2013, the currency exchange option contracts held by the Group and the terms of the transactions were as follows:

December 31, 2014

	Initial Date	Expiry Date	Unrealized Amount (USD)	Strike Price for Every USD1	Max Amount of Profits That Could Be Earned (RMB)
Currency exchange options (A)	2013.11.25	2015.01.16	$ 1,000,000	6.1400	$ 300,000
Currency exchange options (B)	2013.11.25	2015.01.16	1,000,000	6.1350	500,000
Currency exchange options (C)	2014.01.08	2015.01.13	1,000,000	6.0900	300,000

December 31, 2013

	Initial Date	Expiry Date	Unrealized Amount (USD)	Strike Price for Every USD1	Max Amount of Profits That Could Be Earned (RMB)
Currency exchange options (A)	2013.09.18	2014.09.17	$ 9,000,000	6.1750	$ 300,000
Currency exchange options (B)	2013.10.21	2014.11.17	11,000,000	6.1460	300,000
Currency exchange options (C)	2013.10.22	2014.11.13	11,000,000	6.1500	200,000
Currency exchange options (D)	2013.10.29	2015.01.13	13,000,000	6.1520	300,000
Currency exchange options (E)	2013.11.12	2015.01.13	13,000,000	6.1450	200,000
Currency exchange options (F)	2013.11.25	2015.01.16	13,000,000	6.1400	300,000
Currency exchange options (G)	2013.11.25	2015.01.16	13,000,000	6.1350	500,000

Under the currency exchange option contracts, the Group paid US$1,000 thousand to a bank in each term and then the bank paid US$1,000 thousand back to the Group at a strike price in RMB. If the spot rate is more than the strike price, the Group recognizes the difference between the strike price and spot rate or the spot rate multiplied by US$1,000 thousand as loss. If the spot rate is less than the strike price, then the Group recognizes the difference between the spot rate and the strike price multiplied by US$1,000 thousand as profit. The contract shall be terminated on the day when the profit meets the amount stipulated in the contract. There is no rule (regulation) regarding loss.

8. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2014	2013
Non-current		
Domestic investment - unlisted shares	$ 49,608	$ 49,608
Classification		
Available-for-sale	$ 49,608	$ 49,608

The domestic unlisted shares held by the Group were measured at cost less impairment at the end of the reporting period because the fair value of these shares could not be reliably measured. That is, a valuation technique would generate a wide range of possible fair values and the probabilities of the various outcomes would not be easy to estimate.

The domestic unlisted shares bought in July 2013 were originally classified as available-for-sale financial assets. The fair value of the shares could not be reliably assessed because the contents of the investment targets have changed, so the Group reclassified these shares as financial assets measured at cost. Therefore, the unrealized holding gain or loss of $392 thousand arising from available-for-sale financial assets was reclassified as gain on valuation of financial assets.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2014	**2013**
Notes receivable		
Notes receivable - operating	$ 63,049	$ 17,506
Less: Allowance for doubtful accounts	-	-
	$ 63,049	$ 17,506
Trade receivables		
Accounts receivable	$ 1,042,687	$ 1,099,796
Less: Allowance for doubtful accounts	(15)	(259)
	$ 1,042,672	$ 1,099,537
Other receivables		
The reserved potion on receivables factoring	$ 29,112	$ 24,628
Tax refund receivable	38,382	32,286
Interest receivable	293	1,604
Others	1,356	1,515
	$ 69,143	$ 60,033

a. Accounts receivable

The Group has no material irrecoverable trade receivables and it periodically evaluates the reasons for overdue receivables individually. After evaluating and screening unusual amounts out, the Group estimates the allowance for doubtful accounts rate by dividing overdue receivables by the net sales, and irrecoverable amounts are calculated by multiplying the rate and the current receivables together.

For the accounts receivable that were past due at the end of the reporting date but for which no allowance for doubtful accounts had been recognized by the Group, the Group still considered these receivables as recoverable since there was no significant change in their credit quality and their past-due status was mainly caused by the differences between the Group and their counterparties in timing considerations for treating receivables as past due. The Group had no collateral or other credit enhancements for these receivables.

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2014	**2013**
60 days	$ 141,766	$ 18,032
61-90 days	-	-
91-120 days	75	-
	$ 141,841	$ 18,032

The above aging schedule was based on the past due date.

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 869	$ -	$ 869
Less: Impairment losses reversed	(610)	-	(610)
Balance at December 31, 2013	$ 259	$ -	$ 259
Balance at January 1, 2014	$ 259	$ -	$ 259
Less: Impairment losses reversed	(244)	-	(244)
Balance at December 31, 2014	$ 15	$ -	$ 15

Factored trade receivables for the years ended December 31, 2014 and 2013 were as follows:

Counter-parties	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line
2014					
Yuanta Commercial Bank	$ 343,982	$ 462,536	$ 14,530	1.13-2.10	US$ 16,000
CTBC Commercial Bank Co., Ltd.	144,740	200,071	-	1.29-1.89	NT$350,000
Taipei Fubon Commercial Bank Co., Ltd.	471,565	252,833	247,481	1.02-1.90	US$ 18,000
	$ 960,287	$ 915,440	$ 262,011		
2013					
Yuanta Commercial Bank	$ 446,783	$ 460,559	$ 121,228	1.05-1.50	US$ 16,000
CTBC Commercial Bank Co., Ltd.	317,529	390,823	49,798	1.21-1.89	NT$350,000
Taipei Fubon Commercial Bank Co., Ltd.	276,551	240,099	50,622	1.05-1.90	US$ 6,000
	$ 1,040,863	$ 1,091,481	$ 221,648		

The above credit lines may be used on a revolving basis.

Under the Group's factoring agreements, losses from commercial disputes (such as sales returns or allowances) were borne by the Group, while losses from the credit risks were borne by the banks. As of December 31, 2014, the Group had issued promissory notes consisting of checks for $350,000 thousand and US$34,000 thousand, respectively. As of December 31, 2013, the Group had issued promissory notes consisting of checks for $350,000 thousand and US$22,000 thousand, respectively.

b. Notes receivable

The average collection period for notes receivable was 30 and 180 days. In determining the recoverability of a note receivable, the Group considered any change in the credit quality of the note receivables since the date credit was initially granted to the end of the reporting period. Historical experience had been that all note receivables were recoverable. An allowance for doubtful accounts was recognized against note receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

There were no notes receivable that were past due at the end of the reporting period; in addition, the Group had not recognized an allowance for doubtful accounts for these receivables.

c. Other receivables

Other receivables are tax refund receivables and trade receivables factoring with reserve. Historical experience shows that the majority of other receivables are recoverable. Thus, no allowance for doubtful accounts has been recognized for other receivables because of the on-time payments made by counterparties in the past and an analysis showing that their current financial position is positive.

10. INVENTORIES

	December 31	
	2014	2013
Finished goods	$ 296,037	$ 261,530
Work in progress	885,337	456,444
Raw materials and supplies	143,668	162,789
	$ 1,325,042	$ 880,763

The costs of inventories recognized as cost of goods sold were $3,787,846 thousand for 2014 and $3,408,133 thousand for 2013.

The cost of inventories recognized as cost of goods sold included inventory write-downs of $299 thousand for 2014 and $639 thousand for 2013. The increase of work in progress was used for customized seasonal sale and the order by internet equipment tender, which is designedly preserved storage in order to prevent the shortage of critical parts.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Machinery and Equipment	Transportation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2013	$ -	$ 629,913	$ 19,401	$ 12,959	$ 250,417	$ 76,137	$ 7,473	$ 996,300
Additions	-	61,528	-	1,674	-	5,822	104	69,128
Acquisitions through business combinations	-	7,636	-	650	84	2,070	100	10,540
Disposals	-	(23,129)	(2,554)	(1,118)	(7,541)	(141)	(17)	(34,500)
Reclassification	-	-	-	-	2,026	-	(2,026)	-
Effect of exchange rate changes	-	16,321	502	205	6,563	1,959	198	25,748
Other - transfer of prepayments to expense	-	57,506	4,103	264	57,931	2,805	23,755	146,364
Balance at December 31, 2013	$ -	$ 749,775	$ 21,452	$ 14,634	$ 309,480	$ 88,652	$ 29,587	$ 1,213,580
Accumulated depreciation								
Balance at January 1, 2013	$ -	$ 215,117	$ 7,651	$ 7,189	$ 189,848	$ 36,766	$ 4,150	$ 460,721
Disposals	-	(23,108)	(1,898)	(1,107)	(5,333)	(141)	(17)	(31,604)
Reclassification	-	-	-	-	(1,799)	-	1,799	-
Depreciation	-	79,227	3,390	2,602	44,179	10,949	4,372	144,719
Accumulated depreciation - transfer of exchange rate changes from the Group	-	1,215	-	129	-	752	4	2,100
Effect of exchange rate changes	-	5,088	207	125	5,150	931	126	11,627
Balance at December 31, 2013	$ -	$ 277,539	$ 9,350	$ 8,938	$ 232,045	$ 49,257	$ 10,434	$ 587,563
Net book value at December 31, 2013	$ -	$ 472,236	$ 12.102	$ 5,696	$ 77,435	$ 39,395	$ 19,153	$ 626,017

(Continued)

	Land	Machinery and Equipment	Transportation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2014	$ -	$ 749,775	$ 21,452	$ 14,634	$ 309,480	$ 88,652	$ 29,587	$ 1,213,580
Additions	155,218	55,075	1,239	1,813	50,020	10,950	1,945	276,260
Disposals	-	(12,272)	(891)	(2,430)	(8,543)	(431)	(1,541)	(26,108)
Effect of exchange rate changes	-	43,480	1,319	533	20,018	5,474	1,850	72,674
Other - transfer of prepayments to expense	-	64,067	295	871	18,921	495	30,805	115,454
Balance at December 31, 2014	$ 155,218	$ 900,125	$ 23,414	$ 15,421	$ 389,896	$ 105,140	$ 62,646	$ 1,651,860
Accumulated depreciation								
Balance at January 1, 2014	$ -	$ 277,539	$ 9,350	$ 8,938	$ 232,045	$ 49,257	$ 10,434	$ 587,563
Disposals	-	(10,197)	(891)	(2,424)	(7,710)	(298)	(366)	(21,886)
Depreciation	-	97,150	3,548	2,481	41,338	13,512	8,921	166,950
Effect of exchange rate changes	-	19,370	671	361	15,093	3,265	1,016	39,776
Balance at December 31, 2014	$ -	$ 383,862	$ 12,678	$ 9,356	$ 280,766	$ 65,736	$ 20,005	$ 772,403
Net book value at December 31, 2014	$ 155,218	$ 516,263	$ 10,736	$ 6,065	$ 109,130	$ 39,404	$ 42,641	$ 879,457

(Concluded)

The above items of property, plant and equipment were depreciated on a straight-line basis over their useful lives estimated as follows:

Machinery and equipment	6-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Mold equipment	2-3 years
Leasehold improvements	3-8 years
Other equipment	3 years

12. GOODWILL

	For the Year Ended December 31	
	2014	2013
Cost		
Balance, beginning of year	$ 6,103	$ -
Additions	-	6,103
Balance, end of year	$ 6,103	$ 6,103
Accumulated impairment losses		
Balance, beginning of year	$ -	$ -
Impairment losses recognized in the year	-	-
Balance, end of year	$ -	$ -

In February 2013, the Company acquired 50% equity in CDE Corp, 5,000 ordinary shares, with a par value of NT$10, for an increase in this associate's paid-in capital to $50,000 thousand. The cost of acquisition in excess of the Company's share of the net fair value of the identifiable assets and liabilities of this associate recognized at the date of acquisition was recognized as goodwill.

13. OTHER INTANGIBLE ASSET

	Computer Software
Cost	
Balance at January 1, 2013	$ 23,337
Additions	10,056
Disposals	(4,644)
Other - transfer of prepayments to expense	1,152
Effect of foreign currency exchange differences	384
Balance at December 31, 2013	$ 30,285
Accumulated amortization and impairment	
Balance at January 1, 2013	$ 9,132
Amortization expense	11,131
Disposals	(4,644)
Effect of foreign currency exchange differences	140
Balance at December 31, 2013	$ 15,759
Carrying amounts at December 31, 2013	$ 14,526
Cost	
Balance at January 1, 2014	$ 30,285
Additions	12,301
Effect of foreign currency exchange differences	1,663
Balance at December 31, 2014	$ 44,249
Accumulated amortization and impairment	
Balance at January 1, 2014	$ 15,759
Amortization expense	11,760
Effect of foreign currency exchange differences	1,121
Balance at December 31, 2014	$ 28,640
Carrying amounts at December 31, 2014	$ 15,609

The above intangible asset, computer software with a definite useful life, was depreciated on a straight-line basis over its estimated useful life of two to three years.

14. OTHER ASSETS

	December 31	
	2014	2013
Current		
Prepayments	$ 63,230	$ 37,791
Input tax	43,180	45,860
Overpaid tax	54,642	62,977
Deferred expense - current	19,959	26,874
Restricted assets (Note 30)	5,743	12,598
Others	3,240	1,363
	$ 189,994	$ 187,463
Non-current		
Prepayments for equipment	$ 100,699	$ 69,144
Refundable deposits	7,471	5,517
Deferred expense - non-current	58,056	6,632
Restricted assets (Note 30)	10,445	-
	$ 176,671	$ 81,293

15. BORROWINGS

Short-term Borrowings

December 31	
2014	2013
$ 553,875	$ 417,270

The range of the weighted average effective interest rates for bank loans was 0.95% to 1.90% and 1.05% to 1.80% per annum as of December 31, 2014 and 2013, respectively.

16. BONDS PAYABLE

	December 31	
	2014	2013
Secured domestic convertible bonds	$ 119,368	$ 276,866
Current portion of long-term borrowings and bonds payable	(119,368)	-
	$ -	$ 276,866

a. Unsecured domestic convertible bonds

On November 29, 2013, the Group issued in Taiwan 3,000 thousand 2.15% New Taiwan dollar-denominated unsecured convertible bonds, with an aggregate principal of $300,000 thousand. The issue period is three years from November 29, 2013 to November 29, 2016.

The coupon rate is 0%; therefore, no interest payment term was determined. Unless there is bond conversion and/or early redemption by the Group, bonds will be redeemable at the option of bondholders after two years of the issuance at the principal amount of the bonds, with interest compensation in cash.

Other bond terms and conditions were as follows: The conversion price will be set in the following way: One of the simple arithmetic means of the closing prices of 1, 3, or 5 trading days prior to November 21, 2013, the conversion price setting date, times 101.70%, the convertible premium rate. The conversion price will be adjusted when there is occurrence of excluded dividends and excluded rights. Each bond entitles the holder to convert the bonds into the ordinary shares of the Group at a conversion price of NT$85.4 per share. The conversion price was adjusted to NT$81.70 after a dividend distribution on July 20, 2014.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under t capital surplus - option. The effective interest rate for the liability component was 2.15% per annum on initial recognition.

Proceeds from issue (less transaction costs of $5,000 thousand)	$ 295,000
Equity component	(18,759)
Liability component at the date of issue	276,241
Interest charged at 2.15% effective interest rate	625
Interest paid	-
Liability component at December 31, 2013	276,866
Interest charged at a 2.15% effective interest rate	4,923
Interest paid	-
Convertible bonds converted into common shares	(162,421)
Liability component at December 31, 2014	$ 119,368

b. As of December 31, 2014, the accumulated par value of the converted bonds was $174,100 thousand. The accumulated ordinary shares had amounted to $20,787 thousand, and capital surplus on the conversion of convertible bonds was $152,962 thousand. In addition, due to the conversion of bonds, the initial recognition of capital surplus - convertible warrant decreased by $7,904 thousand, the unamortized discount on bonds payable decreased by $11,679 thousand, and the financial liability at fair value through profit or loss decreased by $3,424 thousand. The amortization of bonds payable amounted to $4,923 thousand and was classified under interest expense.

17. TRADE PAYABLES

	December 31	
	2014	**2013**
Trade payables		
Operating	$ 509,644	$ 476,361

18. OTHER LIABILITIES

	December 31	
	2014	2013
Current		
Other payables		
Payable for purchase of equipment	$ 90,206	$ 59,171
Commissions	19,533	21,410
Salaries and bonus (including bonus to employees and remuneration to directors and supervisors)	228,145	200,653
Processing fee	288,705	232,813
Import/export (customs) expense	3,718	-
Social security payments (Mainland China)	39,074	38,699
Others	99,105	142,211
	$ 768,486	$ 694,957
Other liabilities		
Receipts in advance	$ 3,107	$ 5,225
Others	23,723	19,251
	$ 26,830	$ 24,476
Non-current		
Other liabilities		
Guarantee deposits received	$ 2,090	$ 1,311

19. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company and CDE Crop have a pension plan under the Labor Pension Act (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 province-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute amounts at a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company on the subsidiary's retirement benefit plan is to make the specified contributions.

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2014	2013
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	69,676	67,597
Shares issued	$ 696,758	$ 675,971

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

As of December 31, 2014, the Company's convertible bonds with a book value $174,100 thousand had been converted into 2,709 thousand ordinary shares.

b. Capital surplus

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares) may be distributed as cash dividends, or may be transferred to share capital once a year within a certain percentage of the Company's capital surplus when the Company has no deficit.

The capital surplus from investments accounted for using equity method, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

According to the original edition of the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company should first pay income tax, offset its prior years' losses, and appropriate 10% of net income to legal reserve. Legal reserve should be appropriated until the reserve equals the Company's paid-in capital. A special reserve may be appropriated in accordance with relevant laws or a resolution approved at the shareholders' meeting. The board of directors then proposes the following appropriations from the remaining distributable earnings and presents this proposal for approval at the shareholders' meeting:

1) Remuneration to directors and supervisors - should be paid by cash and not exceed 3% of the earnings remainder;

2) Bonus to employees - should be between 3% and 15% of the earnings remainder, with the Company allowed to share its profit with employees within the Group under the conditions set by board of directors;

3) Any remaining balance plus distributable earnings of prior years- to be used for special reserve reversal or for other purposes under resolutions approved at the shareholders' meetings.

The Company's dividend policy will consider its operating environment, the sufficiency of its cash for future expansion, its long-term financial plan and the shareholders' cash flow requirements in determining the stock or cash dividends to be paid. For a steady profitability, a healthy financial structure, and the stability of earnings per share, the Company's dividend policy stipulates that at least 10% of income after tax may be distributed as cash dividends or stock dividends, and cash dividends should not be lower than 10% of total bonus to shareholders.

For 2014 and 2013, the bonuses to employees were $52,000 thousand and $56,000 thousand, respectively, and the remunerations to directors and supervisors were $13,000 thousand and $14,000 thousand, respectively. The bonus to employees and remuneration to directors and supervisors are estimated on the basis of net income (net of bonus and remuneration), after the appropriation of legal reserve and special reserve. Material differences between these estimates and the amounts proposed by the board of directors are adjusted in the year the bonus and remuneration are recognized. If there is a change in the proposed amounts by the date of the shareholders' meeting, the difference is 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 closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

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

Under Article 237 of Company Law, a company should appropriate 10% of net income to legal reserve. Legal reserve should be appropriated 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 from the earnings for 2013 and 2012 were approved in the shareholders' meetings on June 13, 2014 and June 20, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2013	**2012**	**2013**	**2012**
Legal reserve	$ 51,956	$ 44,361	$ -	$ -
Special reserve	-	4,218	-	-
Cash dividends	306,442	256,869	4.5	3.8

	For the Year Ended December 31			
	2013		**2012**	
	Cash Dividends	**Share Dividends**	**Cash Dividends**	**Share Dividends**
Bonus to employees	$ 56,000	$ -	$ 47,700	$ -
Remuneration of directors and supervisors	14,000	-	11,851	-

The appropriation of the 2012 earnings was proposed in accordance with the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the accounting principles generally accepted in the Republic of China (ROC GAAP), and by reference to the balance sheet as of 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 in 2014 and 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012.

The appropriations from the 2014 earnings were proposed by the Company's board of directors on March 12, 2015. The appropriations, including dividends per share, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 50,851	$ -
Special reserve (reversal)	(30,887)	-
Cash dividends	299,606	4.3

The appropriations from the 2014 earnings, including the bonus to employees and the remuneration to directors and supervisors, are subject to the approval at the shareholders' meeting on June 17, 2015.

Information on the bonus to employees and 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.

d. Others equity items

Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ (8,403)	$ (30,887)
Exchange differences arising on translating the financial statements of foreign operations	93,656	27,087
Income tax on gains on translating the financial statements of foreign operations	(15,923)	(4,603)
Balance at December 31	$ 69,330	$ (8,403)

e. Non-controlling interests

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 39,549	$ -
Attributable to non-controlling interests:		
Share of losses for the year	(5,373)	(5,172)
Acquisition of non-controlling interests in CDE Corp.	-	43,896
Acquisition of goodwill in CDE Corp.	-	825
Balance at December 31	$ 34,176	$ 39,549

21. NET INCOME

The components of net income as follows:

a. Other income

	For the Year Ended December 31	
	2014	2013
Interest income		
Bank deposits	$ 9,717	$ 9,613
Reversal of impairment loss recognized on trade receivables	244	610
Revenue transferred from prepayments for transactions that were not completed for over 2 years	1,620	1,305
Others	10,153	7,935
	$ 21,734	$ 19,463

b. Other gains and losses

	For the Year Ended December 31	
	2014	2013
Gain (loss) on disposal of property, plant and equipment	$ 827	$ (1,490)
Net gain (loss) arising on financial assets and liabilities designated as at FVTPL	(21,822)	13,785
Net foreign exchange gain/(loss)	27,226	(5,667)
Others	(3,267)	(4,640)
	$ 2,964	$ 1,988

c. Finance costs

	For the Year Ended December 31	
	2014	2013
Interest on bank loans	$ 10,460	$ 10,623
Interest on convertible bonds	4,923	625
	$ 15,383	$ 11,248

d. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Property, plant and equipment	$ 166,950	$ 144,719
Intangible assets	11,760	11,131
Other assets - deferred expense payments	50,768	40,916
	$ 229,478	$ 196,766

(Continued)

	For the Year Ended December 31	
	2014	2013
An analysis of deprecation by function		
Operating costs	$ 146,062	$ 126,225
Operating expenses	20,888	18,494
	$ 166,950	$ 144,719
An analysis of amortization by function		
Operating costs	$ 39,898	$ 36,517
Operating expenses	22,630	15,530
	$ 62,528	$ 52,047

(Concluded)

e. Employee benefit expense

	For the Year Ended December 31	
	2014	2013
Post-employment benefits (see Note 19)		
Defined contribution plans	$ 32,683	$ 27,721
Other employee benefits		
Salary	1,006,183	900,113
Others	133,767	89,472
Total employee benefit expense	$ 1,172,633	$ 1,017,306
An analysis of employee benefit expense by function		
Operating costs	$ 826,691	$ 717,649
Operating expenses	345,942	299,657
	$ 1,172,633	$ 1,017,306

22. INCOME TAXES

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		
Current year	$ 122,436	$ 158,529
Income tax expense of unappropriated earnings	16,116	13,816
Prior years	(2,524)	5,073
	136,028	177,418
Deferred tax		
Current year	(3,613)	(17,836)
Income tax expense recognized in profit or loss	$ 132,415	$ 159,582

A reconciliation of accounting profit and income tax expenses was as follows:

	For the Year Ended December 31	
	2014	2013
Profit before tax	$ 635,549	$ 673,971
Income tax expense calculated at the statutory rate (17%)	$ 108,043	$ 114,575
Nondeductible expenses in determining taxable income	(2,156)	(6,247)
Additional income tax on unappropriated earnings	16,116	13,816
Effect of different tax rates of Group entities operating in other jurisdictions	12,936	32,051
Local tax withheld from foreign income	-	314
Adjustments for prior years' tax	(2,524)	5,073
Income tax expense recognized in profit or loss	$ 132,415	$ 159,582

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	2013
Current tax	$ -	$ -
Deferred tax		
Recognized in other comprehensive income:		
Translation of foreign operations	$ (15,923)	$ (4,603)

c. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax liabilities		
Income tax payable	$ 71,110	$ 76,451

d. Deferred tax assets and liabilities

The Group offset certain deferred tax assets and deferred tax liabilities that met the offset criteria.

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

For the year ended December 31, 2014

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized loss on inventory	$ 71	$ 220	$ -	$ 291
Share of profit or loss of associates and joint ventures	739	914	-	1,653
Financial assets measured at cost	66	-	-	66
Exchange difference on translating foreign operations	130	-	(130)	-
	1,006	1,134	(130)	2,010
Loss carryforwards	4,258	2,202	-	6,460
	$ 5,264	$ 3,336	$ (130)	$ 8,470

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized exchange (gain) loss	$ 2,469	$ (277)	$ -	$ 2,192
Exchange difference on translating foreign operations	-	-	15,793	15,793
	$ 2,469	$ (277)	$ 15,793	$ 17,985

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized loss on inventory	$ 36	$ 35	$ -	$ 71
Unrealized exchange (gain) loss	515	(515)	-	-
Share of profit or loss of associates and joint ventures	-	739	-	739

(Continued)

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Financial assets measured at cost	$ -	$ 66	$ -	$ 66
Exchange difference on translating foreign operations	4,733	-	(4,603)	130
	5,284	325	(4,603)	1,006
Loss carryforwards	-	4,258	-	4,258
	$ 5,284	$ 4,583	$ (4,603)	$ 5,264

(Concluded)

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized exchange loss	$ -	$ 2,469	$ -	$ 2,469
Others	15,722	(15,722)	-	-
	$ 15,722	$ (13,253)	$ -	$ 2,469

e. Unrecognized loss carryforwards

As of December 31, 2014, unrecognized loss carryforwards were as follows:

Unrecognized Loss Carryforward	Expiry Year
$ 782	2021
1,527	2022
1,949	2023
2,202	2024
$ 6,460	

f. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings		
Unappropriated earnings generated on and after January 1, 1998	$ 1,071,842	$ 921,733
Imputation credits accounts	$ 143,626	$ 154,198

The creditable ratios for the distribution of the earnings of 2014 and 2013 were 19.17% (expected ratio) and 18.02%, respectively.

g. Income tax assessments

The Company's tax returns through 2012 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2014	**2013**
Basic earnings per share	$ 7.38	$ 7.69
Diluted earnings per share	$ 7.02	$ 7.47

The earnings and weighted average number of ordinary shares outstanding that were used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2014	**2013**
Profit for the period attributable to owners of the Company	$ 508,507	$ 519,561
Earnings used in the computation of basic earnings per share		
Effect of potentially dilutive ordinary shares:		
Convertible bonds	4,086	519
Earnings used in the computation of diluted earnings per share	$ 512,593	$ 520,080

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2014	**2013**
Weighted average number of ordinary shares in computation of basic earnings per share	68,922	67,597
Effect of potentially dilutive ordinary shares:		
Convertible bonds	2,305	318
Employee share option	1,841	1,664
Weighted average number of ordinary shares used in the computation of diluted earnings per share	73,068	69,579

If the Group offers employees bonuses in cash or shares, the Group assumes the entire amount of the bonus will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares will 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.

24. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
CDE Corp.	Sale of electronic materials and international trading	February 22, 2013	50	$ 50,000

In 2013, the Group acquired a 50% interest in CDE Corp. to continue the expansion of the Group's operating activities.

b. Assets acquired and liabilities assumed at the date of acquisition

	CDE Corp.
Current assets	
Cash and cash equivalents	$ 69,292
Others	198
Non-current assets	
Plant, property and equipment	8,440
Others	10,517
Current liabilities	
Trade and other payables	(620)
Others	(34)
	$ 87,793

c. Goodwill arising on acquisition

	CDE Corp.
Consideration transferred	$ 50,000
Plus: Non-controlling interests (50% in CDE Corp.)	43,896
Less: Fair value of identifiable net assets acquired	(87,793)
Goodwill arising on acquisition	$ 6,103

Goodwill arose on the acquisition of CDE Corp. because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of CDE Corp. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

The total amount of acquisition goodwill was not deductible for tax purposes.

d. Net cash outflow on acquisition of subsidiaries

	February 22, 2013
Consideration paid in cash	$ (50,000)
Less: Cash and cash equivalent balances acquired	69,292
	$ 19,292

e. Impact of acquisition on the results of the Group

CDE Corp. was incorporated in May 2011. CDE Corp. invested in research and development activities and bought machinery and equipment for manufacturing. From the date of acquisition, CDE Corp., which is still a growing enterprise, has had a few selling activities, which has had no significant influence on the Group's sales revenue.

25. NON-CASH TRANSACTIONS

In 2014 and 2013, the Group had the following non-cash investing activities:

The Group had acquired property, plant and equipment. As of December 31, 2014 and 2013, the amounts unpaid were $90,206 thousand and $59,171 thousand, respectively, which were included in other payables.

26. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Operating leases relate to plants and business premises, with terms of between 3 and 10 years.

As of December 31, 2014 and 2013, the Group had paid $7,471 thousand and $5,517 thousand, respectively, as refundable deposits for these operating leases.

The future minimum lease payments for noncancelable operating lease commitments were as follows:

	December 31	
	2014	**2013**
1 year	$ 30,839	$ 28,273
More than 1 year to 5 years	49,173	44,094
More t than 5 years	15,924	3,400
	$ 95,936	$ 75,767

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the returns to shareholders through the optimization of the debt and equity balance. The Group's overall strategy has remained unchanged.

The Group is not subject to any externally imposed capital requirements.

The key management of the Group review the capital structure periodically. In this review, the key management consider the cost of capital and the risks associated with each class of capital. On the basis of the recommendations of the key management, for a balanced overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new convertible bonds issued.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Management believes the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair value.

2) Fair value measurements recognized in the consolidated balance sheets

Financial assets and financial liabilities that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value inputs used in the valuation technique are observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) 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

c) 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
Financial assets available-for-sale				
Domestic unlisted securities	$ -	$ -	$ 49,608	$ 49,608
Financial liabilities at FVTPL				
Derivative financial liabilities - forward contracts	$ -	$ -	$ 1,646	$ 1,646
Convertible options	-	-	6,486	6,486
	$ -	$ -	$ 8,132	$ 8,132

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets - forward exchange option	$ -	$ -	$ 3,710	$ 3,710
Financial assets available-for-sale				
Domestic unlisted securities	-	-	49,608	49,608
	$ -	$ -	$ 53,318	$ 53,318
Financial liabilities at FVTPL				
Convertible options	$ -	$ -	$ 6,414	$ 6,414

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

Refer to Note 8 for the transfers between Levels 2 and 3 in the prior period.

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

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

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices. Where such prices are not available, the Group uses valuation techniques. The estimations and assumptions used in the valuation technique should be the same as those used by other market participants.

b) The fair values of derivative instruments are calculated by using the quoted prices of an active market, if there is one. But if there is no quoted price from an active market, the estimations and assumptions made with the use of evaluation methods should be in line with the information used by other market participants.

b. Categories of financial instruments

	December 31	
	2014	**2013**
Financial assets		
Fair value through profit or loss (FVTPL)		
Derivative financial assets - currency exchange option contracts	$ -	$ 3,710
Loans and receivables (1)	2,231,824	2,487,368
Financial assets available-for-sale (3)	49,608	49,608
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Convertible option	6,486	6,414
Derivative financial instruments - currency exchange option contracts	1,646	-
Amortized cost (2)	1,725,318	1,666,112

1) The balances included cash and cash equivalents, notes receivable, trade and other receivables (including receivables from related parties, but excluding tax refund receivable), other assets - restricted assets and refundable deposits.

2) The balances included short-term loans, trade and other payables (except salaries and bonuses), bonds payable and guarantee deposit received.

3) The balances included financial assets measured at cost.

c. Financial risk management objectives and policies

The Group’s major financial instruments include cash and cash equivalents, financial assets (liabilities) at fair value through profit or loss, notes receivable, trade receivables, financial assets measured at cost, trade payables, borrowings and bonds payable.

Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into financial derivative instruments to manage the foreign currency exchange risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group assesses the net risk position of non-financial currency sales and purchases periodically and reconciles its non-functional cash position on the basis of its assessment.

Please reference Note 32 for both monetary assets and monetary liabilities held by the Group in non-functional currencies (including both monetary assets and monetary liabilities which were offset in the consolidated financial statements).

Sensitivity analysis

The Group was mainly exposed to the exchange movements in USD and RMB.

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 1% sensitivity rate is used in reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Sensitivity analysis includes trade receivables and payables to entities outside of the Group, and trade receivables and payables to its foreign operations. A positive number below indicates an increase in pretax profit and other equity associated with a 1% weakening of the New Taiwan dollars against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pretax profit and other equity, and the balances below would be negative.

	US Dollar Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2014	**2013**	**2014**	**2013**
Profit or loss*	$ 2,185	$ 15,066	$ 1,631	$ (3,000)
Equity	-	-	-	-

* This was mainly attributable to the exposure on outstanding accounts receivable and payable in both USD and RMB, which were not hedged at the end of the reporting period.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the change in foreign exchange rate at the end of the reporting period could not reflect the risk of change in exchange rate during the year.

The following table details the Group's sensitivity in the investment of currency exchange option contracts to a 1% increase and decrease in renminbi (RMB) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency forward contracts, and their translation at the end of the reporting period was adjusted for a 1% change in foreign currency rates. The sensitivity analysis included the option contracts of the financial instruments at fair value through profit or loss held by the Company. A positive number below indicates an increase in profit and other equity associated with the 1% strengthening by the RMB against the relevant currency. For a 1% weakening of the RMB against the relevant currency, there would be an equal and opposite impact on profit and other equity, and the balances below would be negative.

	Impact of % Increase in RMB For the Year Ended December 31		**Impact of % Decrease in RMB For the Year Ended December 31**	
	2014	**2013**	**2014**	**2013**
Profit or loss*	$ 1,577	$ (3,695)	$ (972)	$ (2,955)
Equity	-	-	-	-

* This refers to the unrealized option contract on a financial asset or financial liability at fair value through profit or loss on the reporting date (Note 7).

b) Interest rate risk

The Group was exposed to interest rate risk because some Group entities borrowed funds from banks and issued convertible bonds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2014	**2013**
Fair value interest rate risk		
Financial assets	$ 488,031	$ 961,090
Financial liabilities	119,368	276,866
Cash flow interest rate risk		
Financial assets	540,111	307,626
Financial liabilities	553,875	417,270

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 1% higher/lower and all other variables held constant, the Group's pretax profits for 2014 and 2013 would have increased/decreased by $138 thousand and $1,096 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

2) Credit risk

Credit risk refers to the risk that a 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 the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continues to monitor its credit exposure and the credit ratings of its counterparties. Credit exposure is controlled by setting a counterparty credit limit, which is approved and periodically reviewed by the risk management committee.

To minimize credit risk, management of the Group has delegated a team to be 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. Thus, 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 negative fluctuations in cash flows.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table shows the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up on the basis of 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.

The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

December 31, 2014

	Less than 1 Month	**1-3 Months**	**Over 3 Months to 1 Year**	**Over 1 Year-5 Years**
Non-derivative financial liabilities				
Short-term borrowings	$ 554,399	$ -	$ -	$ -
Trade payables	192,236	317,408	-	-
Other payables	206,907	333,434	-	-
Bonds payable	-	-	-	125,900
Guarantee deposit received	-	-	-	2,090
	$ 953,542	$ 650,842	$ -	$ 127,990

December 31, 2013

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Short-term borrowings	$ 417,535	$ -	$ -	$ -
Trade payable	193,326	283,035	-	-
Other payable	203,413	290,891	-	-
Bonds payable	-	-	-	300,000
Guarantee deposit received	-	-	-	1,311
	$ 814,274	$ 573,926	$ -	$ 301,311

The amounts included above for variable interest rate instruments for non-derivative financial liabilities was subject to change if actual changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table shows the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year-5 Years
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 93,304	$ -	$ -	$ -
Outflows	94,950	-	-	-
	$ (1,646)	$ -	$ -	$ -

December 31, 2013

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year-5 Years
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 89,534	$ 179,069	$ 656,783	$ 1,552,139
Outflows	89,415	178,830	655,710	1,549,860
	$ 119	$ 239	$ 1,073	$ 2,279

c) Financing facilities

	December 31	
	2014	2013
Unsecured bank loan facilities (reviewed annually)		
Amount used	$ 553,875	$ 417,270
Amount unused	980,675	1,198,050
	$ 1,534,550	$ 1,615,320

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Sales of goods

		For the Year Ended December 31	
Line Items	Related Party Categories	2014	2013
Sales	Associates	$ 185,965	$ 155,529

The selling prices to related parties were not comparable with those in the market. The selling prices were based on contracts. The payment terms are open account 60 days by T/T for related parties, and open account from 30 to 120 days by T/T for unrelated parties.

b. Accounts receivable from related parties (excluding loans to related parties)

		December 31	
Line Items	Related Party Categories	2014	2013
Accounts receivable from related parties	Associates	$ 58,276	$ 66,768

No guarantee for outstanding receivables from related parties had been collected. There was also no allowance for doubtful accounts for these receivables.

c. Non-operating transactions

	Other Revenue	
	For the Year Ended December 31	
Related Parties Types	2014	2013
Associate	$ 1,618	$ 258

d. Compensation of key management personnel

The remunerations of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2014	2013
Short-term employee benefits	$ 41,805	$ 41,805
Post-employment benefits	508	508
	$ 42,313	$ 42,313

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral for bank borrowings and society insurance provident fund schemes of reserve account:

	December 31	
	2014	2013
Other current assets		
Demand deposits - restricted	$ 3,157	$ 12,598
Time deposits - restricted	2,586	-
	$ 5,743	$ 12,598
Other non-current assets		
Time deposits - restricted	$ 10,445	$ -

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

Unrecognized commitments were as follows:

	December 31	
	2014	2013
Acquisition of property, plant and equipment		
RMB	$ 1,440	$ 3,036
USD	$ -	$ 89
NTD	$ 243	$ -

b. Contingent liabilities

On October 17, 2012, Te-Tong Technology Limited Corp. (“Te Tong,” 特通科技股份有限公司) filed a lawsuit against the Company for the alleged infringement by the Company of Te Tong’s patent and sought for an indemnification. After taking active action to defend the right, the Company received the civil judgment on May 13, 2013 by the Intellectual Property Court. However, the court dismissed Te Tong’s lawsuit.

On June 6, 2013, Te-Tong filed an appeal against the Company, which was dismissed by the Intellectual Property Court on June 19, 2014. On July 14, 2014, Te-Tong filed another appeal against the Company; as of March 12, 2015, the date of the accompanying independent auditors' report, this appeal was under review by the Supreme Court.

32. 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	$ 40,506	31.6500 (USD:NTD)	$ 1,282,009
USD	17,034	6.1190 (USD:RMB)	539,131
RMB	29,852	5.1724 (RMB:NTD)	154,403
RMB	3,476	0.1634 (RMB:USD)	17,981
Financial liabilities			
Monetary items			
USD	33,838	31.6500 (USD:NTD)	1,070,963
USD	16,799	6.1190 (USD:RMB)	531,704
RMB	1,790	5.1724 (RMB:USD)	9,259

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 55,801	29.8050 (USD:NTD)	$ 1,663,149
RMB	12,779	0.1640 (RMB:USD)	62,466
RMB	110,196	4.8885 (RMB:NTD)	538,695
Financial liabilities			
Monetary items			
USD	5,252	29.8050 (USD:NTD)	156,536
RMB	184,349	0.1640 (RMB:USD)	901,190