CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2014 AND 2013

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR14001573

To the Board of Directors and Stockholders of Chicony Power Technology Co., Ltd.

We have audited the consolidated balance sheets of Chicony Power Technology Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended, expressed in thousands of New Taiwan dollars. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of a wholly-owned consolidated subsidiary and investments recognized under the equity method that are included in the financial statements. The total assets of the subsidiary amounted to NT$250,710 thousand and NT$208,239 thousand as of December 31, 2014 and 2013, constituting 1.35% and 1.25% of total consolidated assets, respectively. Additionally, the total revenue were NT$329,578 thousand and NT$272,982 thousand for the years then ended, constituting 1.22% and 1.09% of the total consolidated revenues, respectively. The investments recognized under the equity method as of December 31, 2013 was NT$331,937 thousand, constituting 2.00% of total consolidated assets. Their comprehensive income for the year then ended （including income and comprehensive income from affiliates and joint ventures under equity method） was NT$3,574 thousand, constituting 0.36% of total consolidated comprehensive income. Those financial statements and information disclosed in Note 6(7) were audited by other independent accountants whose report thereon was furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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

In our opinion, based on our audits and the reports of the other independent accountants, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Chicony Power Technology Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the results of their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China.

We have also audited the parent company only financial statements of Chicony Power Technology Co., Ltd. (not presented herein) as of and for the years ended December 31, 2014 and 2013, on which we have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan
March 23, 2015

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2014 AMOUNT	%	December 31, 2013 AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 886,043	5	$ 388,956	2
Financial assets at fair value through profit or loss - current	6(2)	8,017	-	7,554	-
Available-for-sale financial assets - current	6(3)	785,223	4	601,717	4
Notes receivable, net		-	-	187	-
Accounts receivable, net	6(4)	7,393,883	40	7,472,437	45
Accounts receivable - related parties	7	655,190	4	557,820	3
Other receivables		295,934	2	171,221	1
Other receivables - related parties	7	2,883	-	27,812	-
Inventories, net	6(5)	3,741,861	20	3,349,870	20
Prepayments		456,091	2	132,053	1
Other current assets	8	12,275	-	5,102	-
Current Assets		14,237,400	77	12,714,729	76
Non-current assets					
Available-for-sale financial assets - noncurrent	6(3)	121,799	1	112,838	1
Financial assets carried at cost - noncurrent	6(6)	270,000	1	-	-
Investments accounted for under the equity method	6(7)	319,845	2	331,937	2
Property, plant and equipment, net	6(8)	2,748,945	15	2,591,144	16
Intangible assets	6(9)	125,606	1	35,306	-
Deferred income tax assets	6(24)	117,132	-	161,033	1
Other non-current assets	6(10) and 8	565,940	3	683,856	4
Non-current assets		4,269,267	23	3,916,114	24
Total assets		$ 18,506,667	100	$ 16,630,843	100

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CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2014 AMOUNT	%	December 31, 2013 AMOUNT	%
Current liabilities					
Short-term borrowings	6(11)	$ 664,020	4	$ 143,016	1
Financial liabilities at fair value through profit or loss - current	6(2)	32,920	-	11,162	-
Notes payable		141	-	191	-
Accounts payable	6(12)	8,533,828	46	7,508,094	45
Accounts payable - related parties	7	-	-	177	-
Other payables		1,956,065	10	1,404,121	8
Other payables - related parties	7	39,969	-	3,765	-
Current income tax liabilities	6(24)	118,826	1	185,944	1
Other current liabilities	6(13)	475,733	3	90,331	1
Current Liabilities		11,821,502	64	9,346,801	56
Non-current liabilities					
Long-term borrowings	6(13)	-	-	923,645	6
Provisions for liabilities - noncurrent	6(15)	-	-	324,176	2
Other non-current liabilities	6(14)	56,861	-	34,393	-
Non-current liabilities		56,861	-	1,282,214	8
Total Liabilities		11,878,363	64	10,629,015	64
Equity attributable to owners of parent					
Share capital	6(16)				
Share capital - common stock		3,588,533	19	3,533,786	21
Capital surplus	6(17)				
Capital surplus		1,129,321	7	1,007,186	6
Retained earnings	6(18)				
Legal reserve		329,173	2	248,928	2
Special reserve		236,024	1	605,751	4
Unappropriated retained earnings		1,546,379	8	842,201	5
Other equity interest	6(19)				
Other equity interest		(263,096)	(1)	(236,024)	(2)
Equity attributable to owners of the parent		6,566,334	36	6,001,828	36
Non-controlling interest		61,970	-	-	-
Total equity		6,628,304	36	6,001,828	36
Significant contingent liabilities and unrecognized contract commitments	9				
Significant events after the balance sheet	11				
Total liabilities and equity		$ 18,506,667	100	$ 16,630,843	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 23, 2015.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except Earnings Per Share)

		Year ended December 31			
		2014		2013	
Items	Notes	AMOUNT	%	AMOUNT	%
Sales revenue	7	$ 27,013,224	100	$ 25,056,004	100
Operating costs	6(5)(23) and 7	(23,125,422)	(86)	(21,279,466)	(85)
Net operating margin		3,887,802	14	3,776,538	15
Operating expenses	6(23) and 7				
Selling expenses		(958,015)	(3)	(861,837)	(4)
General & administrative expenses		(724,341)	(3)	(612,318)	(2)
Research and development expenses		(1,118,289)	(4)	(1,004,674)	(4)
Total operating expenses		(2,800,645)	(10)	(2,478,829)	(10)
Operating profit		1,087,157	4	1,297,709	5
Non-operating income and expenses					
Other income	6(20)	113,398	-	114,177	-
Other gains and losses	6(21)	181,556	1	(313,536)	(1)
Finance costs	6(22)	(33,330)	-	(58,628)	-
Share of profit/(loss) of associates and joint ventures accounted for under the equity method	6(7)	(11,319)	-	3,836	-
Total non-operating income and expenses		250,305	1	(254,151)	(1)
Profit before income tax		1,337,462	5	1,043,558	4
Income tax expense	6(24)	(212,867)	(1)	(241,111)	(1)
Profit for the year		$ 1,124,595	4	$ 802,447	3
Other comprehensive income					
Financial statements translation differences of foreign operations		$ 71,436	-	$ 105,494	1
Unrealized (loss) gain on valuation of available-for-sale financial assets	6(3)	(100,498)	-	92,168	-
Actuarial loss on defined benefit plan	6(14)	(7,122)	-	(1,962)	-
Share of other comprehensive income of associates and joint ventures accounted for under the equity method		4,382	-	(262)	-
Total other comprehensive income for the year		($ 31,802)	-	$ 195,438	1
Total comprehensive income for the year		$ 1,092,793	4	$ 997,885	4
Profit (loss), attributable to:					
Owners of the parent		$ 1,128,575	4	$ 802,447	3
Non-controlling interest		($ 3,980)	-	$ -	-
Comprehensive income (loss) attributable to:					
Owners of the parent		$ 1,094,381	4	$ 997,885	4
Non-controlling interest		($ 1,588)	-	$ -	-
Earnings per share (NT$)	6(25)				
Basic earnings per share		$	3.16	$	2.41
Diluted earnings per share		$	3.11	$	2.37

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 23, 2015.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained Earnings			Other equity interest				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
Year 2013											
Balance at January 1, 2013		$3,257,969	$ 239,050	$ 157,671	$ 205,324	$ 1,172,267	($ 32,997)	($ 400,427)	$4,598,857	$ -	$4,598,857
Distribution of 2012 earnings	6(18)										
Legal reserve		-	-	91,257	-	(91,257)	-	-	-	-	-
Special reserve		-	-	-	400,427	(400,427)	-	-	-	-	-
Cash dividends		-	-	-	-	(602,724)	-	-	(602,724)	-	(602,724)
Stock dividends	6(16)	16,290	-	-	-	(16,290)	-	-	-	-	-
Cash dividends from capital surplus	6(17)	-	(32,579)	-	-	-	-	-	(32,579)	-	(32,579)
Changes in equity of associates and joint venture		-	-	-	-	(19,853)	-	-	(19,853)	-	(19,853)
Appropriation of employee bonuses	6(16)	19,527	41,593	-	-	-	-	-	61,120	-	61,120
Profit for the year		-	-	-	-	802,447	-	-	802,447	-	802,447
Other comprehensive income for the year	6(19)	-	-	-	-	(1,962)	105,232	92,168	195,438	-	195,438
Issuance of shares	6(16)	240,000	759,122	-	-	-	-	-	999,122	-	999,122
Balance at December 31, 2013		$3,533,786	$1,007,186	$ 248,928	$ 605,751	$ 842,201	$ 72,235	($ 308,259)	$6,001,828	$ -	$6,001,828
Year 2014											
Balance at January 1, 2014		$3,533,786	$1,007,186	$ 248,928	$ 605,751	$ 842,201	$ 72,235	($ 308,259)	$6,001,828	$ -	$6,001,828
Distribution of 2013 earnings	6(18)										
Legal reserve		-	-	80,245	-	(80,245)	-	-	-	-	-
Special reserve		-	-	-	(369,727)	369,727	-	-	-	-	-
Cash dividends		-	-	-	-	(689,088)	-	-	(689,088)	-	(689,088)
Stock dividends	6(16)	17,669	-	-	-	(17,669)	-	-	-	-	-
Appropriation of employee bonuses	6(16)	37,078	122,135	-	-	-	-	-	159,213	-	159,213
Profit for the year		-	-	-	-	1,128,575	-	-	1,128,575	(3,980)	1,124,595
Other comprehensive income for the year	6(19)	-	-	-	-	(7,122)	73,426	(100,498)	(34,194)	2,392	(31,802)
Increase in non-controlling interest		-	-	-	-	-	-	-	-	63,558	63,558
Balance at December 31, 2014		$3,588,533	$1,129,321	$ 329,173	$ 236,024	$ 1,546,379	$ 145,661	($ 408,757)	$6,566,334	$ 61,970	$6,628,304

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 23, 2015.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 1,337,462	$ 1,043,558
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(23)	489,805	432,529
Amortization	6(9)(23)	30,843	18,699
Other non-current assets recognized as expenses	6(23)	66,614	61,246
Long-term prepaid rents recognized as expenses	6(23)	4,462	4,891
Reversal of provision for bad debt expense	6(21)	(10,973)	(39,352)
Interest income	6(20)	(8,165)	(12,210)
Dividend income	6(20)	(21,384)	(10,123)
Interest expense	6(22)	33,330	58,628
Impairment loss on financial assets	6(6)(21)	-	11,611
Loss on disposal of property, plant and equipment	6(21)	15,172	25,584
Loss on disposal of intangible assets	6(9)	-	47
Gain on disposal of investments	6(21)	(107,843)	(34,254)
(Reversal of) provision for liabilities	6(21)	(66,221)	324,176
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(21)	42,081	44,587
Share of loss (profit) of associates and joint ventures accounted for under the equity method	6(7)	11,319	(3,836)
Issuance of shares - compensatory cost	6(18)	-	5,138
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets or liabilities held for trading		(21,454)	(22,678)
Notes receivable, net		187	500
Accounts receivable, net		89,704	(628,665)
Accounts receivable - related parties		(97,370)	(297,883)
Other receivables		(16,875)	(33,558)
Other receivables - related parties		24,929	(11,638)
Inventories		(383,705)	(229,209)
Prepayments		(323,788)	83,699
Other current assets		(1,173)	(797)
Net changes in liabilities relating to operating activities			
Notes payable		(50)	(20)
Accounts payable		918,328	1,485,571
Accounts payable - related parties		(177)	(239)
Other payables		655,164	286,250
Other payables - related parties		36,204	(30,968)
Other current liabilities		(26,407)	30,733
Provisions for liabilities	6(15)	(224,245)	-
Accrued pension liabilities		753	568
Cash generated from operations		2,446,527	2,562,585
Interest received		8,134	12,210
Dividends received		24,147	10,123
Interest paid		(32,829)	(59,384)
Income tax paid	6(24)	(236,084)	(223,691)
Net cash provided by operating activities		2,209,895	2,301,843

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CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31 2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available-for-sale financial assets - current		($ 980,201)	($ 704,298)
Proceeds from disposal of available-for-sale financial assets - current		801,961	574,971
Acquisition of financial assets at cost - non-current		(270,000)	(2,092)
Acquisition of investments accounted for under the equity method		-	(64,240)
Acquisition of government subsidies (shown as deduction to land)		-	24,150
Acquisition of property, plant and equipment	6(8)	(537,329)	(543,136)
Proceeds from disposal of property, plant and equipment		560	531
Acquisition of intangible assets	6(9)	(28,240)	(31,466)
Increase in long-term prepaid rents		-	(126,567)
Increase in other non-current assets		(121,722)	(121,072)
Increase in current assets		(6,000)	-
Cash flow from business combination	6(26)	525	-
Net cash used in investing activities		(1,140,446)	(993,219)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		521,004	(1,182,168)
Proceeds from long-term borrowings		799,435	4,589,865
Repayments of long-term borrowings		(1,312,020)	(5,215,035)
Increase in other non-current liabilities		14,593	8,449
Cash dividends paid (including cash from capital surplus)		(689,088)	(635,303)
Proceeds from issuance of shares for cash		-	993,984
Net cash used in financing activities		(666,076)	(1,440,208)
Net increase in cash		93,714	124,051
Increase (decrease) in cash and cash equivalents		497,087	(7,533)
Cash and cash equivalents at beginning of year	6(1)	388,956	396,489
Cash and cash equivalents at end of year	6(1)	$ 886,043	$ 388,956

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 23, 2015.

(Expressed In Thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Chicony Power Technology Co., Ltd. (the "Company") was incorporated in 2008 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company became listed on the Taiwan Stock Exchange (TWSE) in November, 2013. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in developing, manufacturing and sales of switching power supplies, electronic components and LED lighting equipment. Chicony Electronics Co., Ltd. is the Group's ultimate parent company. As of December 31, 2014, Chicony Electronics Co., Ltd. holds 49.07% equity interest in the Company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 23, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendments to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendments to IFRS 1)	July 1, 2011
Government loans (amendments to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendments to IFRS 7)	July 1, 2011
Disclosures－Offsetting financial assets and financial liabilities (amendments to IFRS 7)	January 1, 2013
IFRS 10, 'Consolidated financial statements'	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11,'Joint arrangements'	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Presentation of items of other comprehensive income (amendments to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendments to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28,'Investments in associates and joint ventures' (as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendments to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

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

A. IAS 1, 'Presentation of financial statements'

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

B. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. Also, the standard requires disclosures about fair value measurements. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, ‘Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the consolidated financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(c) Defined benefit liabilities are recognized based on the net amount of pension fund assets and present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of Investor	Name of Subsidiary	Main Business Activities	December 31, 2014	December 31, 2013	Description
Chicoy Power Technology Co., Ltd	Chicony Power Holdings Inc. (CPH)	Investment holdings	100%	100%	
CPH	Chicony Power International Inc. (CPI)	Sales of switching power supplies and other electronic parts	100%	100%	
CPI	Chicony Power USA, Inc. (CPUS)	Sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power Technology Hong Kong Limited (CPHK)	Research and development center	100%	100%	
"	WitsLight Technology Co., Ltd. (WTS)	Design, researching and developing, manufacturing and sales of LED lighting module	78.125%	-	Note A

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%) December 31, 2014	Ownership(%) December 31, 2013	Description
CPHK	Hipro Electronics (Dong Guan) Co., Ltd. (HDG)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	Note B
CPHK	Chicony Power Technology (Suzhou) Co., Ltd. (CPSZ)	Manufacturing and sales of electronic components and LED lighting eqiupment	100%	100%	
"	Quang Sheng Electronics (Nangchang) Co., Ltd. (GSE)	Manufacturing and sales of electronic components and transformers	100%	100%	
"	Chicony Power Technology (Chong Qing) Co., Ltd. (CPCQ)	Manufacturing and sales of electronic components and LED lighting eqiupment	100%	100%	
"	Chicony Power Technology Trading (Dong Guan) Co., Ltd. (CPDGT)	Importing and exporting of power supplies, LED lighting equipments, and other electronics	100%	100%	
WitsLight Technology Co., Ltd. (WTS)	WitsLight Technology Co., Ltd. (WT)	Design, Researching and developing, manufacturing and sales of LED lighting module	100%	-	Note A
"	WitsLight Technology (Kunshan) Co., Ltd. (WTK)	Manufacturing and sales of LED lighting module	100%	-	Note A
CPSZ	Chicony Energy Saving Technology (Shanghai) Co., Ltd. (CPSH)	Sales of LED lighting equipment	100%	100%	

Notes A: CPI acquired the 78.125% equity of WTS on July, 2014. WTS and its investees were merged in the Group since the date CPI obtained the control.

Notes B: HDG plans to raise additional cash of US 4,000 thousand dollars and US 6,000 thousand dollars from issuing new shares through capitalization of earnings. The additional cash of US 4,000 thousand dollars will be invested by way of the Company reinvesting through CPHK.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

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

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

(8) Available-for-sale financial assets

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

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

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

(9) Accounts receivable

Receivables are non-derivative financial assets originated from the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(10) Impairment of financial assets

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

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

(a) Significant financial difficulty of the issuer or debtor;

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

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

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

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

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

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

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

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

(a) Financial assets measured at amortized cost

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

(b) Financial assets measured at cost

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

(c) Available-for-sale financial assets

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

(11) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

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

(13) Investments accounted for using equity method / Associates

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

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

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

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

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

(14) Property, plant and equipment

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

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

C. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method to allocate their costs over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives for the plant and buildings are 20 years and for the other fixed assets are 1-10 years.

(15) Intangible assets

A. Trademark, right, patent and computer software, are amortized on a straight-line basis over their estimated useful lives of 1-10 years.

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

C. Other intangible asset, mainly expertise, is amortized on a straight-line basis over its estimated useful lives of 2-14 years.

(16) Impairment of non-financial assets

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

B. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

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

(18) Notes and accounts payable

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

(19) Financial liabilities at fair value through profit or loss

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

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

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

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

(22) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognised.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognized as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

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

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

(24) Income tax

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

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

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

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

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

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

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

(28) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortized to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

(29) Business combinations

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

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

(30) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

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

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Group would recognise an adjustment to transfer the accumulated fair value adjustments in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or to recognise the impairment loss on the impaired financial assets measured at cost in profit or loss.

(2) Critical accounting estimates and assumptions

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

B. Realisability of deferred income tax assets

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

C. Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand and petty cash	$ 4,327	$ 27,274
Checking accounts and demand deposits	877,136	361,682
Time deposits	4,580	-
Total	$ 886,043	$ 388,956

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

B. The Group's cash and cash equivalents are pledged as collateral, please see Note 8.

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

Items	December 31, 2014	December 31, 2013
Financial assets held for trading		
Derivatives		
Futures contracts	$ 8,017	$ 7,554
Financial liabilities held for trading		
Derivatives		
Forward foreign exchange contracts	$ 32,920	$ -
Interest rate swaps	-	11,162
Total	$ 32,920	$ 11,162

A. The Group recognized net loss of $42,081and $44,587 on financial assets and liabilities held for trading for the years ended December 31, 2014 and 2013, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	December 31, 2014		
Current Items	Contract Amount (Notional Principal) (In thousands)		Due Date
Financial assets held for trading			
Derivatives			
Future contracts	USD	5,792	2012.01.06
Financial liabilities held for trading			
Derivatives			
Forward foreign exchange contracts			
- Buy NTD / Sell USD	USD	4,000	2015.01.07
- Buy RMB / Sell USD	USD	65,000	2015.02.26 ~ 2015.12.22

Current Items	December 31, 2013 Contract Amount (Notional Principal) (In thousands)		Due Date
Financial assets held for trading			
Derivatives			
Future contracts	USD	5,792	2012.01.06
Financial liabilities held for trading			
Derivatives			
Interest rate swaps			
- Buy NTD / Sell USD	USD	33,500	2014.01.03 ~ 2014.01.27

(a) Forward foreign exchange contracts / Interest rate swaps

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

(b) Futures contracts

The Group entered into future contracts to hedge price risk of raw materials. However, these futures are not accounted for under hedge accounting.

C. None of the Group's financial assets at fair value through profit or loss are pledged as collateral.

(3) Available-for-sale financial assets

Items	December 31, 2014	December 31, 2013
Current items:		
Listed stocks	$ 893,679	$ 600,714
Valuation adjustment	(108,456)	1,003
Total	$ 785,223	$ 601,717
Non-current items:		
Listed stocks	$ 422,100	$ 422,100
Valuation adjustment	(300,301)	(309,262)
Total	$ 121,799	$ 112,838

A. The above available-for-sale financial assets – non-current were private placements that could not be sold during the private lock-up in accordance with the R.O.C. Securities Exchange Law. These private placements are remeasured and stated at value adjusted by the same item's fair value in active markets considering the effect of the restrictions.

B. The Group recognized ($100,498) and $92,168 in other comprehensive income for fair value changes for the years ended December 31, 2014 and 2013, respectively.

(4) Accounts receivable

	December 31, 2014	December 31, 2013
Accounts receivable	$ 7,396,481	$ 7,486,280
Less: allowance for sales returns and discounts	-	(1)
Less: allowance for bad debts	(2,598)	(13,842)
	$ 7,393,883	$ 7,472,437

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

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

C. For details of the credit quality information of accounts receivable, please see Note 12(3) C(b).

(5) Inventories

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 861,041	($ 83,087)	$ 777,954
Work in process	601,915	(29,183)	572,732
Finished goods	2,447,745	(139,634)	2,308,111
Inventory in transit	83,064	-	83,064
Total	$ 3,993,765	($ 251,904)	$ 3,741,861

	December 31, 2013		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 854,549	($ 73,251)	$ 781,298
Work in process	460,622	(25,209)	435,413
Finished goods	2,257,596	(163,434)	2,094,162
Inventory in transit	38,997	-	38,997
Total	$ 3,611,764	($ 261,894)	$ 3,349,870

	2014	2013
Cost of inventories sold	$ 23,036,153	$ 21,177,550
Provision for inventory obsolescence and market price decline	85,919	104,229
Others	3,350	(2,313)
	$ 23,125,422	$ 21,279,466

(6) Financial assets measured at cost

Items	December 31, 2014	December 31, 2013
Non-current items:		
Unlisted stocks	$ 47,110	$ 47,110
Beneficiary certificates	270,000	-
Accumulated impairment	(47,110)	(47,110)
Total	$ 270,000	$ -

A. Based on the Group's intention, its investment in stocks and private equities should be classified as available-for-sale financial assets. However, the investment targets are not traded in active market, and no sufficient industry information of companies similar to investee company is available. Therefore the fair value of the investment targets cannot be measured reliably. The Group classified those stocks as 'financial assets measured at cost'.

B. The Group has accumulated impairment loss of $47,110 on equity investments as of December 31, 2014 and 2013.

C. None of the Group's financial assets measured at cost are pledged as collateral.

(7) Investments accounted for under the equity method

	December 31, 2014		December 31, 2013	
	Amount	Percentage of ownership	Amount	Percentage of ownership
Newmax Technology Co., Ltd	$ 319,845	2.72%	$ 331,937	2.72%

A. The share of profit (loss) of associates accounted for using the equity method are as follows:

	2014	2013
Newmax Technology Co., Ltd	($ 11,319)	$ 3,836

B. Associates and the parent company of the Group jointly held more than 20% of the shares of Newmax Tecnology Co., Ltd and have significant influence on the investee. As a result, the investment is accounted for under the equity method. The income and comprehensive income from the investee that the Company recognized is based on the audit report of the other independent accountants.

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

	Assets	Liabilities	Revenue	Profit/(Loss)
December 31, 2014				
Newmax Technology Co., Ltd	$ 4,482,483	$ 1,459,147	$ 1,623,712	($ 411,619)
December 31, 2013				
Newmax Technology Co., Ltd	$ 6,741,079	$ 3,261,691	$ 3,230,785	$ 163,314

D. The Group’s investment in Newmax Technology Co., Ltd. has quoted market price. The fair value of Newmax Technology Co., Ltd. as of December 31, 2014 and 2013 was $108,439 and $177,370, respectively.

(8) Property, plant and equipment

	Buildings	Machinery	Test equipment	Others	Total
January 1, 2014					
Cost	$ 928,313	$ 2,038,851	$ 1,201,824	$ 713,194	$ 4,882,182
Accumulated depreciation	(284,322)	(829,254)	(739,786)	(437,676)	(2,291,038)
	$ 643,991	$ 1,209,597	$ 462,038	$ 275,518	$ 2,591,144
2014					
Balance, beginning of year	$ 643,991	$ 1,209,597	$ 462,038	$ 275,518	$ 2,591,144
Additions	-	188,011	171,860	177,458	537,329
Acquired through business combinations	-	3,234	-	1,311	4,545
Disposals	-	(10,913)	(319)	(4,500)	(15,732)
Reclassifications	-	12,433	1,779	5,670	19,882
Depreciation charge	(43,965)	(176,244)	(154,139)	(115,457)	(489,805)
Net exchange differences	20,914	52,858	14,616	13,194	101,582
Balance, end of year	$ 620,940	$ 1,278,976	$ 495,835	$ 353,194	$ 2,748,945
December 31, 2014					
Cost	$ 960,612	$ 2,283,699	$ 1,401,851	$ 908,966	$ 5,555,128
Accumulated depreciation	(339,672)	(1,004,723)	(906,016)	(555,772)	(2,806,183)
	$ 620,940	$ 1,278,976	$ 495,835	$ 353,194	$ 2,748,945

	Buildings	Machinery	Test equipment	Others	Total
January 1, 2013					
Cost	$ 1,396,027	$ 1,670,602	$ 944,615	$ 578,825	$ 4,590,069
Accumulated depreciation	(420,683)	(716,720)	(504,111)	(350,175)	(1,991,689)
	$ 975,344	$ 953,882	$ 440,504	$ 228,650	$ 2,598,380
2013					
Balance, beginning of year	$ 975,344	$ 953,882	$ 440,504	$ 228,650	$ 2,598,380
Additions	-	200,092	214,487	128,557	543,136
Disposals	(6,222)	(16,740)	(1,044)	(2,109)	(26,115)
Reclassifications	(316,353)	168,107	(78,910)	(1,777)	(228,933)
Depreciation charge	(62,272)	(150,507)	(130,747)	(89,003)	(432,529)
Net exchange differences	53,494	54,763	17,748	11,200	137,205
Balance, end of year	$ 643,991	$ 1,209,597	$ 462,038	$ 275,518	$ 2,591,144
December 31, 2013					
Cost	$ 928,313	$ 2,038,851	$ 1,201,824	$ 713,194	$ 4,882,182
Accumulated depreciation	(284,322)	(829,254)	(739,786)	(437,676)	(2,291,038)
	$ 643,991	$ 1,209,597	$ 462,038	$ 275,518	$ 2,591,144

None of the Group's property, plant and equipment are pledged as collateral.

(9) Intangible assets

	Trademarks and patents	Software	Goodwill	Others	Total
January 1, 2014					
Cost	$ 28,646	$ 101,462	$ -	$ 5,785	$ 135,893
Accumulated amortisation	(22,214)	(74,771)	-	(3,602)	(100,587)
	$ 6,432	$ 26,691	$ -	$ 2,183	$ 35,306
2014					
Balance, beginning of year	$ 6,432	$ 26,691	$ -	$ 2,183	$ 35,306
Additions	11,015	17,225	-	-	28,240
Acquired through business combinations	-	478	53,819	36,508	90,805
Reclassifications	-	-	-	(2,174)	(2,174)
Amortisation charge	(7,298)	(20,608)	-	(2,937)	(30,843)
Net exchange differences	-	288	3,162	822	4,272
Balance, end of year	$ 10,149	$ 24,074	$ 56,981	$ 34,402	$ 125,606
December 31, 2014					
Cost	$ 39,661	$ 120,482	$ 56,981	$ 66,904	$ 284,028
Accumulated amortisation	(29,512)	(96,408)	-	(32,502)	(158,422)
	$ 10,149	$ 24,074	$ 56,981	$ 34,402	$ 125,606

	Trademarks and patents	Software	Goodwill	Others	Total
January 1, 2013					
Cost	$ 22,216	$ 74,530	$ -	$ 5,658	$ 102,404
Accumulated amortisation	(16,841)	(59,930)	-	(3,402)	(80,173)
	$ 5,375	$ 14,600	$ -	$ 2,256	$ 22,231
2013					
Balance, beginning of year	$ 5,375	$ 14,600	$ -	$ 2,256	$ 22,231
Additions	6,430	25,036	-	-	31,466
Disposals	-	(47)	-	-	(47)
Amortisation charge	(5,373)	(13,126)	-	(200)	(18,699)
Net exchange differences	-	228	-	127	355
Balance, end of year	$ 6,432	$ 26,691	$ -	$ 2,183	$ 35,306
December 31, 2013					
Cost	$ 28,646	$ 101,462	$ -	$ 5,785	$ 135,893
Accumulated amortisation	(22,214)	(74,771)	-	(3,602)	(100,587)
	$ 6,432	$ 26,691	$ -	$ 2,183	$ 35,306

A. For details of goodwill acquired through combination for the year ended December 31, 2014, please see Note 6(26).

B. By the way of assessing impairment losses of the goodwill, the recoverable amount that the Group calculated is over the book value. Then there was no impairment loss occurred.

(10) Other non-current assets

	December 31, 2014	December 31, 2013
Long-term prepaid rents	$ 140,376	$ 240,331
Guarantee deposits paid	40,441	29,375
Prepayments for business facilities	83,571	117,870
Others	301,552	296,280
	$ 565,940	$ 683,856

A. As of December 31, 2014, the Group signed the land use rights contracts with Bureau of Land Resources for use of the land in municipality of Chongqing City and Dongguan City with term of 50 years. All rentals had been paid on the contract date, and shown as 'Long-term prepaid rents'. However, the local government of Chongqing City had an agreement which terminated part of the land use rights and return related funds with the Group in October, 2014.

B. As of December 31, 2014 and 2013, CPCQ had received the local government grants amounting to RMB 32,808 thousand dollars and RMB 32,596 thousand dollars, respectively, as a reward for the local investment. These government grants are deducted from the cost of land use right.

(11) Short-term borrowings

Type of borrowings	December 31, 2014	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 664,020	1.11%～1.30%	None

Type of borrowings	December 31, 2013	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 143,016	1.48%～1.70%	None

As of December 31, 2013, the Company's Chairman had provided guarantees for all of the short-term loans. The Group had also issued promissory notes as guarantees for the short-term loans. Please see Note 9(2).

(12) Accounts payable

	December 31, 2014	December 31, 2013
Accounts payable	$ 7,144,848	$ 5,885,347
Estimated accounts payable	1,388,980	1,622,747
	$ 8,533,828	$ 7,508,094

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2014
Unsecured borrowings	Borrowing period is from October 6, 2014 to January 6, 2015; interest is repayable until the principal is matured. (Note)	1.48%	None	$ 411,060
Less: current portion (shown as other current liabilities)				(411,060)
				$ -

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2013
Unsecured borrowings	Borrowing period is from December 30, 2013 to March 30, 2014; interest is repayable until the principal is matured. (Note)	2.27%	None	$ 923,645
Less: current portion (shown as other current liabilities)				-
				$ 923,645

Note: Revolving credit in three years starting from the first drawdown, each credit period is limited from 90 to 180 days.

A. As of December 31, 2014 and 2013, the Company's chairman had issued promissory notes to guarantee the long-term loans, please see Note 9(2).

B. A long-term syndicated loan facility amounting to $5,000,000 (can be drawdown in United States Dollars or New Taiwan Dollars within the total credit facility) for three years was signed by the Company, with Taiwan Cooperative Bank as the lead bank in May 2012. It is to be used for the repayment of 2009 syndicated loan and mid-term operations. The Company had applied for deducting credit facility from $5,000,000 to $3,000,000 on June 30, 2014. Additionally, according to the contract, the credit facility had been reduced to $2,650,000 and $2,300,000 on September 29, 2014 and December 29, 2014, respectively. The main contents of the contract are as follows:

(a) Annual consolidated financial reports should maintain financial ratios as follows:

i. Current ratio is above 100%,

ii. Financial liabilities which divided by net tangible assets is under 250%,

iii. Time interest earned is above 300%,

iv. Net tangible assets are above $2,500,000,

The above financial ratios are based on the annual financial statements. If the Company does not conform to the contract, the Company should adjust within nine months. If the adjusted financial ratios are reviewed by independent accountants and thereby conforms to the contract, it is not a breach of contract.

(b) The Company should maintain appropriate accounts receivable ratio, which means the total of qualified accounts receivable balance and the compensation accounts balance divided by the remainder of drawn balance should be above 70%. The remainder of drawn balance is the Company's expected drawdown amount plus the remainder of drawn amount. If the ratio cannot be maintained appropriately, the Company should choose any of the following actions to make the accounts receivable ratio comply with the contract within seven days after the managing bank's notification:

i.Provide other qualified accounts receivable which was certified by the managing bank, or,

ii.Repay the loan before maturity, or,

iii.Deposit in compensation accounts.

(c) As part of the contract, the commitment fee should be calculated every three months, which begins six months after the Company's first drawdowns of the credit. During the commitment fee calculation period, if the average drawdown amounts are less than 60% of the total loan facility, the commitment fee should be calculated seasonly, using the difference of actual drawdown amounts and 60% of the total loan facility, mutiplied by 0.15%, the annual fee rate, and then pay the managing bank every three months.

(d) Chicony Electronics Co., Ltd. and its affiliates should maintain above 51% voting power over the Company and also have control power over the Company's operations. However, in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", the highest voting ratio and seats should follow "Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings" and "GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM".

C.As of December 31, 2014, the Group had not voilated any condition above.

D.The Group has the following undrawn borrowing facilities:

	December 31, 2014	December 31, 2013
Floating rate:		
Expiring within one year	$ 1,888,940	$ -
Expiring beyond one year	-	4,076,355
	$ 1,888,940	$ 4,076,355

(14) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes an amount equal to 4% of the employees' monthly salaries and wages to the pension fund deposited in the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

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

	December 31, 2014	December 31, 2013
Present value of funded defined benefit obligations	($ 72,759)	($ 67,110)
Fair value of plan assets	47,669	49,896
Net liability in the balance sheet	($ 25,090)	($ 17,214)

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

	2014	2013
Present value of defined benefit obligations		
Balance, beginning of year	($ 67,110)	($ 63,499)
Current service cost	(906)	(910)
Interest cost	(1,223)	(1,032)
Actuarial profit and loss	(7,304)	(1,669)
Settlement	3,784	-
Balance, end of year	($ 72,759)	($ 67,110)

(d) Movements in fair value of plan assets:

	2014	2013
Fair value of plan assets		
Balance, beginning of year	$ 49,896	$ 48,815
Expected return on plan assets	964	920
Actuarial profit and loss	182	(293)
Employer contributions	411	454
Settlement	(3,784)	-
Balance, end of year	$ 47,669	$ 49,896

(e) Amounts of expenses recognised in comprehensive income statements:

	2014	2013
Current service cost	$ 906	$ 910
Interest cost	1,223	1,032
Expected return on plan assets	(964)	(920)
Current pension costs	$ 1,165	$ 1,022

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

	2014	2013
Selling expenses	$ 169	$ 130
General and administrative expenses	869	696
Research and development expenses	127	196
	$ 1,165	$ 1,022

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

	2014	2013
Recognition for current period	$ 7,122	$ 1,962
Accumulated amount	$ 14,974	$ 7,852

(g) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

The actual return on plan assets of the Company for the years ended December 31, 2014 and 2013 were $1,146 and $627, respectively.

(h) The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	1.875%	1.875%
Future salary increases	2.500%	2.500%
Expected return on plan assets	2.000%	2.000%

Assumptions regarding future mortality experience are set based on actual advice in accordance with published statistics and experience in each territory.

(i) Historical information of experience adjustments was as follows:

	2014	2013	2012
Present value of defined benefit obligation	($ 72,759)	($ 67,110)	($ 63,499)
Fair value of plan assets	47,669	49,896	48,815
Deficit in the plan	($ 25,090)	($ 17,214)	($ 14,684)
Experience adjustments on plan liabilities	($ 2,784)	($ 1,754)	($ 5,393)
Actuarial assumption adjustments on plan liabilities	($ 4,520)	$ 85	$ -
Experience adjustments on plan assets	$ 182	($ 293)	($ 497)

(j) Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2014 amounts to $400.

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

(b) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2014 and 2013 were $55,990 and $46,759, respectively.

(15) Provisions

	Legal claims
Balance, beginning of 2014	$ 324,176
Amounts reversed	(99,931)
Amounts to be offset	(224,245)
Balance, end of 2014	$ -

Analysis of total provisions:

	December 31, 2014	December 31, 2013
Non-current	$ -	$ 324,176

Please see Note 12(1) for the details of the provision the Group recognized.

(16) Share capital

A. As of December 31, 2014, the Company's authorized capital was $4,000,000, and the paid-in capital was $3,588,533 with a par value of $10 (in dollars) per share, and the outstanding common stock was 400,000 thousand shares.

Changes in the number of the Company's ordinary shares outstanding are as follows:

	2014	2013
Balance, beginning of year	353,379	325,797
Common stock dividends	1,767	1,629
Employee bonuses	3,707	1,953
Cash capital increase	-	24,000
Balance, end of year	358,853	353,379

B. On June 9, 2014, the Annual Stockholders' Meeting had approved to issue common stock dividends amounting to $17,669 and employees' stock bonus amounting to $37,078 at a price of $42.94 (in dollars) based on the Company's closing price at a price of $45.1 (in dollars) on June 6, 2014, and the effect of ex-right and ex-dividend, totaling 3,707 thousand shares. This capitalization had issued a total of 5,474 thousand shares and was approved by the appropriate authorities. The issuance date was set on July 29, 2014, and the Company had completed the registration on August 12, 2014.

C. The Board of Directors' meeting on March 10, 2014 adopted a resolution to issue employee restricted ordinary shares. The subscription price is $0 (in dollars) per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. As of December 31, 2014, the Company has not released any such shares yet.

D. On June 18, 2013, the Annual Stockholders' Meeting had approved to issue common stock dividends amounting to $16,290 and employees' stock bonus amounting to $61,120 at a price of $31.3 (in dollars) based on the estimated price of the expert valuation report, totaling 1,953 thousand shares. This capitalization had issued a total of 3,582 thousand shares and was approved by the appropriate authorities. The issuance date was set on August 9, 2013, and the Company had completed the registration on August 19, 2013.

E. The Company raised additional cash from the 24,000 thousand shares for initial listing as approved by appropriate authorities. The issued date was set on November 7, 2013, and the Company had completed the registration on November 26, 2013.

(17) Capital surplus

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

	Share premium	Employee stock option	Total
Balance, beginning of 2014	$ 897,138	$ 110,048	$ 1,007,186
Employee bonuses	122,135	-	122,135
Balance, end of 2014	$ 1,019,273	$ 110,048	$ 1,129,321

	Share premium	Employee stock option	Total
Balance, beginning of 2013	$ 129,002	$ 110,048	$ 239,050
Employee bonuses	41,593	-	41,593
Cash capital	753,984	-	753,984
Issuance of shares - compensatory cost	5,138	-	5,138
Capital surplus used to issue cash to shareholders	(32,579)	-	(32,579)
Balance, end of 2013	$ 897,138	$ 110,048	$ 1,007,186

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed sequentially as follows:

(a) First be used to pay all taxes;

(b) Offset prior years' operating losses;

(c) Then 10% of the remaining amount shall be set aside as legal reserve;

(d) Set aside special reserve in accordance with Article 41 of the R.O.C. Security Exchange Act and the related R.O.C. SFCs regulations; and

(e) The remainder, if any, to be appropriated shall be resolved by the stockholders at the stockholders' meeting. Bonus distributed to the employees and remuneration paid to the directors and supervisors should account for between 15% ~ 20% and up to 1%, respectively, of the total distributed amount.

B. The Company's dividend policy is summarized below: the Company is on the development stage of the electronics industry. The dividend policy should be formulated by considering the capital requirements of the new products and promoting the return on equity simultaneously. Therefore the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividend should not be less than 10% of the total amounts of stockholders' dividends. The above mentioned restrictions will not to be applicable if total amounts of stockholders' dividends are less than $0.5(in dollars) per share.

C. The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excees of 25% of the paid-in capital if the Company incurs no loss.

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

(b) The amounts' of $205,324, previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Order No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. For the years ended December 31, 2014 and 2013, employees' bonus was accrued at $148,297 and $163,789, respectively; directors' and supervisors' remuneration was accrued at $9,886 and $10,919, respectively. The estimates were based on distributable earnings, in accordance with the Company's Articles of Incorporation (15% of distributable earnings as employees' bonuses, and 1% of distributable earnings as directors' and supervisors' remuneration were accrued in both 2014 and 2013). The employees' bonus, directors' and supervisors' remuneration which the Annual Stockholders' Meeting had approved is the same as the amounts recognised in the 2013 financial statements.

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

F.(a) The appropriation of 2013 and 2012 earnings has been approved at the Annual Stockholders' Meeting on June 9, 2014 and June 18, 2013, respectively, and the details are summarized below:

	2013		2012	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 80,245		$ 91,257	
Special reserve	(369,727)		400,427	
Cash dividends	689,088	$ 1.95	602,724	$ 1.85
Stock dividends	17,669	0.05	16,290	0.05

(b) Subsequent events: The appropriation of 2014 earnings had been proposed at the Board of Directors' meeting on March 23, 2015. Details are summarized below:

	2014	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 112,858	
Special reserve	27,071	
Cash dividends	825,363	$ 2.30
Stock dividends	17,943	0.05

(19) Other equity items

	Currency translation	Available-for-sale investments	Total
Balance, beginning of 2014	$ 72,235	($ 308,259)	($ 236,024)
Currency translation			
–Group	71,436	-	71,436
–Associates	1,990	-	1,990
Revaluation – group	-	(100,498)	(100,498)
Balance, end of 2014	$ 145,661	($ 408,757)	($ 263,096)

	Currency translation	Available-for-sale investments	Total
Balance, beginning of 2013	($ 32,997)	($ 400,427)	($ 433,424)
Currency translation			
–Group	105,494	-	105,494
–Associates	(262)	-	(262)
Revaluation – group	-	92,168	92,168
Balance, end of 2013	$ 72,235	($ 308,259)	($ 236,024)

(20) Other income

	Year ended December 31, 2014	Year ended December 31, 2013
Dividend income	$ 21,384	$ 10,123
Interest income:		
Interest income from bank deposits	4,701	7,807
Other interest income	3,464	4,403
Other income	83,849	91,844
Total	$ 113,398	$ 114,177

(21) Other gains and losses

	Year ended December 31, 2014	Year ended December 31, 2013
Net losses on financial assets and liabilities at fair value through profit or loss	($ 42,081)	($ 44,587)
Net currency exchange gains	85,921	11,169
Losses on disposal of property, plant and equipment	(15,172)	(25,584)
Gains on disposal of investments	107,843	34,254
Gains on doubtful debt recoveries	10,973	39,352
Gains on provision recoveries	66,221	-
Impairment losses	-	(11,611)
Compensation losses	-	(324,176)
Others	(32,149)	7,647
Total	$ 181,556	($ 313,536)

(22) Finance costs

	Year ended December 31, 2014	Year ended December 31, 2013
Interest expense:		
Bank borrowings	$ 33,330	$ 58,628

(23) Personnel expenses, depreciation and amortization

	For the year ended December 31, 2014		
	Operating cost	Operating expense	Total
Personnel Expenses			
Salaries and wages	$ 2,070,562	$ 1,108,977	$ 3,179,539
Insurance	103,153	65,571	168,724
Pension	20,420	36,735	57,155
Others	48,719	35,883	84,602
Depreciation	339,633	150,172	489,805
Amortization	1,096	29,747	30,843
Other non-current assets transferred to expenses	52,390	14,224	66,614
Long-term prepaid rents recognized as expenses	-	4,462	4,462

	For the year ended December 31, 2013		
	Operating cost	Operating expense	Total
Personnel Expenses			
Salaries and wages	$ 1,855,195	$ 984,822	$ 2,840,017
Insurance	72,760	55,413	128,173
Pension	14,764	33,017	47,781
Others	49,273	34,445	83,718
Depreciation	304,898	127,631	432,529
Amortization	869	17,830	18,699
Other non-current assets transferred to expenses	43,819	17,427	61,246
Long-term prepaid rents recognized as expenses	-	4,891	4,891

(24) Income tax

A. Components of income tax expense:

	Year ended December 31, 2014	Year ended December 31, 2013
Income tax payable, end	$ 118,826	$ 185,944
Income tax payable, beginning	(185,944)	(127,278)
Net change in deferred tax asset	43,901	(42,072)
Income tax paid	236,084	223,691
Adjustment in respect of prior years	-	826
Income tax expense	$ 212,867	$ 241,111

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31, 2014	Year ended December 31, 2013
Tax calculated based on profit before tax and statutory tax rate	$ 203,627	$ 195,727
Effects from items allowed by tax regulation	(9,096)	69,308
Effect from tax credit of investment	(18,000)	(24,750)
Additional 10% tax on undistributed earnings	36,336	-
Adjustment in respect of prior years	-	826
Income tax expense	$ 212,867	$ 241,111

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

	Year ended December 31, 2014		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
－Deferred tax assets (liabilities):			
Provision for inventory price decline and obsolescence	$ 9,489	$ 5,682	$ 15,171
Impairment loss	8,009	(7,444)	565
Unrealized exchange loss (gain)	8,085	(19,845)	(11,760)
Unrealized year-end bonus	6,525	(6,115)	410
Unrealized loss on financial assets	1,898	(994)	904
Unrealized commissions expense	30,989	49,561	80,550
Unrealized intercompany (profit) loss	(221)	843	622
Unfunded pension expense	1,698	128	1,826
Unrealized government grants	23,631	464	24,095
Provision for legal claim	55,110	(55,110)	-
Others	15,820	(11,071)	4,749
Total	$ 161,033	($ 43,901)	$ 117,132

	Year ended December 31, 2013		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
－Deferred tax assets (liabilities):			
Provision for inventory price decline and obsolescence	$ 7,559	$ 1,930	$ 9,489
Impairment loss	6,035	1,974	8,009
Unrealized exchange loss	19,705	(11,620)	8,085
Unrealized year-end bonus	4,114	2,411	6,525
Unrealized (gain) loss on financial assets	(1,361)	3,259	1,898
Unrealized commissions expense	52,377	(21,388)	30,989
Unrealized intercompany loss (profit)	1,469	(1,690)	(221)
Estimated sales discounts and allowances	1,598	(1,598)	-
Unfunded pension expense	1,601	97	1,698
Unrealized government grants	19,186	4,445	23,631
Provision for legal claim	-	55,110	55,110
Others	6,678	9,142	15,820
Total	$ 118,961	$ 42,072	$ 161,033

D. The Tax Authorities have examined the income tax returns of the Company through 2012.

E. Unappropriated retained earnings:

	December 31, 2014	December 31, 2013
Earnings generated in and after 1998	$ 1,546,379	$ 842,201

F. As of December 31, 2014 and 2013, the balance of the imputation tax credit account was $147,884 and $87,325, respectively. The creditable tax ratio was 12.66% for 2013 and is estimated to be 9.56% for 2014.

G. CPCQ applied for the Enterprise Income Tax Law of the People's Republic of China and the State Administration of Taxation on Tax Policy Issues Concerning Further Implementing China's Western Development Strategy, which refers to an enterprise whose main business falls wthin the scope of industry projects set out in the Catalogue of Encouraged Industries in China's Western Territory and whose revenues generated from its main business accounts for 70% or more of its gross income. The applications have been authorized, and CPCQ's income tax shall be paid at the reduced tax rate of 15%.

(25) Earnings per share

	Year ended December 31, 2014		
	Amount after tax	Weighted-average number of ordinary shares outstanding (In thousands)	Earnings per share (in NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,128,575	356,730	$ 3.16
Diluted earnings per share			
Employees' bonus	-	5,585	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,128,575	362,315	$ 3.11

	Year ended December 31, 2013		
	Amount after tax	Weighted-average number of ordinary shares outstanding (In thousands)	Earnings per share (in NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 802,447	333,477	$ 2.41
Diluted earnings per share			
Employees' bonus	-	4,914	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 802,447	338,391	$ 2.37

The above weighted-average outstanding shares of common stock have been adjusted according to the earnings distribution approved by the Board of Directors and stockholders.

If the Company settles the obligation by cash, by issuing shares, or in combination of both cash and shares, profit sharing to employees which will be settled in shares should be included in the weighted average number of shares outstanding in calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of profit sharing to employees in stock by the closing price (after considering the dilutive effect of dividends) of the common shares on the end of the reporting period. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until profit sharing to employees to be settled in the form of common stocks are approved by the shareholders in the following year.

(26) Business combinations

A. On July 1, 2014, the Group acquired 78.125% of the share capital of WitsLight Technology Co., Ltd. (abbreviated as WTS Company) and its subsidiary companies for US$9,000 and obtained control of WTS and its subsidiary companies.

B. The following table summarizes the consideration paid for WTS Company and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest in WTS Company:

		July 1, 2014
Purchase consideration		
Cash paid	$	268,785
Fair value of the non-controlling interest		60,191
		328,976
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		269,310
Accounts receivable		4,320
Inventories		8,286
Prepaid expense		251
Other current assets		475
Property, plant and equipment		4,545
Intangible assets		36,986
Other assets		24
Accounts payable	(	258)
Other payables	(	21,782)
Other current liabilities	(	750)
Other non-current liabilities	(	26,250)
Total identifiable net assets		275,157
Goodwill	$	53,819

C. The operating revenue included in the consolidated statement of comprehensive income since July 1, 2014 contributed by WTS was $247,822. WTS Company also contributed profit before income tax of $18,194 over the same period. Had WTS Company been consolidated from January 1, 2014, the consolidated statement of comprehensive income would increase operating revenue by $3,797 and profit before income tax would decrease by $9,313.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Chicony Electronics Co., Ltd., which owns 49.07% of the Company's shares. The remaining 50.93% of the shares are publicly held.

(2) Significant related party transactions and balances

A. Sales of goods:

		Year ended December 31, 2014		Year ended December 31, 2013
Sales of goods:				
Entities with joint control or significant influence over the entity	$	1,607,307	$	960,597
Other related parties		279,060		305,703
The parent company		10		242
Total	$	1,886,377	$	1,266,542

The terms of the sales to related parties were not significantly different from those of sales to third parties.

B. Purchases of goods:

	Year ended December 31, 2014	Year ended December 31, 2013
Purchases of goods:		
Other related parties	$ 284	$ 2,027

The terms of the purchases from related parties were not significantly different from those of purchases to third parties.

C. Purchases of services:

	Year ended December 31, 2014	Year ended December 31, 2013
Purchases of services:		
Entities with joint control or significant influence over the entity	$ 13,111	$ 7,994
The parent company	30,237	10,317
Total	$ 43,348	$ 18,311

The purchases from related parties arise mainly from providing the service management to the Group.

D. Accounts receivable:

	December 31, 2014	December 31, 2013
Receivables from related parties:		
Entities with joint control or significant influence over the entity	$ 527,466	$ 437,981
Other related parties	127,617	119,288
The parent company	107	551
Total	$ 655,190	$ 557,820

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

E. Accounts payable:

	December 31, 2014	December 31, 2013
Payables to related parties:		
Other related parties	$ -	$ 177

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

F. Other receivables:

	December 31, 2014	December 31, 2013
Advance payment for related parties:		
Entities with joint control or significant influence over the entity	$ 2,883	$ 27,771
The parent company	-	41
Total	$ 2,883	$ 27,812

G. Other payables:

	December 31, 2014	December 31, 2013
Payables to related parties:		
Entities with joint control or significant influence over the entity	$ 32,758	$ 1,179
The parent company	7,211	2,586
Total	$ 39,969	$ 3,765

The payables to related parties arise mainly from services, collections, and operating leases.

H. Operating leases:

Lessor	Lease subject	Rental calculation and payment	Rental expense	
Entities with joint control or significant influence over the entity	Property, plant and equipment	Renminbi 6,768 (in thousands) per year	Year ended December 31, 2014	Year ended December 31, 2013
			$ 33,311	$ 32,689
The parent company	Property, plant and equipment	$83 per month	Year ended December 31, 2014	Year ended December 31, 2013
			$ 996	$ 996

I. Endorsements and guarantees provided by related parties:

	December 31, 2014	December 31, 2013
The parent company	$ -	$ 12,010

For details of the endorsements and guarantees provided by the Company’s key management personnel of to the Company, please see Notes 6(11) and 6(13).

(3) Remuneration information of key management

	Year ended December 31, 2014	Year ended December 31, 2013
Salaries and other short-term employee benefits	$ 106,422	$ 110,871
Post-employment benefits	1,485	1,522
Total	$ 107,907	$ 112,393

8. DETAILS OF PLEDGED ASSETS

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

	Book value		
Pledged asset	2014	2013	Purpose
Time deposits (shown as other current assets)	$ 6,000	$ -	Guarantee for engineering
Refundable deposits (shown as non-current assets)	18,961	17,867	Guarantee for forward and futures contracts
"	12,439	8,849	Guarantee for rentals
"	9,041	2,659	Others
	$ 46,441	$ 29,375	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. An insurance company in America exercised the right of the insured of subrogation to file an indictment case against the Company in an Arizona Court to request for compensation for fire damage and related losses due to the failure of the desktop power adapter produced by the Company. The Company had notified the insurance company and hired a lawyer through the insurer. However, as of December 31, 2014, the Company is unable to determine the probable outcome of the case and its impact on the financial statements.

B. Company's customer had sued for damages at a Florida Court. The consumer of the Companys' customer had claimed that the desktop computer which was produced by the Companys' customer had caused the fire and physical injury. During the lawsuit process, the Companys' customer had sued the Company to indemnify the losses of consumer and related loss and expense caused by the lawsuit. The Company had notified the insurance company and hired a lawyer through the insurer. However, as of December 31, 2014, the Company is unable to determine the probable outcome of the case and its impact on the financial statements.

(2) Commitments

A. For bank loans, financing forward exchange contracts, and bill purchased purposes, the Group provided standby promissory notes totaling $12,134,761 as security.

B. As of December 31, 2014 and 2013, due to the Group's leasing of plants, offices and parking lots, the Group shall pay the rents as follows:

	December 31, 2014	December 31, 2013
Not later than one year	$ 76,635	$ 58,051
Later than one year but not later than five years	30,168	11,107
	$ 106,803	$ 69,158

C. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

December 31, 2014	December 31, 2013
$ 8,452	$ 30,884

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1)A. In January 2012, Dell Products (Manufacturing) Limited (abbreviated as Dell) had filed an indictment case with the Ireland Supreme Court to charge the Company as a co-defendant. In the case, the plaintiff (Thomas McDonagh & Sons) had claimed that Dell's customer, which is ICI Dulux Paint Limited (abbreviated as ICI,) had produced paint mixing machines (which contained Dell's brand-name desktop computers and also Dell desktop power adapters produced by the Company) that had caused the fire in its factory and caused the related losses. Therefore, the plaintiff (Thomas McDonagh & Sons) had claimed its loss of EUR 1,273 thousand dollars from the defendant. During the lawsuit process, ICI had claimed Dell as the third party in this lawsuit, and Dell therefore also had claimed the Company as the fourth party in this lawsuit.

Additionally, Dell had filed a declaratory judgment with the Williamson County, Texas District Court to charge Hipro Electronics Ltd. (HEC), and Chicony Power USA, Inc. (CPUS). Dell claimed that the Company, HEC, and CPUS should compensate the losses and attorneys' fees for the Ireland lawsuit in accordance with to Master Purchase Agreement which was signed with HEC in 1995.

B. Dell withdrew the lawsuit in February, 2015, the Company also paid related settlement in December, 2014, and February, 2015, and the total amount was $20,603 (US 673 thousand dollars).

(2) The appropriation of 2014 earnings had been proposed at the Board of Directors’ meeting on March 23, 2015, please see Note 6(18).

(3) The indirect investment in HDG had been proposed at the Board of Directors’ meeting on March 23, 2015, please see Note 4(3) B.

12. OTHERS

(1) Comarco, Inc. (abbreviated as Comarco) had ordered 90W NB Adapter from the Company, as of March 2010, Comarco still had US$1,153 thousand unpaid and caused the Company inventory loss of US$550 thousand; the Company filed an indictment against Comarco with the Orange County Superior Court in April 2011 and June 2012, to request Comarco to pay the unpaid accounts receivable and compensate for the inventory loss, amounting to US$1,703 thousand in total; however, Comarco filed a cross-complaint against the Company in May 2011, claiming that Comarco had recalled its products because the adapters the Company had provided was defective, and therefore Comarco requested compensation of US$4,900 thousand from the Company for the losses. In April 2013, Comarco requested an additional amount of compensation, therefore the total compensation was raised to US$15,000 thousand. In September 2013, Comarco raised the total compensation to US$24,734 thousand based on the damage experts’ assessment. The U.S. jury rendered a verdict of the lawsuit mentioned above in February 5, 2013: Comarco should pay the unpaid payment of US$1,153 thousand to the Company, and the Company should pay compensation amounting to US$10,880 thousand to Comarco. The Company did not agree with the conclusion the court reached, however, the Company had signed a Memorandum of understanding and official settlement agreement and release with Comarco in May, 2014 after considering uncertainty and related impact of follow-up litigation. After offseting the paybles of both parties, the Company should pay US$7,600 thousand to Comarco. As a result, the Company recognised gains on provision recoveries of $99,931 and impairment losses of accounts receivable of $33,710, resulting in net gains of $66,221. Additionally, the Company actually paid compensation amounting to $118,020 (US 4,000 thousand dollars) and $106,225 (US 3,600 thousand dollars) in May and June, 2014, respectively.

(2) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(3) Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of the Group’s financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(4).

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial riaks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial position and financial performance.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2014		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 239,192	31.620	$ 7,563,251
USD:RMB	3,283	6.251	103,808
Financial liabilities			
Monetary items			
USD:NTD	$ 57,521	31.620	$ 1,818,814
USD:RMB	251,645	6.251	7,957,015

	December 31, 2013		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 250,833	29.795	$ 7,473,569
USD:RMB	2,348	6.097	69,959
Financial liabilities			
Monetary items			
USD:NTD	$ 45,970	29.795	$ 1,369,676
USD:RMB	200,912	6.097	5,986,173

	Year ended December 31, 2014		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 75,633	$ -
USD:RMB	1%	1,038	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 18,188	$ -
USD:RMB	1%	79,570	-

	Year ended December 31, 2013		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 74,736	$ -
USD:RMB	1%	700	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 13,697	$ -
USD:RMB	1%	59,862	-

Price risk

i. The Group’s equity securities, which are classified on the consolidated balance sheet as either available-for-sale or at fair value through profit or loss, are exposed to price risk. The Group diversifies its portfolio to manage the price risk arising from its investments. Diversification of the portfolio is done within the restrictions set by the Group.

ii. The Group invests mainly in listed stocks. The prices of equity securities would change due to the changes of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, the Group’s shareholders’ equity would have increased/decreased by $13,158 and $10,228, respectively, as a result of unrealized gain or loss on available-for-sale financial assets.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2014 and 2013, the Group's borrowings at variable rates were denominated in the USD.

At December 31, 2014 and 2013, if interest rates on USD-denominated borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2014 and 2013 would have been $1,028 and $2,309 lower/higher, respectively.

(b) Credit risk

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

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

iii.The credit quality information of accounts receivable (including related parties) that are neither past due nor impaired is as follows:

	December 31, 2014	December 31, 2013
Group 1	$ 3,920,555	$ 4,703,161
Group 2	4,111,954	3,179,841
	$ 8,032,509	$ 7,883,002

Group 1: Low-risk customers which have larger scale of operations.

Group 2: Other normal-risk customers.

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

	December 31, 2014	December 31, 2013
Up to 30 days	$ 16,654	$ 114,243
31 to 120 days	-	32,305
121 to 210 days	-	707
	$ 16,654	$ 147,255

iiv. The analysis of the Group's accounts receivable that were impaired is as follows:

Individual provision	2014	2013
At January 1	$ 13,842	$ 53,400
Provision for impairment	33,710	-
Reversal of impairment	(10,973)	(39,352)
Writes-offs during the period	(34,007)	-
Effect of exchange rate changes	26	(206)
At December 31	$ 2,598	$ 13,842

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 6(13)) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable external regulatory or legal requirements.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2014 and 2013, the Group held money market position of $1,671,266 and $990,673, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.

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

Non-derivative financial liabilities:

December 31, 2014	Less than 1 year	Over 1 years
Short-term borrowings	$ 664,020	$ -
Notes payable	141	-
Accounts payable (including related parties)	8,533,828	-
Other payables (including related parties)	1,996,034	-
Long-term borrowings (including current portion)	411,060	-

Non-derivative financial liabilities:

December 31, 2013	Less than 1 year	Over 1 years
Short-term borrowings	$ 143,016	$ -
Notes payable	191	-
Accounts payable (including related parties)	7,508,271	-
Other payables (including related parties)	1,407,886	-
Long-term borrowings (including current portion)	-	955,626

(4) Fair value estimation

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

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

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2014 and 2013:

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Futures contracts	$ -	$ -	$ 8,017	$ 8,017
Available-for-sale financial assets				
Equity securities	785,223	121,799	-	907,022
Total	$ 785,223	$ 121,799	$ 8,017	$ 915,039
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 32,920	$ -	$ 32,920

December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Futures contracts	$ -	$ -	$ 7,554	$ 7,554
Available-for-sale financial assets				
Equity securities	601,717	112,838	-	714,555
Total	$ 601,717	$ 112,838	$ 7,554	$ 722,109
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Interest rate swaps	$ -	$ 11,162	$ -	$ 11,162

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

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

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

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

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others:

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014 (Note 2)	Balance at December 31, 2014 (Note 3)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)
													Item	Value		
1	CPI	CPCQ	Other recivebles - related parties	YES	$ 379,440	$ 379,440	$ 379,440	1.6	1	$ 3,975,314	-	-	None	None	$ 1,969,900	$ 2,626,534
1	CPI	CPUS	Other recivebles - related parties	YES	158,100	158,100	153,673	1.6	2	-	working capital	-	None	None	1,969,900	2,626,534
1	CPI	CPHK	Other recivebles - related parties	YES	1,122,510	1,122,510	1,113,024	1.6	2	-	working capital	-	None	None	1,969,900	2,626,534
2	HDG	CPCQ	Other recivebles - related parties	YES	185,870	-	-	-	2	-	working capital	-	None	None	395,489	395,489
3	CPSZ	CPCQ	Other recivebles - related parties	YES	125,588	-	-	-	2	-	working capital	-	None	None	431,319	431,319
3	CPSZ	WTK	Other recivebles - related parties	YES	152,625	152,625	147,538	1.6	2	-	working capital	-	None	None	431,319	431,319
4	WTS	WT	Other recivebles - related parties	YES	34,782	34,782	21,375	1.6	2	-	working capital	-	None	None	113,157	113,157

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2014.

Note 3: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 4: The numbers filled in the column of ‘Nature of loan are as follows:

(1) The business transaction is ‘1’.

(2) The short-term financing is ‘2’.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.
Note 6:(1) Total financing amount should not exceed the Company’s stockholders’ equity and
a. the total financing amount to any individual party should not exceed 40% of the Company’s stockholders’ equity for the purpose of short-term financing.
b. the total financing amount to any individual party should not exceed 50% of the Company’s stockholders’ equity and the amount of sales/purchase during the year for the purpose of business.
(2) Total financing amount should not exceed 40% of the subsidiary’s stockholders’ equity and
a. the total financing amount to any individual party should not exceed 40% of the subsidiary’s stockholders’ equity for the purpose of short-term financing.
b. the total financing amount to any individual party should not exceed 50% of the subsidiary’s stockholders’ equity and the amount of sales/purchase during the year for the purpose of business.
(3) For the purpose of loan between the Company’s foreign subsidiaries , for which the Company have 100% shares directly or indirectly, the individual financing amount should not exceed 30% of the Company’s stockholders’ equity, the financing period should not exceed three years, and the total financing amount should not exceed 40% of the Company’s stockholders’ equity.
(4) Except for (3), the financing period should not exceed one year.

B. Provision of endorsements and guarantees to others:

Number （Note 1）	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party （Note 3）	Maximum outstanding endorsement/ guarantee amount as of December 31, 2014	Outstanding endorsement/ guarantee amount at December 31, 2014	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided （Note 3）	Provision of endorsements/ guarantees by parent company to subsidiary （Note 3）	Provision of endorsements/ guarantees by subsidiary to parent company （Note 3）	Provision of endorsements/ guarantees to the party in Mainland China （Note 3）	Foot note
		Company name	Relationship with the endorser/ guarantor （Note 2）											
0	The Company	CPI	1	$ 2,574,003	$ 299,050	$ 158,100	$ 158,100	$ -	2.41	$ 3,271,504	Y	-	-	-
0	The Company	CPHK	1	2,574,003	1,090,800	-	-	-	-	3,217,504	Y	-	-	-
0	The Company	CPCQ	1	2,574,003	303,000	-	-	-	-	3,217,504	Y	-	Y	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.
Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following categories; fill in the number of category each case belongs to:
(1) The Company is the subsidiary of the party.
(2) The Company have business dealings with the party.
(3) The party is the subsidiary of the Company.
(4) Subsidiaries which the Company has shares exceeding 90% directly or indirectly.
(5) The party which own the Company’s shares exceeding 50% directly or indirectly.
Note 3:(1) Total guarantee amount of the Company is limited to 49% of the Company’s stockholders’ equity. The Company’s guarantee to each individual entity is limited to 80% of the total guarantee amount.
(2) Total guarantee amount is limited to subsidiaries’s stockholders’ equity. The subsidiaries’s guarantee to each individual entity is limited to 50% of the total guarantee amount.
(3) Total guarantee amount of the Group is limited to 49% of the Company’s stockholders’ equity. The Group’s guarantee to each individual entity is limited to 80% of the total guarantee amount.
(4) Total guarantee amount, except the above mentioned restriction, to any individual party should not exceed the amount of sale/purchase during the year for the purpose of business.
(5) Guarantee between the subsidiaries where the Company has shares exceeding 90% directly or indirectly should not exceed 10% of the Company’s stockholders’ equity, except the subsidiaries that the Company has shares exceeding 100% directly or indirectly.
(6) Total guarantee amount is limited to the Company’s stockholders’ equity when the Company or its subsidiaries take guarantee procedures to the entity whose stockholder’s equity is lower than 50% of its stockholders’ equity.
(7) Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

C. Holding of marketable securities at the end of the period (not including subsidiaries and associates):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2014			
					Number of shares	Book value	Ownership (%)	Fair value
The Company	Common stock	CLEVO CO.	Common chairman	Available-for-sale financial assets - current	4,538,000	$ 224,631	0.66	$ 224,631
The Company	Common stock	Everlight Electronics Co., Ltd.	-	Available-for-sale financial assets - current	300,000	21,480	0.07	21,480
The Company	Common stock	KINSUS INTERCONNECT TECHNOLOGY CORP.	-	Available-for-sale financial assets - current	920,000	97,060	0.21	97,060
The Company	Common stock	PharmaEngine, Inc.	-	Available-for-sale financial assets - current	380,000	110,010	0.38	110,010
The Company	Common stock	Genesis Photonics Inc.	-	Available-for-sale financial assets - current	11,808,940	200,162	3.45	200,162
The Company	Common stock	CASETEK HOLDINGS LIMITED	-	Available-for-sale financial assets - current	265,000	47,567	0.08	47,567
The Company	Common stock	AcBel Polytech Inc.	-	Available-for-sale financial assets - current	1,908,000	67,352	0.37	67,352
The Company	Private equity	Genesis Photonics Inc.	-	Available-for-sale financial assets - non-current	8,699,899	121,799	2.54	121,799
The Company	Common stock	LumenMax Optoelectronics Co., Ltd.	Corporate director	Investments carried at cost - non-current	234,069	-	1.67	-
The Company	Beneficiary certificates	Fuh Hwa Securities Investment Trust Fund	-	Investments carried at cost - non-current	27,000,000	270,000	-	-
CPI	Common stock	Anxin-China Holdings Ltd.	-	Available-for-sale financial assets - current	8,400,000	16,961	0.28	16,961

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.
E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more:

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
The Company	KAPOK	Other related party	Sales	($ 229,420)	1	60 days	Note 1	Note 1	$ 70,254	1	-
The Company	Chicony Electronics (Dong Guan)	Affiliate	Sales	(141,775)	1	90 days	Note 1	Note 1	31,521	-	-
The Company	CPUS	Subsidiary	Sales	(317,961)	1	90 days	Note 1	Note 1	76,517	1	-
CPI	The Company	The Company	Sales	(22,840,980)	95	45 days	Note 1	Note 1	4,417,862	84	-
CPI	Mao-Ray (Dong Guan)	Affiliate	Sales	(194,420)	1	90 days	Note 1	Note 1	34,230	1	-
CPI	HDG	Subsidiary	Sales	(593,841)	2	45 days	Note 1	Note 1	-	-	-
CPI	CPSZ	Subsidiary	Sales	(336,407)	1	45 days	Note 1	Note 1	-	-	-
HDG	CPI	Subsidiary	Sales	(11,761,203)	100	45 days	Note 1	Note 1	1,948,203	69	-
CPSZ	Chicony Electronics (Suzhou)	Affiliate	Sales	(731,282)	9	90 days	Note 1	Note 1	172,943	7	-
CPSZ	Mao-Ray (Dong Guan)	Affiliate	Sales	(220,118)	3	90 days	Note 1	Note 1	93,643	4	-
CPSZ	CPI	Subsidiary	Sales	(6,620,085)	82	45 days	Note 1	Note 1	1,836,818	79	-
CPSZ	WTK	Subsidiary	Sales	(243,603)	3	90 days	Note 1	Note 1	145,654	6	-
GSE	CPI	Subsidiary	Sales	(905,991)	71	45 days	Note 1	Note 1	46,478	15	-
GSE	CPSZ	Subsidiary	Sales	(213,987)	17	60 days	Note 1	Note 1	152,241	48	-
GSE	CPCQ	Subsidiary	Sales	(158,012)	12	60 days	Note 1	Note 1	114,881	37	-
CPCQ	CPI	Subsidiary	Sales	(4,010,694)	95	45 days	Note 1	Note 1	1,083,210	95	-
CPCQ	CPSZ	Subsidiary	Sales	(227,782)	5	60 days	Note 1	Note 1	6,955	1	-
WTK	Chicony Electronics (Suzhou)	Affiliate	Sales	(246,283)	99	90 days	Note 1	Note 1	157,014	99	-
The Company	CPI	Subsidiary	Purchases	22,840,980	100	45 days	Note 2	Note 2	(4,417,862)	100	-
CPUS	The Company	The Company	Purchases	317,961	100	90 days	Note 2	Note 2	(76,517)	100	-
CPI	HDG	Subsidiary	Purchases	11,761,203	51	45 days	Note 2	Note 2	(10,948,203)	32	-
CPI	CPSZ	Subsidiary	Purchases	6,620,085	28	45 days	Note 2	Note 2	(1,836,818)	28	-
CPI	GSE	Subsidiary	Purchases	905,991	4	45 days	Note 2	Note 2	(46,478)	1	-
CPI	CPCQ	Subsidiary	Purchases	4,010,694	17	45 days	Note 2	Note 2	(1,083,210)	16	-
HDG	CPI	Subsidiary	Purchases	593,841	52	45 days	Note 2	Note 2	-	-	-
CPSZ	CPI	Subsidiary	Purchases	336,407	5	45 days	Note 2	Note 2	-	-	-
CPSZ	GSE	Subsidiary	Purchases	213,987	3	60 days	Note 2	Note 2	(152,241)	7	-
CPSZ	CPCQ	Subsidiary	Purchases	227,782	3	60 days	Note 2	Note 2	(6,955)	-	-
CPCQ	GSE	Subsidiary	Purchases	158,012	4	60 days	Note 2	Note 2	(114,881)	10	-
WTK	CPSZ	Subsidiary	Purchases	243,603	100	90 days	Note 2	Note 2	(145,654)	100	-

Note 1: The terms of the sales to related parties were not significant different from those of sales to third parties.
Note 2: The terms of the purchases to related parties were not significant different from those of purchases to third parties.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more:

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2014（Note 1）	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
CPI	CPUS	Subsidary	$ 156,180	-	$ -	-	$ -	$ -
CPI	CPHK	Subsidary	1,131,327	-	-	-	-	-
CPI	CPCQ	Subsidary	383,516	-	-	-	-	-
CPSZ	WTK	Subsidary	147,982	-	-	-	-	-
CPI	The Company	The Company	4,417,862	5.68	-	-	-	-
HDG	CPI	Subsidary	1,948,203	7.54	-	-	-	-
CPSZ	Chicony Electronics (Suzhou)	Affiliate	172,943	2.99	-	-	-	-
CPSZ	CPI	Subsidary	1,836,818	3.69	-	-	-	-
CPSZ	WTK	Subsidary	145,654	3.34	-	-	-	-
GSE	CPSZ	Subsidary	152,241	2.79	-	-	-	-
GSE	CPCQ	Subsidary	114,881	2.67	-	-	-	-
CPCQ	CPI	Subsidary	1,083,210	4.61	-	-	-	-
WTK	Chicony Electronics (Suzhou)	Affiliate	157,014	3.14	-	-	-	-

I.The Group entered into forward foreign exchange contracts, futures contracts, and SWAP with Far Easter International Bank and other banks. During the year of 2014, the Group entered into contracts amounting to US$ 261,807 thousand in total, and recognized losses $42,081 on financial assets at fair value through profit or loss. Derivative financial instruments undertaken during the year ended December 31, 2014: Please refer to Note 6(2).

J. Significant inter-company transactions during the year ended December 31, 2014:

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	The Company	CPUS	1	Sales	$ 317,961	Note 4	1.18
1	CPI	The Company	2	Sales	22,840,980	Note 4	84.55
1	CPI	The Company	2	Accounts receivable - related-party	4,417,862	Note 4	23.87
1	CPI	HDG	3	Sales	593,841	Note 4	2.2
1	CPI	CPSZ	3	Sales	336,407	Note 4	1.25
1	CPI	CPHK	3	Other receivable - related-party	1,131,327	Note 5	6.11
1	CPI	CPCQ	3	Other receivable - related-party	383,516	Note 5	2.07
2	CPCQ	CPI	3	Sales	4,010,694	Note 4	14.85
2	CPCQ	CPI	3	Accounts receivable - related-party	1,083,210	Note 4	5.85
3	HDG	CPI	3	Sales	11,761,203	Note 4	43.54
3	HDG	CPI	3	Accounts receivable - related-party	1,948,203	Note 4	10.53
4	CPSZ	CPI	3	Sales	6,620,085	Note 4	24.51
4	CPSZ	CPI	3	Accounts receivable - related-party	1,836,818	Note 4	9.93
5	GSE	CPI	3	Sales	905,991	Note 4	3.35

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Depends on the transaction quantity and the market situation.

Note 5: The terms of related parties loans depend on both parties' operation situation.

(2) Information on investees(not including investees in Mainland China)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014	Investment income(loss) recognised by the Company for the year ended December 31, 2013	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares	Ownership (%)	Book value			
The Company	Chicony Power Holdings Inc. (CPH)	BVI	Investment holdings	$ 326,350	$ 326,350	10,000,000	100	$ 2,221,002	$ 568,098	$ 632,007	Subsidiary
The Company	Newmax Technology Co., Ltd.	Taiwan	Manufacturing and sales of lenses	358,590	358,590	2,762,779	2.72	319,845	(411,619)	(11,319)	Investment accounted under equity method
CPH	Chicony Power International Inc. (CPI)	Cayman Island	Sales of switching power supplies and other electronic parts	USD 10,000	USD 10,000	10,000,000	100	2,227,009	568,012	-	Subsidiary
CPI	Chicony Power USA, Inc.(CPUS)	U.S.A	Sales of switching power supplies and other electronic parts	USD 1,317	USD 1,317	1,500,000	100	8,952	(4,840)	-	Subsidiary
CPI	Chicony Power Technology Hong Kong Limited(CPHK)	Hong Kong	Research and development center	HKD 85,800	HKD 85,800	46,800,000	100	1,502,621	302,059	-	Subsidiary
CPI	WitsLight Technology Co., Ltd. (WTS)	Samoa	Design, R&D, manufacturing and sales of LED lighting module	USD 9,000	-	10,000,000	78.125	278,303	(27,564)	-	Subsidiary
WTS	WitsLight Technology Co, Ltd. (WT)	Taiwan	Design, R&D and international commerce of LED lighting module	5,000	-	500,000	100	(53,078)	(8,951)	-	Subsidiary

(3) Information on investments in Mainland China

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hipro Electronics (Dong Guan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronics parts	$ 401,343	2(1)	$ 114,408	$ -	$ -	$ 114,408	$ 99,064	100	$ 99,064	$ 988,724	$ -	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of electronics compnents and LED lighting equipments	239,442	2(1)	45,197	-	-	45,197	149,932	100	149,932	1,078,298	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing and sales of electronics compnents and transformers	131,175	2(1)	33,573	-	-	33,573	21,288	100	22,118	235,302	-	-
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of electronics compnents and LED lighting equipments	301,744	2(1)	-	-	-	-	26,801	100	26,801	341,368	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of power supplies, LED lighting equipments, and other electronics	10,491	2(1)	-	-	-	-	(769)	100	(769)	10,327	-	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting equipments	44,379	2(1)	-	-	-	-	1,606	100	1,606	48,994	-	-
WitsLight Technology (Kushun) Co, Ltd.	Manufacturing and sales of LED lighting equipments	268,770	2(2)	-	-	-	-	(7,507)	78.125	(4,229)	156,110	-	-

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$ 193,178	$ 774,827	$ 3,939,800

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
1.Directly invest in a company in Mainland China..
2.Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The third areas are as follows:
(1)Chicony Power Technology Hong Kong Limited.
(2)Witslight Technology Co., Ltd..
3.Others

Note 2: Based on the financial statements audited by the investee companys' CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: CPI investment in WitsLight Technology Co., Ltd. and its subsidary companies for $268,785 (USD 9.000 thousands) had been approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) on June 25, 2014.

14. OPERATING SEGMENT INFORMATION

(1) General information

The chief operating decision-maker considers the business from a geographic and product type perspective; geographically, the Group currently focuses on wholesale in Taiwan, Mainland China and US.

(2) Measurement of segment information

A. The policies of operating departments are the same as the policies summarized in “Note 4”.

B. The Group evaluates performance based on external revenue and segment income which had already eliminated the effect of segment transactions.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2014	Taiwan	Mainland China	US	Total
Revenue from external customers	$ 24,915,387	$ 1,542,524	$ 555,313	$ 27,013,224
Segment profit	$ 501,714	$ 880,898	$ 285,682	$ 1,668,294

Year ended December 31, 2013	Taiwan	Mainland China	US	Total
Revenue from external customers	$ 23,614,836	$ 900,553	$ 540,615	$ 25,056,004
Segment profit	$ 900,512	$ 723,015	$ 257,698	$ 1,881,225

(4) Reconciliation for segment income

A. Sales between segments are carried out at arm’s length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

B. A reconciliation of reportable segment profit to the profit before tax for the years ended December 31, 2014 and 2013 is provided as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Reportable segments profit	$ 1,668,294	$ 1,881,225
Unclassified related profit and loss	(581,137)	(583,516)
Non-operating revenue and expense	250,305	(254,151)
Profit before tax	$ 1,337,462	$ 1,043,558

(5) Information on products and services

Revenue from third parties is mainly derived from the sale of computer peripheral products, consumer electronic products and other electronic products as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
Computer peripheral products	$	19,028,151	$	18,264,530
Consumer electronic products		7,077,585		6,010,169
Other electronic products		907,488		781,305
Total	$	27,013,224	$	25,056,004

(6) Geographical information

Geographical information for the years ended December 31, 2014 and 2013 is as follows:

	Year ended December 31, 2014				Year ended December 31, 2013			
	Revenue		Non-current assets		Revenue		Non-current assets	
Asia	$	23,197,502	$	3,283,416	$	20,793,531	$	3,211,433
US		3,213,058		116,634		3,602,354		69,498
Europe		578,078		-		639,426		-
Others		24,586		-		20,693		-
Total	$	27,013,224	$	3,400,050	$	25,056,004	$	3,280,931

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2014 and 2013 is as follows:

	Year ended December 31, 2014			Year ended December 31, 2013		
	Revenue		Segment	Revenue		Segment
Company A	$	5,217,009	Taiwan	$	5,305,812	Taiwan
Company B		-	"		2,487,695	"
	$	5,217,009		$	7,793,507	